



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

### **2018 Annual Performance Assessment (APA) Report**

## **KEBBI STATE**

By:

The Office of the Auditor-General for the Federation as the SFTAS Independent Verification Agent  
with support from JK Consulting Co. Ltd



March 2020

# Table of Contents

- 1. Executive summary.....3**
- 2. Introduction .....5**
  - 2.1 Overview.....5
  - 2.2 Scope.....5
- 3. Assessment results.....6**
  - 3.1 Findings.....6
- 4. Responses from the state .....22**
- Appendix A – Report on the achievement of the Eligibility Criteria for 2018.....23**

# 1. Executive Summary

---

This report details the outcome of the Annual Performance Assessment (APA) conducted on Kebbi State for the 2018 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 2018 APA for Kebbi State and shows areas where the state was able to achieve results. In total, Kebbi State achieved **four (4)** DLRs out of 14 DLRs.

We further identified several areas where the State can improve its performance for the next APA, 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 are posted to the state official website at the end of each quarter on average within the specific timelines defined for each of the Program years.
2. DLR 1.2: The annual expenditure outturn deviation is reduced to a level within the annual requirements for this result.
3. DLR 2.1: Citizen's inputs are represented by the minutes of the public consultations, and these should be posted on the official state website, alongside the proposed annual budget on or before the deadline for the publication of the approved annual budget. The minutes of the public consultations should be jointly prepared with CSO representatives (shown by their signature to the minutes).
4. DLR 3: The State TSA should cover a minimum of 70% of the State Government's finances for the 2020 APA.
5. DLR 4.1: Review for amendments and approval, the revenue law and the revenue code. The revenue code should clearly state all the sources of the revenues, (including the local government sources). The amended revenue law and codes should be published online.
6. DLR 4.2: That annual nominal IGR growth rate meets the basic target of at least 20%.
7. DLR 6.1: Revise the Procurement law to comply fully with the requirement for the establishment of an independent procurement board in accordance with the UNCITRAL Model Law.
8. DLR 6.2: Publish contract award information above the set threshold on a monthly basis in OCDS format on the state website.
9. DLR 7.1: State-level legislation stipulates the responsibilities for contracting state debt, the responsibilities for recording/reporting state debt; and fiscal and debt rules/limits.
10. DLR 8: An Arrears Clearance Framework is established, and an internal domestic arrears database is maintained which reports the relevant aspects of the State's domestic arrears in an online publicly accessible format.

**Table 1: Assessment Results**

<b>Key:</b>	Achieved		Not Achieved	
-------------	----------	---	--------------	---

Disbursement Linked Indicators	Disbursement Linked Results (2018)	Results	Remarks
<b>DLI 1:</b> Improved financial reporting and budget reliability	DLR 1.1: FY18 quarterly budget implementation reports published on average within 6 weeks of quarter-end to enable timely budget management		Q3 Report was not published online.
	DLR 1.2: FY18 deviation for total budget expenditure is < 30%		Budget deviation was 46.43%.
<b>DLI 2:</b> 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 FY19 budget		Citizens consultation was not conducted.
<b>DLI 3:</b> Improved cash management and reduced revenue leakages through implementation of State TSA	DLR 3: TSA, based on a formally approved cash management strategy, established and functional, and covering a minimum of 50 percent of state government finances implementation of State TSA		TSA covered 5.21% of revenue and expenditure of the State Government finances.
<b>DLI 4:</b> Strengthened Internally Generated Revenue (IGR) collection	DLR 4.1: 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 approved by the state legislature and published		There was no tax law.
	DLR 4.2: 2018-2017 annual nominal IGR growth rate meets target: -Basic target: 20%-39%, Stretch target: 40% or more		The annual IGR growth rate was 13%.
<b>DLI 5:</b> Biometric registration and Bank Verification Number (BVN) used to reduce payroll fraud	DLR 5.1: Biometric capture of at least 60 percent of current civil servants completed and linked to payroll, and identified ghost workers taken off the payroll		Biometric capture was 100%.
	DLR 5.2: Link BVN data to at least 60 percent of current civil servants on the payroll and payroll fraud addressed		BVN linkage to payroll was 83.5%
<b>DLI 6:</b> 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 board; and 3) Cover all MDAs receiving funds from the state budget.		The State procurement law does not conform adequately with the UNCITRAL model law.
	DLR 6.2: Publish contract award information above a threshold set out in the Operations Manual for 2018 on a monthly basis in OCDS format on the state website		Contract award information was not published online
<b>DLI 7:</b> Strengthened public debt management and fiscal responsibility framework	DLR 7.1: Approval of state-level legislation, which stipulates: 1) responsibilities for contracting state debt; 2) responsibilities for recording/reporting state debt; and 3) fiscal and debt rules/limits.		The State DML was passed in September 2019
	DLR 7.2: Quarterly state debt reports accepted by the DMO on average two months or less after the end of the quarter in 2018		The DMO confirmed the Q4 report was submitted within the timeframe.
<b>DLI 8:</b> Improved clearance/reduction of stock of domestic expenditure arrears	DLR 8: Domestic arrears as of end 2018 reported in an online publicly accessible database, with a verification process in place and an arrears clearance framework established.		Arrears Clearance Framework was not established by the State.
<b>DLI 9:</b> Improved debt sustainability	Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2018, and Total debt stock at end of December 2018 as a share of total revenue for FY2018 meets target: Basic target: < 150%, Stretch target: < 125%.	 <b>Basic Target met</b>	Average monthly debt service deduction was 6.48% and Debt stock to Revenue was 132.51%.

The Office of the Auditor-General for the Federation as Independent Verification Agent and JK Consulting 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 Nigerian States to strengthen fiscal performance and sustainability titled, The 'States' Fiscal Transparency, Accountability and Sustainability' (SFTAS) Program for Results ("The Program"). In each of the four years, the Program will finance activities under two components: (i) a Program for Results (PforR) component in the amount of US\$700 million and (ii) a Technical Assistance (TA) component in the amount of US\$50 million. All States are able to participate in the Program in each of the four years and benefit from the PforR funds by meeting the Eligibility Criteria and any or all of the Disbursement Linked Indicators (DLIs).

The Auditor-General for the Federation was appointed as the Independent Verification Agent (IVA) for the SFTAS Programme and JK Consulting Co. Limited was subsequently engaged to support the IVA. Both parties have worked together to assess the performance of States against the Disbursement Linked Results (DLRs) for 2018. To ensure a high-quality assessment, the IVA engaged the services of experts in Taxation, Procurement and Debt Management laws to review the legislation in place at each State.

### 2.2 Scope

This Annual Performance Assessment (APA) Report covers the State's performance in 2018 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 2018 APA. The results of the eligibility assessment were reported previously to each state, and are included in Appendix A.

The verification protocol was set early in the preparation of the Program and all States, implementing agencies and other key stakeholders have been continuously sensitised on the requirements of the program and on the protocol from 2018. The assessment results are binary (pass or fail), as that is how the Program for Results component 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 25<sup>th</sup> November 2019 and 29<sup>th</sup> November 2019 with a team of five 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/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 and JK Consulting Co. Ltd are grateful to the State for the cooperation enjoyed during the assessment and hope the recommendations within this Report are found to be valuable towards meeting the DLIs in the remaining years of the Program.

### 3. Assessment Results

#### 3.1 Findings

**Table 2: Findings**

Disbursement Linked Indicators (DLI) and Tests		Findings	Conclusion	Recommendations
<b>DLI 1: Improved Financial Reporting and Budgeting Reliability</b>				
<b>DLR 1.1</b>	<b>Financial Year [2018] quarterly budget implementation reports published on average within [6 weeks] of each quarter-end to enable timely budget management</b>		<b>Not Achieved</b>	
1	Has the State published its quarterly budget implementation report to the State official website within six weeks of the end of each quarter?	<p>This DLR was assessed based on the last two quarters of 2018 as per the verification protocol.</p> <p>The soft copies and hard copies of the quarterly implementation budget were downloaded and collected.</p> <p>Three quarterly budget implementation reports were published more than six weeks after the end of each quarter while Q3 report was not uploaded at all.</p> <p>The Screenshot showed the reports were published as follow:</p> <p>Q1 and Q2 were published on 16th August 2018            Q3 – Not uploaded            Q4 was published on 2nd March 2019 – 9weeks</p> <p><a href="http://kebbistate.gov.ng/fourth-quarter-budget-performance-2018">http://kebbistate.gov.ng/fourth-quarter-budget-performance-2018</a></p>	Unsatisfactory	The State should ensure timely online publication of the signed budget implementation report.
2	Does the reports include, at a minimum, the approved budget appropriation for the year for each organizational unit (MDAs), and for each of the core economic classifications of expenditure	All the reports contained the required minimum expenditure components-the approved budget appropriation for the year for each organizational unit (MDAs), and for each of the core economic classifications of expenditure (Personnel, Overheads, Capital, and Other expenditures)	Satisfactory	

	<b>Disbursement Linked Indicators (DLI) and Tests</b>	<b>Findings</b>	<b>Conclusion</b>	<b>Recommendations</b>
	(Personnel, Overheads, Capital, and Other expenditures)?			
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 year to date?	The reviewed 2018 quarterly reports stated 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 as mentioned in the above.	Satisfactory	
4	Does the report State 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 will include debt servicing, and transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications?	The report states the balance against each of the revenue and expenditure appropriations with balances provided on a consolidated basis across the four (4) expenditure classifications and 'Other Expenditures'	Satisfactory	
<b>DLR 1.2</b>	<b>FY [2018] deviation from total budget expenditure is less than 30%</b>		<b>Not Achieved</b>	
1	Has the State Computed the difference between the original approved total budgeted expenditure for the fiscal/calendar year and the actual total budgeted expenditure in the fiscal/calendar year, divided by the original approved total budgeted expenditure, and expressed in positive percentage terms?  Is the expenditure outturn deviation computed less than 30%	The state computed the expenditure Outturn Deviation for the year 2018 as 58%.  The Audited Financial Statements for the year ended 31st December, 2018 showed the comparison between the original budgeted expenditure for the fiscal/calendar year and the actual expenditure in the fiscal/calendar year revealed variance of N35,036,889,398.89 meaning that the expenditure outturn deviation computed is 46.43% as computed below:  Total Budgeted Exp= N151,221,563,377.00 Actual Expenditure= N81,014,936,914 Deviation Exp. is (N151,221,563,377 - N81,014,936,914) = N70,206,626,463.00  $\frac{N70,206,626,463.00}{N151,221,563,377} \times 100 = 46.43\%$	Unsatisfactory	The State should prepare accurate annual budgets.

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
<b>DLI 2: Increased Openness and Citizens' Engagement in the Budget Process</b>				
<b>DLR 2.1</b>	<b>Citizens' inputs from formal public consultations are published online, along with the proposed FY [2019] budget</b>		<b>Not Achieved</b>	
1	Did the State conduct at least one "town-hall" consultation before the proposed budget is drafted with participation of Local Government authorities and State-based CSOs?	The State did not conduct any "town hall" meeting. This was confirmed by the "Results Submission Form by the State" (i.e. by self-assessment)	Unsatisfactory	The state should conduct at least one "town-hall" consultation before the proposed budget is drafted with participation of local government authorities and state-based CSOs
2	Were the minutes of the public consultations jointly prepared with CSO representatives (shown by their signature to the minutes) and signposted on the home page of the website to enable citizens to find the inputs easily?	No document was submitted in respect of this because there was no public consultation.	Unsatisfactory	State should ensure that minutes of public consultations jointly prepared with CSO representatives are published on the State website.
<b>DLI 3: Improved Cash Management and Reduced Revenue Leakages through Implementation of State TSA</b>				
<b>DLR 3.0</b>	<b>Improved cash management and reduced revenue leakages through implementation of State TSA</b>		<b>Not Achieved</b>	
1	Has the State established a functional State-level TSA?	The team had visual observation of Kebbi State TSA dashboard and obtained screen shots that demonstrated the existence of a TSA. The implementation manual is also in existence.	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 is able to forecast cash commitments and requirements and provide reliable information on the availability of funds.	The team obtained and reviewed the State TSA Policy and Operations Manual where it was established that the State Ministry of Finance or Budgets/Economic Planning is able to forecast cash commitments and requirements and provide reliable information on the availability of funds.	Satisfactory	



	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
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 visual observation of Kebbi State TSA revealed 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) and live screen shot obtained.	Satisfactory	
4	Does the TSA have one consolidated revenue treasury account for State revenues? Revenues collected by MDAs such as service fees no longer sit in individual MDA accounts at different commercial banks but are brought into the consolidated revenue account as part of the TSA.	Revenues collected by MDAs such as service fees no longer sit in individual MDA accounts at different commercial banks but are brought into the consolidated revenue account as part of the TSA via NIBSS.  However, from our observation of Kebbi State TSA we noted that FAAC allocations were excluded from the state's consolidated revenue treasury account.	Satisfactory	
5	Does the TSA cover a minimum of 50% of the State Government's finances?	The TSA does not cover a minimum of 50% of the State Government's finances.  It was observed that the total cash inflows and total cash outflows as stated in the Audited Financial Statement for the year ended December 2018 was N88,837,018,378.35 and N84,666,247,927.11 respectively.  The percentage of Government Finances going through the TSA is computed below:  <b>Inflows</b> TSA $\frac{N3,958,762,272.85}{N88,837,018,378.35} \times 100 = 4.46\%$ Government Finance  <b>Outflows</b> TSA $\frac{N5,049,638,540.09}{N84,666,247,927.11} \times 100 = 5.96\%$ Government Finance  The average is: $\frac{4.46\% + 5.96\%}{2} = 5.21\%$  Therefore, the TSA covered less than 50% of the State Government's finances.	Unsatisfactory	The State should ensure that the TSA covers the State Government's finances, including FAAC allocations and all IGR.

Disbursement Linked Indicators (DLI) and Tests		Findings	Conclusion	Recommendations
		Sources: TSA Statements and 2018 Audited Financial Statements		
<b>DLI 4: Strengthened Internally Generated Revenue (IGR) Collection</b>				
<b>DLR 4.1</b>	<b>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 approved by the State legislature and published</b>		<b>Not Achieved</b>	
1	Does the State have up-to-date consolidated revenue code which includes all the State's IGR sources and all the Local Governments (falling under that State) IGR sources? IGR sources include presumptive tax, indirect taxes and levies (roads, hotels), fines, fees and charges. Personal income tax, including PAYE, which is collected by the State and covered by the federal tax code.	The team was not provided with the Consolidated Revenue Codes. However, the Internal Revenue Edit 5 1986 was inherited from Sokoto State. This has not been updated.	Unsatisfactory	State should establish a consolidated revenue code which will include all the state's IGR sources and all the local governments. All revenue which includes presumptive tax, indirect taxes and levies (roads, hotels), fines, fees and charges. Personal income tax, including PAYE, collected by the State and covered by the federal tax code be Consolidated.
2	Does the consolidated revenue code stipulate that the State Bureau of Internal Revenues (SBIR) as the sole agency responsible for State revenue (tax and non-tax) collection and accounting in the State?	The State Bureau of Internal Revenues (SBIR) is the sole agency responsible for state revenue (tax and non-tax) collection and accounting in the state as established in Kebbi (Sokoto) State Internal Revenue Edict 5 1986 and other six (6) sub-collection accounts (Sub-TSA) are in use owned by the state Board of Internal Revenue Service, while POS terminals have been deployed to cover some MDAs in the State and E-Bills platform was made available in all banks to enable direct payment processing for those without Terminals which includes the Tax payers.  However, we concluded that Kebbi State does not yet have a Revenue Law because the existing law is for Sokoto State.	Unsatisfactory	The State should: <ul style="list-style-type: none"> <li>• Develop LGA rates and law,</li> <li>• Add Schedules with State level MDA sources and rates and</li> <li>• Make explicit that the SIRS is the sole collector at State level for all revenues.</li> </ul>
3	Is Collection of revenues made into accounts nominated by the SBIR for the SBIR to be deemed responsible for collection?	The TSA Policy and TSA Dashboard revealed that collection of revenues is made into accounts owned by the state Board of Internal Revenue Service while POS terminals have been deployed to cover some MDAs in the State.	Satisfactory	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations												
		<p>Also, E-Bills platforms were made available at all banks to enable direct processing for those without Terminals which includes the Taxpayers.</p> <p>The team obtained SBIR TSA Bank Statement for the year 2018 which is domiciled by UBA Plc with Account number 1020147403 and saw revenue monthly reports to the State Ministry of Finance that included SBIR Revenue Cost of Collection.</p>														
4	Is the code approved by the State legislature to have a legal basis, either as a law or a resolution? 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.	<p>The State submitted the Sokoto State Edict adopted by Kebbi State Internal Revenue named Edict 5 1986 and gazetted no 9 of 1984 dated 1<sup>st</sup> January 1984 (BOR) KEBBI STATE B.O.R.</p> <p>The documents provided by Kebbi State did not show explicit approval of the State Legislature for the Revenue Codes.</p>	Unsatisfactory	The State should ensure that the Revenue Code is approved by the State Legislature.												
5	Is the Publication published online, so it is automatically available to the public/all taxpayers?	The Publication was not published online.	Unsatisfactory	The State should ensure that the Revenue Publications are made online, whereby, it is automatically available to the public/all taxpayers												
<b>DLR 4.2</b>	<b>Annual nominal IGR growth rate meets target</b>		<b>Not Achieved</b>													
1	<p><b>Has the 2018-2017 annual nominal IGR growth rate met the basic or stretch targets?</b></p> <p>Basic Target: 20%-39%, Stretch Target: 40% or more</p>	<p>The IVA Computed percentage increase of IGR being derived from year 2018 and 2017 Audited Financial Statements is 10% which did not meet the basic target of 20%.</p> <p>IGR 2018 - N4,784,450,959.58</p> <p>IGR 2017 - N4,245,211,289.02</p> <p>Growth is (N4,784,450,959.58- N4,245,211,289.02)</p> <p>= N539,239,670.56</p> <p>Growth % = <math>\frac{N539,239,670.56}{N4,245,211,289.02} \times 100 = 13\%</math></p> <p>Adjustments:</p> <table border="1"> <thead> <tr> <th></th> <th>2018</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td>Descriptions</td> <td>N</td> <td>N</td> </tr> <tr> <td colspan="3">Composition of IGR:</td> </tr> <tr> <td>Direct Taxes</td> <td>3,632,453,270.18</td> <td>3,081,224,269.65</td> </tr> </tbody> </table>		2018	2017	Descriptions	N	N	Composition of IGR:			Direct Taxes	3,632,453,270.18	3,081,224,269.65	Unsatisfactory	The State should ensure that annual nominal IGR growth rate meets the basic or stretch targets: Basic Target: 20%-39% Stretch Target: 40% or more
	2018	2017														
Descriptions	N	N														
Composition of IGR:																
Direct Taxes	3,632,453,270.18	3,081,224,269.65														

Disbursement Linked Indicators (DLI) and Tests		Findings			Conclusion	Recommendations
		Licenses	131,292,557.57	522,438,413.65		
		Fines	466,494,885.98	330,599,573.66		
		Fees	310,996,590.65	220,399,715.77		
		Earnings	26,767,983.92	69,804,131.94		
		Rent on Government properties	61,340,113.99	20,499,682.67		
		Miscellaneous	155,105,557.29	245,501.68		
		Total	4,784,450,959.58	4,245,211,289.02		
<b>DLI 5: Biometric registration and bank verification number (BVN) used to reduce payroll fraud</b>						
<b>DLR 5.1</b>	<b>Biometric capture of at least [60] percent of current civil servants completed and linked to payroll, and identified ghost workers taken off the payroll</b>				<b>Achieved</b>	
1	Has the State used Biometrics to reduce payroll fraud through a completed biometric exercise for 60% of the current civil servants on the State payroll?	We obtained the report of Staff Biometric registration and bank verification number from Kebbi State SFIMIS via the State IT back end and found that 20,688 staff were captured. This is equivalent to the State staff strength and represents 100% capturing.			Satisfactory	
2	Has the State linked the biometrics data to the State payroll to identify ghost workers?	Kebbi State Staff Biometric registration are linked on the state payroll along with BVN to identify ghost workers, and this has been used to establish removal/deletion of names from payroll on a monthly basis. The reports on SIFMIS Removals 2018 was obtained. Also, the team obtained the screen shots of the displayed biometric data capture. Officers demonstrated query functions on the software whereby the passport photograph, fingers' prints, personal data and bank account details were revealed. These were then compared with the individual details on the payroll as well.			Satisfactory	
3	Has the State removed confirmed ghost workers within three (3) months of each case being confirmed?	Kebbi State was proven to have removed confirmed ghost workers within three (3) months, of each case being confirmed as established on SIFMIS monthly report.			Satisfactory	
<b>DLR 5.2</b>	<b>Link BVN data to at least [60] percent of current civil servants [and pensioners] on the payroll and payroll fraud addressed</b>				<b>Achieved</b>	

	<b>Disbursement Linked Indicators (DLI) and Tests</b>	<b>Findings</b>	<b>Conclusion</b>	<b>Recommendations</b>
1	Has the State linked the Bank Verification Number data to 60% of its current Civil Servants to the State payroll?	<p>The IVA obtained the Report of Staff Biometric registration and bank verification number (BVN) from the Kebbi State SIFMIS from the back end revealed 20,688 staff captured, 17,278 staff were confirmed as having their BVN linked while 3,410 staff were without BVN linkage as at 31<sup>st</sup> December 2018. This gave an <b>83.5%</b> linkage rate. i.e. 17,278/20,688 of the current civil servant's biodata were linked.</p> <p>The team also obtained and reviewed the State Staff Nominal Roll which revealed the data of each staff, including their MDA, Bank Account details and BVN.</p>	Satisfactory	
2	Has the State taken steps to identify payroll fraud?	<p>The Report of Staff Biometric registration and bank verification number (BVN) from Kebbi State SFIMIS from back end revealed 20,688 staffs captured, 17278 staffs were with BVN linked but 3,410 staffs were without BVN linked as at 31<sup>st</sup> December 2018.</p> <p>It means 83.5% (i.e. 17278/20,688 %) of the current civil servant's biodata are linked with BVN. It was confirmed that the reports covered the various MDAs and led to the removal of erring officers and suspected ghost workers.</p>	Satisfactory	
<b>DLI 6: Improved procurement practices for increased transparency and value for money</b>				
<b>DLR 6.1</b>	<b>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) eProcurement; 2) establishment of an independent procurement board and 3) cover all MDAs receiving funds from the State budget</b>		<b>Not Achieved</b>	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations								
1	Does the State have a public procurement legal framework which must be approved by the State legislature to have a legal basis, either as a law or a resolution? It cannot be an executive order with no legal basis. The approval of the public procurement legal framework shall occur by the 31 December of the year under assessment to count for that year, up to 31 December 2020.	The IVA obtained a copy of public procurement titled “A law to provide for the establishment of the Price Intelligence and Public Procurement Bureau and guidelines for Public Procurement in the State and Other Matters Connected therewith”. Under Kebbi State of Nigeria Law No. 003 of 2016 assented by the executive Governor Sen. Abubakar Atiku Bagudu on the 18 <sup>th</sup> day of August 2016 and signed by the Ag. Clerk to the House Alh. Umar Buhari on the 17 <sup>th</sup> August 2016.	Satisfactory									
2	Does the law conform with the UNCITRAL Model Law which should provide for; (1) eProcurement, (2) establishment of an independent procurement board; and (3) cover all MDAs receiving funds from the State budget.	<p>The IVA went through Kebbi State Price and Intelligence Public Procurement Law No. 003 of 2016 and found that although the law is structured along the lines of the UNCITRAL Model, it did not meet the benchmark of the requirements as shown below:</p> <p><b>1. E-Procurement:</b></p> <p>The law authorizes the Bureau to recommend changes in procurement process to adapt to improvements in modern technology for consideration and approval by the Executive Council – <b>Section 11(c)</b></p> <p>The law meets this requirement</p> <p><b>2. The results of our assessment of the legislation for independence are in the table below:</b></p> <table border="1"> <thead> <tr> <th>Required provisions*</th> <th>Result</th> </tr> </thead> <tbody> <tr> <td>The Functions and Powers of the Agency</td> <td> <ul style="list-style-type: none"> <li>Compliant; see sections 11 and 12</li> </ul> </td> </tr> <tr> <td>The composition of the Board</td> <td> <ul style="list-style-type: none"> <li>Compliant; see section 4(a-i)</li> </ul> </td> </tr> <tr> <td>Membership of the board/council includes representatives from</td> <td> <ul style="list-style-type: none"> <li>Not Compliant; see sections 4</li> </ul> </td> </tr> </tbody> </table>	Required provisions*	Result	The Functions and Powers of the Agency	<ul style="list-style-type: none"> <li>Compliant; see sections 11 and 12</li> </ul>	The composition of the Board	<ul style="list-style-type: none"> <li>Compliant; see section 4(a-i)</li> </ul>	Membership of the board/council includes representatives from	<ul style="list-style-type: none"> <li>Not Compliant; see sections 4</li> </ul>	Unsatisfactory	<p>The State should amend their law to provide for:</p> <ul style="list-style-type: none"> <li>Membership of the board/council to include representatives from professional bodies/associations, and;</li> <li>Any reviews of the Procurement Board’s decisions are to be by judicial review.</li> </ul> <p>The Bureau should also issue specific e-procurement regulations or guidelines.</p>
Required provisions*	Result											
The Functions and Powers of the Agency	<ul style="list-style-type: none"> <li>Compliant; see sections 11 and 12</li> </ul>											
The composition of the Board	<ul style="list-style-type: none"> <li>Compliant; see section 4(a-i)</li> </ul>											
Membership of the board/council includes representatives from	<ul style="list-style-type: none"> <li>Not Compliant; see sections 4</li> </ul>											

	Disbursement Linked Indicators (DLI) and Tests	Findings		Conclusion	Recommendations
		professional bodies/associations			
	<ul style="list-style-type: none"> <li>Compliant; see section 7(2)</li> </ul>	Regarding decisions of the Agency or Board ; Any other review after the Boards decision should be by judicial review	<ul style="list-style-type: none"> <li>Non-compliant; see section 53(7). Appeals from Bureau decision lie to the Council. In the Law “ the Council” means Executive Council of the State. There is no provision on appeals from Council decisions.</li> </ul>		
<p>*Provided by the World Bank</p> <p>The Law does not meet this requirement.</p> <p><b>3. On cover all MDAs receiving funds from the State budget including the LGAs:</b></p> <ul style="list-style-type: none"> <li>Applies to all procurement of goods, works and services by the State Government and its Agencies, Local Governments. Section 10.</li> </ul> <p>The Law meets this requirement.</p> <p>The Kebbi State Price and Intelligence Public Procurement Law No. 003 of 2016 is therefore not compliant with all the requirements of DLR 6.1 and so substantial revisions are required to bring the law to compliance with the UNCITRAL Model Law.</p>					
3	Has the State instituted an independent procurement regulatory function, which may be performed through one or a combination of the following: board, bureau, commission, council, agency or any other type of entity set up for the statutory purpose?	The Price Intelligence and Public Procurement Bureau was established as an independent procurement regulatory body according to Kebbi state Law No. 003 of 2016 Kebbi State Procurement Law and the functions of the bureau was listed in section 11 of the same law. The team visited the State Procurement Bureau with interactions/meeting with the Chief Executive and management staff and selected at random a review of records that demonstrate the agency has been active.		Satisfactory	

	<b>Disbursement Linked Indicators (DLI) and Tests</b>	<b>Findings</b>	<b>Conclusion</b>	<b>Recommendations</b>
<b>DLR 6.2</b>	<b>Publish contract award information above a threshold set out in the Operations Manual on a monthly basis in OCDS format on [the State website/ on the online portal]</b>		<b>Not Achieved</b>	
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 that are above the threshold (as defined in the State procurement law or in the State procurement regulation(s)), in line with the Open Contracting Data Standards (OCDS). For 2018, States can publish the information on the State official website or online portal if already established.	The IVA went through the official website of Kebbi State and there was no publication online in respect of contracts awarded during the fiscal year in line with the Open Contracting Data Standards. During team's visit to the Price Intelligence and Public Procurement Bureau, the Chairman made us to know that there is a dedicated website for the agency.	Unsatisfactory	State should publish online, contract award information for all contracts awarded during the fiscal year that are above the threshold (as defined in the state procurement law or in the state procurement regulation(s)), in line with the Open Contracting Data Standards (OCDS).
<b>DLI 7: Strengthened public debt management and fiscal responsibility framework</b>				
<b>DLR 7.1</b>	<b>Approval of State-level public debt legislation, which stipulates: 1) responsibilities for contracting State debt; 2) responsibilities for recording/reporting State debt; and 3) fiscal and debt rules/limits</b>		<b>Not Achieved</b>	
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 PFM Law?	The IVA team was given Kebbi State Fiscal Responsibility Law and the State Public Debt Management Law which was signed to law on the 16 <sup>th</sup> September 2019. This is post event to 2018 APA/IVA and cannot be considered for evaluation of 2018 DLR.	Unsatisfactory	The State should present this law during the 2019 APA.
2	Does the legislation include provisions which establish the following: (1) Responsibilities for contracting State debt; (2) Responsibilities for	The IVA obtained the above-listed laws which revealed the existence of Responsibilities for contracting state debt; Responsibilities for recording/reporting state debt; and Fiscal and debt rules/limits for the state. However, this is post event to 2018 APA/IVA and cannot be considered for evaluation of 2018 DLR.	Unsatisfactory	The State should present these laws during the 2019 APA.



	<b>Disbursement Linked Indicators (DLI) and Tests</b>	<b>Findings</b>	<b>Conclusion</b>	<b>Recommendations</b>
	recording/reporting State debt; and (3) Fiscal and debt rules/limits for the State.			
<b>DLR 7.2</b>	<b>Quarterly State debt reports accepted by the DMO on average two months or less after the end of the quarter in 2018</b>		<b>Achieved</b>	
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 2018?	<p>This DLI was assessed based on Q4 only, as the revised report template and DMO verification protocols were only implemented in Q4 2018.</p> <p>The State produced quarterly State Domestic Debt Reports (SDDR) despatched to DMO on average of one month after the end of each quarter in 2018 and these were acknowledged by DMO as follows:            First Quarter on 23<sup>rd</sup> April 2018 -;            Second Quarter and 3rd Quarter on 30<sup>th</sup> October 2018; and            Fourth Quarter on 30<sup>th</sup> January 2019.</p>	Satisfactory	
2	<p><b>Note: Have you reviewed for accuracy and completeness from the DMO:</b>            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.</p>	<p>The team was provided with DMO report for the year 2018 where the 4<sup>th</sup> quarter report was graded to have accurate data and was submitted within the due date.</p> <p>A wider review was undertaken of the information and supporting schedules submitted by the DMO, and several clarifications and adjustments were made to correct errors and omissions in the state's submission to the DMO. Conclusions reached in this report are based on the amended DMO data.</p>	n/a	
	<b>DLI 8: Improved clearance/reduction of stock of domestic expenditure arrears</b>			
<b>DLR 8.0</b>	<b>Domestic arrears as of end 2018 reported in an online publicly accessible database, with a verification process in place and an arrears clearance framework established.</b>		<b>Not Achieved</b>	

	<b>Disbursement Linked Indicators (DLI) and Tests</b>	<b>Findings</b>	<b>Conclusion</b>	<b>Recommendations</b>
1	Has the State established an Arrears Clearance Framework (ACF)?	No document was submitted in respect of this DLI as evidenced from the submitted "Results Submission Form by the State"	Unsatisfactory	The State should develop an Arrears Clearance Framework (ACF) that is approved by the Governor.
2	Does the ACF contain: 1) the planned actions to settle arrears; and 2) an explicit prioritization of expenditure arrears to be settled.	No document was submitted in respect of this DLI as evidenced from the submitted "Results Submission Form by the State"	Unsatisfactory	The ACF should contain planned actions and prioritization of expenditure.
3	Has the ACF been published on a state official website?	No document was submitted in respect of this DLI as evidenced from the submitted "Results Submission Form by the State"	Unsatisfactory	The Arrears Clearance Framework should be published on the State Official website.
4	Has the State established an Internal Domestic Arrears Database?	No document was submitted in respect of this DLI as evidenced from the submitted "Results Submission Form by the State"	Unsatisfactory	The State should establish an Internal Domestic Arrears database.
5	Has the State published online elements of the internal domestic arrears database on a state official website, which constitutes the online publicly accessible arrears database?	No document was submitted in respect of this DLI as evidenced from the submitted "Results Submission Form by the State.	Unsatisfactory	See above
<b>DLI 9: Improved debt sustainability</b>				
<b>DLR 9.0</b>	<b>Average monthly debt service deduction is &lt; 40% of gross FAAC allocation for FY [2018]</b> <b>AND</b> <b>Total debt stock at end Dec [2018] as a share of total revenue for FY [2018] meets target: Basic target: &lt; [150%], Stretch target: &lt; [125%]</b>		<b>Achieved</b>  Basic Target met	

Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations								
<p>Has the State met:</p> <p>(i) the ratio of total debt stock at end-of-year (31<sup>st</sup> December 2018) of the year of assessment to the total revenue collected during the calendar year of the year of assessment (1<sup>st</sup> January to 31<sup>st</sup> December 2018)? <b>-Basic target:</b>&lt; [150%], <b>-Stretch target:</b> &lt; [125%]</p>	<p><b>Computation Using the DMO Debt Stock Figure</b></p> <table border="0"> <tr> <td>FAAC Allocations -</td> <td>N56,441,320,766.50</td> </tr> <tr> <td>IGR from Audited FS -</td> <td><u>N 4,875,657,805.63</u></td> </tr> <tr> <td>Total Revenue</td> <td><b><u>N61,316,978,572.13</u></b></td> </tr> </table> <p>Debt Stock (DMO data) N81,249,773,533.45*</p> <p>*Table 3 below holds a breakdown of the Total Debt.</p> <p><u>N81,249,773,533.45</u> X 100 = 132.51% N61,316,978,572.13</p> <p>Total Debt/Revenue - 132.51%</p> <p>The analysis above shows the state met the Basic target of less than 150%.</p> <p>Source of data: Home Office, Ministry of Finance and Debt Management Office.</p>	FAAC Allocations -	N56,441,320,766.50	IGR from Audited FS -	<u>N 4,875,657,805.63</u>	Total Revenue	<b><u>N61,316,978,572.13</u></b>	Satisfactory			
FAAC Allocations -	N56,441,320,766.50										
IGR from Audited FS -	<u>N 4,875,657,805.63</u>										
Total Revenue	<b><u>N61,316,978,572.13</u></b>										
<p>Has the State met:</p> <p>(ii) the ratio of total monthly debt service (principal and interest) deductions from FAAC allocation during the calendar year of the year of assessment (1<sup>st</sup> January to 31<sup>st</sup> December 2018) to the gross FAAC allocation for the same calendar year. <b>Less than</b> :&lt; [40%]</p>	<p><b>Computation Using the Average deductions</b></p> <table border="0"> <tr> <td>Average Debt service deduction -</td> <td>N304,905,281.91</td> </tr> <tr> <td>Average FAAC Allocations -</td> <td>N4,703,443,397.21</td> </tr> </table> <p>Average Debt Service/Average FAAC Allocations:</p> <p><u>N304,905,281.91</u> X 100 = 6.48% N4,703,443,397.21</p> <p><b>Computation using the total deductions</b></p> <table border="0"> <tr> <td>Total Debt service deduction -</td> <td>N3,658,863,382.94</td> </tr> <tr> <td>Gross FAAC Allocations -</td> <td>N58,258,908,191</td> </tr> </table> <p><u>N3,658,863,382.94</u> x 100 = 6.3% N58,258,908,191</p> <p>The results of 6.48% is less than 40%</p> <p>Source of Data: Home Office, Ministry of Finance.</p>	Average Debt service deduction -	N304,905,281.91	Average FAAC Allocations -	N4,703,443,397.21	Total Debt service deduction -	N3,658,863,382.94	Gross FAAC Allocations -	N58,258,908,191	Satisfactory	
Average Debt service deduction -	N304,905,281.91										
Average FAAC Allocations -	N4,703,443,397.21										
Total Debt service deduction -	N3,658,863,382.94										
Gross FAAC Allocations -	N58,258,908,191										

**TABLE 3: DLI 9 31 DECEMBER 2018 STATE DEBT STOCK TABLES FOR KEBBI STATE**

<b>NAIRA</b>	<b>KEBBI</b>
1. BUDGET SUPPORT LOAN (SOURCE FMOF)	16,869,000,000
2. BAIL OUT (SALARIES) (SOURCE CBN)	6,644,188,270
3. RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	-
4. EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	9,441,747,655
5. STATE BONDS	-
6. COMMERCIAL BANK LOANS	1,022,732,907
7. CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	2,598,277,796
8. BAIL-OUT (INFRASTRUCTURE)	-
9. MICRO SMALL MEDIUM ENTERPRISE DEVELOPMENT FUND (MSMEDF) (SOURCE CBN)	-
10. JUDGEMENT DEBTS	-
11. GOVT - GOVT DEBTS	-
12. CONTRACTORS' ARREARS	26,262,396,073
13. PENSION AND GRATUITY ARREARS	4,410,531,672
14. SALARY ARREARS AND OTHER CLAIMS	-
15. OTHER DEBTS	-
<b>TOTAL DOMESTIC DEBT (TDD)</b>	<b>67,248,874,371</b>
<b>TOTAL EXTERNAL DEBT (TED)</b>	<b>14,000,899,162</b>
<b>TOTAL PUBLIC DEBT (TED+TDD)</b>	<b>81,249,773,533</b>

**Table Notes**

1. Domestic debt stock figures (except for categories 1,2,4,7 and 9) are the figures as at 31 December 2018 reported by states to the DMO in their signed Q4 2018 state domestic debt reports.
2. Domestic debt stock categories 1,2,4,7 and 9 figures are the figures of outstanding loans as at 31 December 2018 reported by Federal Ministry of Finance and Central Bank of Nigeria to the DMO as part of the DMO Q4 2018 verification exercise.
3. External debt stock as at 31 December 2018 reported by the DMO.

## 4. Responses from the State

---

State should please use the box below for responses.

Attention; SFTAS Team- Office of the Auditor General for the Federation

Dear Sir/Madam,

I am directed to write and inform you that we have perused the Draft Report of the Kebbi State 2018 Annual Performance Assessment (APA) under SFTAS and agreed with the findings of the team based on the Verification Protocol.

2. Consequently, you may therefore go ahead and finalize your report.

3. Thank you.

Ibrahim Sarki Gwandu  
Kebbi State Focal Person  
For Permanent Secretary MoF

## Appendix A

### Report on the achievement of the Eligibility Criteria for the 2018 performance year

#### Kebbi State

#### **YOUR STATE HAS BEEN ASSESSED AS HAVING MET THE ELIGIBILITY CRITERIA FOR THE 2018 PERFORMANCE YEAR.**

This report sets out the assessed performance of the State against the set eligibility criteria for the States' Fiscal Transparency, Accountability and Sustainability Programme (SFTAS). It contains feedback and clarifications to enable the State prepare better for the next assessment. Note that the eligibility assessment will be conducted afresh on an annual basis and being deemed eligible in one year does not guarantee eligibility in subsequent years. Please visit the SFTAS guidelines for more detail on eligibility.

Any enquiries on the contents of this report should be routed through the State Focal persons to the following email address – [sftas@oaugf.ng](mailto:sftas@oaugf.ng)

#### **Eligibility Criteria 2018 Part I - The online publication of Approved Budgets for 2019 by 28 February 2019**

Overview				
Information Source(s)	Initial checks	Initial Comments / Observations	Follow up	Final Assessment
<a href="http://www.kebbistate.gov.ng/sites/default/files/Kebbi-State-2019-Approved-Budget.pdf">http://www.kebbistate.gov.ng/sites/default/files/Kebbi-State-2019-Approved-Budget.pdf</a>	A search was done on Kebbi State website	The 2019 Budgets were published on the State Official website, a copy was downloaded. <b>There's no evidence of 2019 Budgets being signed by the governor.</b>	A request was made on 12/03/2019 to the focal persons to provide evidence of the governor's assent	<b>EC was met</b> The State focal persons responded on 18/03/19 providing an attached document to the state governor's assent. A copy was saved.

Tests/checks performed	Results	Areas for improvement
Is the approved budget for 2019 available on any of the State Government Websites?	Yes	None
Was the approved budget published online before 28 February 2019?	Yes	None
Is the published budget clear and legible?	Yes	None
Can the budget be downloaded?	Yes	None
Do we have evidence of assent by the Governor?	Yes	Evidence of Governor's Assent should be published with the annual budget

**Eligibility Criteria 2018 Part 2 - The online publication of Audited Financial Statements for 2017 by 31 December 2018**

Source(s)	Initial Work Done	Initial Comments/Observation	Follow up	Final Assessment
<a href="http://www.kebbistate.gov.ng/ministry-finance">http://www.kebbistate.gov.ng/ministry-finance</a> <a href="http://www.kebbistate.gov.ng/">http://www.kebbistate.gov.ng/</a>	A search was done on Kebbi State Website	The 2017 Financial Statements were published on the state official website, a copy was downloaded	N/A	<b>EC met</b>

Tests/checks performed	Results	Areas for improvement
<b>Were the Financial Statements (FS) for 2017 available on any of the State Government Websites? (and were the FS straightforward or difficult to find?)</b>	Yes	
<b>Were the Financial Statement for 2017 available published online before 31 December 2018?</b>	Yes	
<b>Are the published financial statements clear and legible?</b>	Yes	
<b>Can the Financial Statements be downloaded?</b>	Yes	
<b>Do we have evidence of audit by the State Auditor-General?</b>	Yes	
<b>Are the financial statements complete, including primary statements and disclosure notes?</b>	No	No notes available. Disclosure Notes should be published along with the Financial Statements
<b>Are there any indications that balances within the financial statements are not credible</b>	Partly	The applicable accounting framework is unclear. The Accountant-General's report states the FS are prepared on the basis of Cash IPSAS but also says accrual IPSAS was introduced from 31 Dec 2016. The Audit report and certificate does not state the reporting framework.