



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

2019 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**



November 2020

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1 Executive Summary

This report details the outcome of the Annual Performance Assessment (APA) conducted on Kebbi State for the second (2019) 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 2019 APA for Kebbi State and shows areas where the State achieved results. In total, Kebbi State achieved **8 (Eight)** DLRs out of 15 DLRs applicable to 2019.

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 1.2: Expenditure outturn deviation is reduced to a level within the annual requirements for this result.
2. DLR 3.0: Develop a functional State-level TSA where all Government revenues (IGRs ad FAAC) are credited before expenditure. Increase the percentage of state government finances flowing through the TSA to at the least the minimum required to achieve this result.
3. DLR 4.1: Review for amendments, the Revenue Law (alongside with the revenue code). The revenue law should clearly state the sources of the revenues, (including the Local Governments sources). The amended revenue law and code should be published online.
4. DLR 6.1: Amend the Procurement Law to comply fully with the provision for the establishment of an independent Procurement Regulatory Agency in accordance with the UNCITRAL Model Law.
5. DLR 6.2: Publish contract award information, above the set threshold, and on a monthly basis in OCDS format on the State’s website.
6. DLR 7.1: Amend the Fiscal Responsibility law and/or State Debt Management Law to provide for the responsibilities for contracting state debts, recording and reporting state debts, to establish fiscal and debt rules/limits.
7. DLR 8: A Domestic Arrears Clearance Framework (ACF) is established and an internal domestic arrears database with relevant balances placed online through a publicly accessible portal. Domestic arrears are cleared year on year to achieve total reductions in arrears in line with the targets set for this DLR.

Table 1: Assessment Results

Key:	Achieved		Not Achieved		Previously Achieved	
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Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
DLI 1: Improved financial reporting and budget reliability	DLR 1.1: FY19 quarterly budget implementation reports published on average within 6 weeks of quarter-end to enable timely budget management		The reports were published online on an average of 1.5 weeks after the quarter end
	DLR 1.2: FY19 deviation for total budget expenditure is < 25%		Budget deviation was 46.5%

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
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 FY2020 budget.		Public Consultation meeting was held and minutes were published online on 30th January, 2020.
	DLR 2.2: Citizens' budget based on approved FY19 State budget published online by end April 2019.		Citizens' budget was published online on 30th April, 2019.
DLI 3: 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 60 percent of state government finances implementation of State TSA		The State did not have a functional TSA and the designated TSA covered 6% of Government finances
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		The revenue code does not include all sources of revenue for Local Governments and does not stipulate the SBIR as the sole agency responsible for state revenue.
	DLR 4.2: 2019-2018 annual nominal IGR growth rate meets target: -Basic target: 20%-39%, Stretch target: 40% or more	Stretch target achieved	Annual nominal IGR growth rate was 56%.
DLI 5: Biometric registration and Bank Verification Number (BVN) used to reduce payroll fraud	DLR 5.1: Biometric capture of at least 75 percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll		100% of Staff and Pensioners on payroll have biometric data linked.
	DLR 5.2: Link BVN data to at least 75 percent of current civil servants and pensioners on the payroll and payroll fraud addressed		99% of Staff and Pensioners on payroll have biometric data linked.
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 Law does not comply with the requirements of the UNCITRAL Model Laws.
	DLR 6.2: Publish contract award information above a threshold set out in the Operations Manual for 2019 on a monthly basis in OCDS format on the state website		There was no publication of contract award information online.
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.		No provisions were seen covering the responsibility for contracting state debt, or the responsibility for recording/reporting state debt.
	DLR 7.2: Quarterly state debt reports accepted by the DMO on average two months or less after the end of the quarter in 2019		SDDRs were submitted within 58 days of quarter end.
DLI 8: Improved clearance/reduction of stock of domestic expenditure arrears	DLR 8: Domestic arrears as of end 2019 reported in an online publicly accessible database, with a verification process in place and an arrears clearance framework established and Percentage decline in the verified stock of domestic arrears at end 2019 compared to end 2018 meets target and is consistent with the state's arrears clearance framework.		The State has no Arrears Clearance Framework State has not established Internal Domestic Arrears Database.

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
DLI 9: Improved debt sustainability	Total debt stock at end of December 2019 as a share of total revenue for FY2019 meets target: Basic target: < 140%, Stretch target: < 115%. and Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2019.	Basic target achieved	Monthly debt service deduction is 8.1% of Gross FAAC, and the Total Debt Stock to Revenue is 118.4%.

The Office of the Auditor-General for the Federation as Independent Verification Agent and JK Consulting Co. Ltd 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: The State 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 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 JK Consulting Co. Ltd 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 2019. 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 for each State.

2.2 Scope

This Annual Performance Assessment (APA) Report covers the State’s performance in 2019 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 2019 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 for 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 for 2019. The assessment results are binary (Achieved or Not Achieved), as that is how the Program for Results was designed.

In advance of the performance assessments, all States were provided with the detailed information requirements for the assessments, a proposed itinerary for the assessment visit and a template with which to report the results achieved. The assessments were conducted between 06/09/2020 and 12/09/2020 with a team of four persons, starting with an opening meeting where all the information requested were handed over. The visit was concluded with an exit meeting where the initial findings were discussed, and each state was given 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 States for the cooperation enjoyed during the assessment and hope the recommendations within this Report are found valuable towards achieving the DLRs in the remaining years of the Program.

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 [2019] quarterly budget implementation reports published on average within [6 weeks] of each quarter-end to enable timely budget management		Achieved	
1	Has the State published its quarterly budget implementation report to the State official website on average within six weeks of the end of each quarter?	<p>The Quarterly budget implementation reports were posted online on https://www.kebbistate.gov.ng/title-6 as follows:</p> <ul style="list-style-type: none"> • Q1 – 03/04/2019 – 0.4 week (3 days) • Q2 – 05/07/2019 – 0.7 week (5 days) • Q3 – 02/10/2019 – 0.3 week (2 days) • Q4 – 31/01/2020 – 4.4 weeks (31 Days) <p>Average week for the online publication is computed as below:</p> $\frac{0.4+0.7+0.3+4.4}{4}$ <p>Average = 1.5 Weeks (10 days)</p> <p>We downloaded the quarterly budget Implementation Reports for all four quarters of the year 2019 and obtained evidence of a time stamp of the publications.</p>	Satisfactory	
2	Do the reports each include, at a minimum, the approved original AND revised (if applicable) budget	From our review of the Quarterly Budget Implementation reports downloaded from the State’s website (<i>see weblinks above</i>), we observed the following;	Satisfactory	Notwithstanding being Satisfactory the State should ensure

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
<p>appropriation for the year against each organizational units (MDAs) for each of the core economic classification of expenditures (Personnel, Overheads, Capital, and others), the actual expenditures for the quarter attributed to each as well as the cumulative expenditures for year to date, and balances against each of the revenue and expenditure appropriations.</p>	<ul style="list-style-type: none"> • The Budget Implementation Reports included the approved budget appropriation for the year against each organizational unit (MDAs) for each of the core economic classification of expenditures. • The Budget Implementation Reports included the actual expenditures for the quarter attributed to each, however the cumulative expenditures wasn't included. • The Budget Implementation Reports included the balances against each of the revenue and expenditure appropriations. • We also observed that the State have an amended/ revised or passed supplementary budget for 2019. <p>The reports include the approved budget appropriation for the year for each of the core economic classification of expenditures (Personnel, Overheads, Capital, and others); the actual expenditures for the quarter and the balances against each of the revenue and expenditure appropriations but Quarter 1, 2 and 3 did not state the cumulative expenditures for the year to date.</p> <p>This was marked as Satisfactory because the State has done enough in terms of transparency by publishing all its Quarterly Reports within the time frame and the cumulative expenditures can be accessed using the actual expenditures in each of the Quarterly Reports.</p>		<p>the reports also state the cumulative expenditures for the year to date.</p>
<p>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?</p>	<p>Upon review of the State's Budget Performance reports, it states the actual expenditures for each quarter attributed to each MDA and each expenditure classification but Quarter 1, 2 and 3 did not state the cumulative expenditures for the year to date.</p> <p>This was marked as Satisfactory because the State has done enough in terms of transparency by publishing all its</p>	<p>Satisfactory</p>	<p>Notwithstanding being Satisfactory the State should ensure the reports also state the cumulative expenditures for the year to date.</p>

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations												
		Quarterly Reports within the time frame and the cumulative expenditures can be accessed using the actual expenditures in each of the Quarterly Reports.														
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?	Upon review of the State's Budget Performance reports, it states the balances against each of the revenue and expenditure appropriations with balances provided on a consolidated basis across the four (4) expenditure classifications and there was no 'Other Expenditures' that includes debt servicing, and transfers, or other expenditures not attributable to any of the other three (3) economic classifications".	Satisfactory													
DLR 1.2	FY [2019] deviation from total budget expenditure is less than 25%		Not Achieved													
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 25%	The State computed the budget deviation for 2019 to be 56.6% The IVA computed the budget deviation for this APA year. See the computation below: <table border="1" data-bbox="814 1063 1365 1209"> <thead> <tr> <th></th> <th>Original Budget</th> <th>Actual Outturn</th> </tr> </thead> <tbody> <tr> <td>Capital Exp.</td> <td>104,385,049,818</td> <td>44,378,837,859</td> </tr> <tr> <td>Rec. Exp.</td> <td>47,077,186,420</td> <td>36,703,021,007</td> </tr> <tr> <td>Total</td> <td>151,462,236,238</td> <td>81,081,858,866</td> </tr> </tbody> </table> $\frac{\text{₦ } 151,462,236,238 - \text{₦ } 81,081,858,866}{\text{₦ } 151,462,236,238} \times 100 = 46.5\%$ The budget performance deviation is 46.5%		Original Budget	Actual Outturn	Capital Exp.	104,385,049,818	44,378,837,859	Rec. Exp.	47,077,186,420	36,703,021,007	Total	151,462,236,238	81,081,858,866	Unsatisfactory	The State should prepare accurate budgets and reduce the budget deviation to a level below the limits set for this result.
	Original Budget	Actual Outturn														
Capital Exp.	104,385,049,818	44,378,837,859														
Rec. Exp.	47,077,186,420	36,703,021,007														
Total	151,462,236,238	81,081,858,866														

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		Source: 2019 Audited Financial Statement Page 7 (Cash basis of accounting) and Approved Budget Page 1.		
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 [2020] budget		Achieved	
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?	<ul style="list-style-type: none"> a) Some of the LGAs that were confirmed to be in attendance are Jega, Aliero, Birnin Kebbi, Gwandu, Argungu, Augie, Kalgo, Zuru etc. b) The name of some of the CSOs representatives in attendance were from the Association of CSO's and Young Africa Leaders Initiative (YALI). c) The sources of information from which our conclusions were drawn are Communique, minutes of meeting, attendance, and pictures. d) The dates and venue of the first consultation meeting is 14.11.2019 held at the Presidential Banquet Hall Birnin Kebbi on and the other was on 20.11.2019 at the conference hall of the Ministry of Budget and Economic Planning Birnin Kebbi. e) 12 attendees were called to confirm their attendance at the public consultation 11 responded and their responses were positive. f) The budget was drafted on 30th January, 2020. g) The dates of the consultations were 14th and 20th November, 2019 and the date of the draft budget was 30th January, 2020. The consultation meeting was done first. 	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
2	Were the minutes of the public consultations jointly prepared with CSO representatives (shown by their signature to the minutes) and posted on the official State website, alongside the proposed annual budget on or before 31 January 2020 to enable citizens to find the inputs easily?	<p>a) The CSO that also co-signed the Minutes is Association of CSO's.</p> <p>b) The title and date of the first Minutes is "Minutes of 2020 Town Hall Meeting Held on 14th November, 2019 at the Presidential Banquet Hall, Birnin Kebbi" while the second is "Communique Issued at the end of interactive session between Kebbi State Civil Society Organization and the Ministry of Budget" held on 20th November, 2020.</p> <p>c) The signatory represents the Association of CSO's.</p> <p>d) https://www.kebbistate.gov.ng/minutes-2020-budget-town-hall-meeting. ii. https://www.kebbistate.gov.ng/communique-2020-kebbi-state-budget-town-hall-meeting-issued-ministry-budget-and-economic-planning.</p> <p>See Appendix A for weblinks to the proposed/final budget</p>	Satisfactory	
DLR 2.2 New	Citizens' budget based on approved FY19 State budget published online by end April 2019.			
1 New	Has the State published online, on the State website(s) a <i>Citizens Budget based on the approved FY19 state budget</i> not later than 30 April 2019?	The Citizens budget based on approved FY19 state budget was published before the due date (https://www.kebbistate.gov.ng/kebbi-state-citizen-budget-2019) accessed on (05/08/2020).	Satisfactory	
2 New	Is the Citizens Budget a comprehensible (to citizens) summary of the approved FY19 state budget?	We confirmed that the Citizens budget summarizes in a comprehensible manner to citizens the approved FY19 State Budget. There are no significant discrepancies with the standard template provided to the State. It accurately includes the key budget information from the original budget, including the following; <ul style="list-style-type: none"> i. A simple explanation of the annual budget/citizen's budget; 	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<ul style="list-style-type: none"> ii. Breakdown of revenues and expenditures iii. Disclosure of Budget deficit (if any) and how it will be financed. iv. Sectoral Allocation (MDAs by MDAs) v. Top Projects to be financed (at least 5). 		
<i>DLI 3: Improved Cash Management and reduced Revenue Leakages through Implementation of State TSA</i>				
DLR 3.0	Improved cash management and reduced revenue leakages through implementation of State TSA		Not Achieved	
1	Has the State established a functional State-level TSA?	<ul style="list-style-type: none"> a. The State has not established a functional state-level TSA. b. The State TSA covers only IGR with the following account details: <ul style="list-style-type: none"> • TSA Bank: United Bank for Africa • Account Name: Kebbi State Government Main TSA Account • Account Number: 1020147403. c. Other Statutory Accounts Includes: <ul style="list-style-type: none"> • FAAC Account: UBA 1013572209 • VAT Account: Eco Bank 1732000761 	Unsatisfactory	The State should establish a functional TSA
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.	<p>The State has a Cash Management Strategy</p> <ul style="list-style-type: none"> a) The Strategy is called Kebbi State Government Cash Management Strategy. b) It was produced in January 2017 and it was signed by the Permanent Secretary Ministry of Finance and the Accountant General. c) The processes can be found on Page 13 "Cash Planning/Forecasting". d) Page 15 of the Cash Management Strategy states that "All cash balances in excess of ₦5 million that sit for 	Unsatisfactory	The State should implement an approved cash management strategy which covers the processes through which the State is able to forecast cash commitments and requirements and provide reliable

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations			
		<p>maximum of four weeks in any MDA account will be swept to the TSA.</p> <p>e) There is no evidence of implementation of processes described in the cash management strategy to forecast cash commitments and requirements and provide reliable information on the availability of funds.</p>		information on the availability of funds.			
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)?	<p>The State has an application where the State can view the IGR balances. However, this IGR portal cannot view Cash Balances in Bank Accounts.</p> <p>a) Kebbi State IGR Portal, the producer of the app is Klug and Heimer Consult.</p> <p>b) The Cash Management Strategy (Page 12) provides for a central view of cash balances; however what was observed are IGR balances.</p> <p>c) It was deployed in June 2017.</p>	Unsatisfactory	The State should establish a cash management system that allows for a central view of cash balances in bank accounts on a single electronic dashboard.			
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.	<p>a) TSA Bank: United Bank for Africa, Account Name: Kebbi State Government Main TSA Account and Account Number: 1020147403.</p> <p>b) The State TSA covers only IGR.</p> <p>c) The State conducts sweeping of balances from the Sub-collection account used by Kebbi State Board Internal Revenue to the TSA. The State conducts these sweeps once every month.</p> <p>d) The TSA bank Statement has been obtained.</p>	Satisfactory				
5	Does the TSA cover a minimum of 60% of the State Government's finances?	<p>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 2019.</p> <p>See the computation below:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="width: 100px;"></td> <td style="width: 100px;">Total Inflows</td> <td style="width: 100px;">Total Outflows</td> </tr> </table>		Total Inflows	Total Outflows	Unsatisfactory	The State's TSA should cover all of Government Finances.
	Total Inflows	Total Outflows					

Disbursement Linked Indicators (DLIs) and Tests		Findings			Conclusion	Recommendations								
		<table border="1"> <tr> <td>TSA Bank Statement</td> <td>4,762,358,833.15</td> <td>4,582,380,359.26</td> </tr> <tr> <td>Government Finances*</td> <td>71,698,867,680.70</td> <td>81,081,858,866.00</td> </tr> <tr> <td>Percentage</td> <td>7%</td> <td>6%</td> </tr> </table> <p>The average is percentage computation is:</p> $\frac{7\% + 6\%}{2} = 6\%$ <p>The TSA covered 6% of the State's finances.</p> <p>*Sources: 2019 Audited Financial Statement (Cashflow Statement) Page 7 and the TSA Statement from UBA 1020147403 for the period 2019 (01/01/2019 to 31/12/2019).</p>	TSA Bank Statement	4,762,358,833.15	4,582,380,359.26	Government Finances*	71,698,867,680.70	81,081,858,866.00	Percentage	7%	6%			
TSA Bank Statement	4,762,358,833.15	4,582,380,359.26												
Government Finances*	71,698,867,680.70	81,081,858,866.00												
Percentage	7%	6%												
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 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?	<p>a) A Bill for a Law to make provision for Administration and collection of Revenue to the State Government and Local Government Councils and to establish relevant Administrative Structures and for other matters connected therewith and assented to by the Governor on the 15th of August 2019.</p> <p>b) The Revenue Code & rates are not separate from the Revenue law.</p>			Unsatisfactory	The State should amend its current harmonised law to include all sources of revenue for local governments								

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>c) The State has one Revenue Law.</p> <p>d) The Revenue Law was approved on 15th August 2019.</p> <p>e) https://www.kebbistate.gov.ng/title-11?page=1</p> <p>f) The Kebbi State Revenue Law NO: 002 includes the State's IGR sources but do not include the local governments IGR sources.</p> <p>g) The Kebbi State Revenue Law NO: 002 includes the rate chargeable for each IGR source of the State alone and not the Local Governments.</p>		
2	Does the consolidated revenue code stipulate that the State Bureau of Internal 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?	<p>a) Section 32(1) of the Kebbi State Revenue Law NO: 002 stated that the Internal Revenue Service shall have power to administer any law on taxation in respect of which the State House of Assembly or the National Assembly may confer power on it". However, this does not clearly state the SBIR as the sole agency responsible for State revenue (tax and non-tax) collection and accounting in the State.</p> <p>b) Though the law does not use the word sole collector, read together it can be implied. The state should add wording to make it clear the SIRS is the Sole collector of all tax and non-tax revenues in the state.</p>	Unsatisfactory	The State should amend its Tax legislation to make it explicit in the law that the SBIR/SIRS is the sole collector for all State government revenues.
3	Is the collection of revenues is made into accounts(s) nominated by the SBIR OR SBIR has full oversight of the accounts and is responsible for reporting and accounting for the revenues	<p>a) Section 32(1) of the Kebbi State Revenue Law NO: 002 stated that "Except as otherwise provided in any law, revenue due to any authority in the State shall be payable by cash, bank draft, electronic debit or credit card or money transfer into any of the banks designated by the Board or Chairman of the relevant Local Government Council entitled to receive such revenues".</p> <p>b) The SBIR is not responsible for the Local Government IGR.</p>	Unsatisfactory	State should revalidate revenue accounts by ensuring SBIR/SIRS nominates such accounts
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	<p>a) The Kebbi State Revenue Law NO: 002 of 2019 was approved by the State House of Assembly and assented to by the Governor on 15th August 2019. However, it does not include the local governments IGR sources.</p>	Unsatisfactory	The State should ensure that required amendments to the law are concluded as soon as possible in

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations																																		
	the 31 December of the year under assessment to count for that year, up to 31 December 2020.			view of upcoming APAs.																																		
5	Is the Publication published online, so it is automatically available to the public/all taxpayers?	<p>a) A copy of the Revenue Law has been downloaded. However, it does not include the local governments IGR sources.</p> <p>b) Posted on 10th September 2020.</p> <p>c) https://www.kebbistate.gov.ng/sites/default/files/Revenue%20Administration%20Bill%202019%20for%20Publication_0.pdf.</p>	Unsatisfactory	The State should publish the amended Revenue law, sources and rates online.																																		
DLR 4.2	Annual nominal IGR growth rate meets target		Achieved Stretch target met																																			
1	<p>Has the 2019-2018 annual nominal IGR growth rate met the basic or stretch targets?</p> <p>Basic Target: 20%-39% Stretch Target: 40% or more</p>	<p>a. Cash basis of accounting was adopted by the State for both 2018 and 2019 Audited Financial Statements.</p> <p>b. The IVA computed the annual nominal IGR growth rate for this year APA. See the computation below:</p> <table border="1" data-bbox="743 889 1444 1432"> <thead> <tr> <th rowspan="2">Item</th> <th colspan="2">NGN</th> <th rowspan="2">% GROWTH</th> </tr> <tr> <th>2018</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td><i>Memo: Reported IGR in AFS (Before Adjustments)</i></td> <td>4,881,960,806</td> <td>7,367,334,837</td> <td>51%</td> </tr> <tr> <td>VALID IGR items to be counted as IGR</td> <td>4,691,804,031</td> <td>7,301,103,842</td> <td></td> </tr> <tr> <td>Tax</td> <td>3,632,453,270</td> <td>6,445,557,644</td> <td></td> </tr> <tr> <td>Licenses</td> <td>14,309,455</td> <td>546,617,274</td> <td></td> </tr> <tr> <td>Fines</td> <td>466,494,886</td> <td>396,045,864</td> <td></td> </tr> <tr> <td>Fees</td> <td>310,996,591</td> <td>265,030,576</td> <td></td> </tr> <tr> <td>Licenses</td> <td>131,292,558</td> <td>71,961,250</td> <td></td> </tr> </tbody> </table>	Item	NGN		% GROWTH	2018	2019	<i>Memo: Reported IGR in AFS (Before Adjustments)</i>	4,881,960,806	7,367,334,837	51%	VALID IGR items to be counted as IGR	4,691,804,031	7,301,103,842		Tax	3,632,453,270	6,445,557,644		Licenses	14,309,455	546,617,274		Fines	466,494,886	396,045,864		Fees	310,996,591	265,030,576		Licenses	131,292,558	71,961,250		Satisfactory	
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Disbursement Linked Indicators (DLIs) and Tests		Findings			Conclusion	Recommendations
		Earnings	26,767,984	35,426,119		
		Sales	62,458,629	81,327,611		
		Rent of Govt. Property	61,340,114	5,754,778		
		"Adjusted IGR" for DLI 4.2 Calculation				
		Sum of all VALID items of IGR if AFS has that detail	4,691,804,031	7,301,103,842	56%	
		$\frac{\text{₦}7,301,103,842.23 - \text{₦}4,691,804,031.43}{\text{₦}4,691,804,031.43} \times 100$ $=56\%$				
		The annual nominal growth is 56%.				
		Source: 2019 Audited Financial Statement Page 19				
DLI 5: Biometric Registration and Bank Verification Number (BVN) Used to reduce Payroll Fraud						
DLR 5.1	Biometric capture of at least [75] percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll				Achieved	
1	Has the State used Biometrics to reduce payroll fraud through a completed biometric exercise for 75% of the current civil servants and pensioners on the State payroll?	<p>The IVA team visited the payroll office. The random sample test on the payroll system confirmed that Kebbi State carried out biometric revalidation and authentication exercise for the State Civil Servants and Pensioners from September to December, 2019.</p> <p>a) The biometric data capture was outsourced to Dadabooks and Systems Limited.</p> <p>b) The total number of civil servants together with political appointees currently on the payroll is 21,727.</p> <p>c) The total number of pensioners currently on the payroll is 6,693.</p>			Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>d) The total number of staff on the State Nominal roll and Payroll currently is 28,420. (The State does not maintain these books separately).</p> <p>e) The biometrics data of all staff and pensioners has been captured.</p> <p>f) The documents obtained for our conclusion are sampled screenshots from the State Payroll System (20 each from both pay groups) and report from the consultant who handled the exercise?</p> $\frac{\text{Total Number of Biometric Data Captured}}{\text{Number of Civil Servants + Pensioners}} \times 100$ $\frac{28420}{21,727 + 6,693} \times 100 = \underline{100\%}$ <p>The State had captured 100% of the State’s civil servants and pensioners.</p>		
2	<p>Has the State linked the biometrics data to the State payroll to identify ghost workers?</p> <p>a) Kebbi State commenced the biometric capturing exercise of its staff as far back as 2016 however; a revalidation and authentication exercise for the State Civil Servants and Pensioners was again carried out from September 2019 to December 2019.</p> <p>b) The Biometrics data for all Civil servants and Pensioners has been linked to the payroll.</p> <p>c) The people termed as ‘ghost workers’ after the biometric revalidation and authentication exercise. The civil servants were 118, while pensioners were 153. These are people whose BVN showed they have multiple accounts or those whose biometrics were not captured which sums up to 271. The revalidation exercise also showed that 83 pensioners were dead.</p> <p>d) The total money that was saved from the ghost workers detected is ₦16, 605,344.08(civil servants ₦14,061,899.47 and dead pensioners ₦2,543,444.61)</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>e) The in-year changes to the civil servants and pensioners payroll (as a result of starters, leavers, deaths etc.) were captured during the biometric exercise.</p> <p>There are procedures in place for ensuring timely (within 3 months of the event) updates to the payroll to reflect leavers, retirees and deaths.</p> <p>In a death case, a letter of notification is sent from the department of the deceased person to Payroll Department through the Hon. Commissioner for Finance and payment of the person is stopped immediately.</p>		
3	Has the State removed confirmed ghost workers and ghost pensioners within three (3) months of each case being confirmed?	<p>a) The number of 'ghost workers' that were detected during the linkage was 271. The IVA further requested to confirm how timely these identified ghost workers were removed from the payroll, the State provided the comprehensive list of these persons and it was confirmed they no longer exist on the payroll system and they were removed immediately identified</p> <p>b) The record that was kept for the identified ghost workers was the report from the payroll consultant and the list of dead pensioners.</p> <p>c) The identified ghost workers were removed from the payroll by December 2019.</p> <p>d) The payroll figure prior to their removal from payroll was about ₦1,482,510,333.10</p> <p>e) The payroll figure after they were removed reduced to about ₦1,465,904,989.02</p> <p>f) The sources of this information are report from the payroll consultants and screenshots of pay summary obtained for 2019.</p>	Satisfactory	
5.2	Link BVN data to at least [75] 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 75% of its current Civil	The IVA team visit to the payroll office confirmed that Kebbi State carried out BVN revalidation and authentication	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
Servants and pensioners on the State payroll?	<p>exercise for the State Civil Servants and Pensioners from September 2019 to December 2019.</p> <p>a) The exercise was outsourced to Dadabooks Limited.</p> <p>b) The total number of civil servants together with political appointees currently on the payroll 21,727.</p> <p>c) The total number of pensioners currently on the payroll is 6,693.</p> <p>g) The total number of staff on the State Nominal roll and Payroll currently is 28,420. (The State does not maintain these books separately).</p> <p>d) The total number of BVN data that has been linked to the payroll is 28,277 (civil servants and political appointees 21584, pensioners 6,693). As at the time of this verification the only BVN data of about 143 political appointees had not been linked to the payroll system.</p> <p>e) The documents obtained in drawing our conclusions are the report from the payroll consultant and the list of political appointees whose BVN data have not been linked to the payroll system.</p> $\frac{\text{Total Number of BVN Data Linked}}{\text{Total Number of Civil Servants + Pensioners}} \times 100$ $\frac{28277}{21,727 + 6,693} \times 100$ $= 99\%$ <p>The State has linked 99% of the State' civil servants plus Political Appointees and Pensioners BVN data to the payroll.</p>		
2	<p>Has the State taken steps to identify payroll fraud?</p> <p>a) The number of Staff with BVN data is 28,277 and 143 are without BVN data?</p> <p>b) There were no issues of payroll fraud.</p>	Satisfactory	
DLI 6: Improved Procurement Practices for Increased Transparency and Value for Money			

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
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 which must be approved by the State legislature to have a legal basis, either as a law or a resolution?	<p>a) The State has a public procurement legal framework. The Kebbi State Price Intelligence and Public Procurement Law, 2020 – S.1 Repealed the earlier Law which was the Kebbi State of Nigeria Law NO. 003 of 2016.</p> <p>b) The law has been approved by the State legislature as a law.</p> <p>c) The State has an existing law guiding its procurement.</p> <p>d) The date approval of the law was 29th September, 2020.</p> <p>e) The authorizing body is the Kebbi State House of Assembly</p> <p>f) The law was published on 30th September, 2020.</p> <p>g) The source of the publication is the Kebbi State official website.</p>	Satisfactory	
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.	<p>The Kebbi State Public Procurement Law is not structured in line with the UNCITRAL Model and does not meet the requirements as shown below:</p> <p>1. E-Procurement – We noted that the legislation includes the following;</p> <ul style="list-style-type: none"> The Board has the power to introduce, develop, update, maintain related data base and technology. Section 7(1) <p>The law therefore complies with the requirements for e-procurement.</p>	Unsatisfactory	<p>The State should make the following improvements to its draft legislation.</p> <ol style="list-style-type: none"> The grounds for removal of the Chief Executive of the agency. Amend to ensure that regarding the decisions of

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations												
	<p>2. Independence - The results of our assessment of the legislation for independence are in the table below:</p> <table border="1" data-bbox="730 256 1304 954"> <thead> <tr> <th data-bbox="730 256 995 305">Required Provisions*</th> <th data-bbox="1001 256 1304 305">Result</th> </tr> </thead> <tbody> <tr> <td data-bbox="730 310 995 367">The Functions and Powers of the Agency</td> <td data-bbox="1001 310 1304 367">Compliant; see sections 16 and 15</td> </tr> <tr> <td data-bbox="730 371 995 428">The composition of the board</td> <td data-bbox="1001 371 1304 428">Compliant; see section 6(1)</td> </tr> <tr> <td data-bbox="730 433 995 574">Membership of the Board/Council includes representatives from Professional bodies and associations.</td> <td data-bbox="1001 433 1304 574">Compliant; see section 6(1) d includes a representative of one Professional Body only</td> </tr> <tr> <td data-bbox="730 579 995 808">The grounds for removal of the Chief Executive of the agency.</td> <td data-bbox="1001 579 1304 808">Non-compliant; see section 18(3), the Governor may at any time remove the Secretary (CEO) if he is satisfied that he has behaved in a manner prejudicial to the spirit of the bill/law.</td> </tr> <tr> <td data-bbox="730 813 995 954">Regarding decisions of the Agency; Any other review after the Board's decision should be by judicial review</td> <td data-bbox="1001 813 1304 954">Non-compliant; see section 91(14). There is no provisions for High Court Review of decisions of the Procurement Agency</td> </tr> </tbody> </table> <p>*Provided in the verification protocol</p> <p>3. Establishment of an independent procurement regulatory agency -</p> <ul data-bbox="730 1143 1457 1386" style="list-style-type: none"> • Section 5 of The Kebbi State Price Intelligence and Public Procurement Law, 2020 provided for the establishment of a Procurement Board. • Applies to all procurement of goods, works and services by Procuring entities and it defines procuring entities to include all State MDAs and Local Governments. - S.2. The Law meets this requirement. 	Required Provisions*	Result	The Functions and Powers of the Agency	Compliant; see sections 16 and 15	The composition of the board	Compliant; see section 6(1)	Membership of the Board/Council includes representatives from Professional bodies and associations.	Compliant; see section 6(1) d includes a representative of one Professional Body only	The grounds for removal of the Chief Executive of the agency.	Non-compliant; see section 18(3), the Governor may at any time remove the Secretary (CEO) if he is satisfied that he has behaved in a manner prejudicial to the spirit of the bill/law.	Regarding decisions of the Agency; Any other review after the Board's decision should be by judicial review	Non-compliant; see section 91(14). There is no provisions for High Court Review of decisions of the Procurement Agency		<p>the agency; any other review after the board's decision should be by judicial review.</p>
Required Provisions*	Result														
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Regarding decisions of the Agency; Any other review after the Board's decision should be by judicial review	Non-compliant; see section 91(14). There is no provisions for High Court Review of decisions of the Procurement Agency														

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
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?	<p>a) The State has instituted an independent procurement regulatory function known as The Price Intelligence and Public Procurement Bureau established as an independent procurement regulatory body according to Kebbi state Law NO. 003 of 2016.</p> <p>b) The procurement regulatory function is being performed through a bureau which is set up for the statutory purpose.</p> <p>c) The bureau is responsible for prescribing regulations and procedures for public procurements in accordance with the legal framework.</p> <p>d) The evidence obtained to demonstrate that the regulatory agency is active and effective is the IVA team visit to the Kebbi State Procurement Bureau, our meeting with the Chief Executive and management staff and review of procurement cases handled by the bureau in the year under review demonstrates the agency has been active.</p> <p>e) A record of 5 procurements/cases/transactions handled by the bureau was used in performing the walkthrough to confirm the effective handling of the selected cases.</p> <p>f) The procurement files of the selected five procurement cases handled by the bureau were randomly selected from different MDA's. we verified that before any contract is awarded at the MDA's the MDA must have applied for a certificate of no objection from the bureau and the bureau issues these certificates when they are satisfied the MDA's have carried out the procurement process in accordance with the law.</p>	Satisfactory	
DLR 6.2	Publish contract award information above a threshold set out in the Operations Manual for 2019 on a monthly basis in OCDS format on [the State website/on the online portal]		Not Achieved	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
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(2019) 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).	<ul style="list-style-type: none"> a) A schedule of all contracts awarded during the year under assessment above the threshold was provided. b) The bureau did not publish its schedule of contracts awarded. c) The Official website of Kebbi State Procurement Bureau was visited and the schedule of contracts for the year under review was not published. An interview with a staff of the Bureau further confirmed that the State did not publish the list of contracts. 	Unsatisfactory	State should adopt the OCDS and publish contract award information online as required under the standard.
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.		Not Achieved	
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?	<ul style="list-style-type: none"> a) The State provided copy of their approved state-level public debt legislation through the passage of the State Fiscal Responsibility Law 2011. The date of approval/assent was 4th April, 2011 b) We understand there is a Public Debt Management Law 2019. A copy was requested during the 2019 APA but was not provided by the State. 	Satisfactory	
2	Does the legislation include provisions which 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.	<p>The State Fiscal Responsibility Law 2011 does not include two of the three required provisions.</p> <p>Requirement (i) establishing responsibilities for contracting state debt – The FRL does not provide for legal authorization to borrow.</p>	Unsatisfactory	State should submit a copy of the Kebbi State Public Debt Management Law 2019 for review, or pass/amend new public debt legislation

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>Requirement for (ii) establishing responsibilities for recording and reporting state debt - The FRL does not provide for the establishment of a Debt Management Unit, Agency or Office that will be responsible for negotiating, managing, and recording debt operations.</p> <p>Requirement for (iii) establishing fiscal and debt rules or /limits - ss.4(a)(c)(e)(f) of the FRL meets the requirements of Criteria #3</p>		to include provisions which establish the following: 1) Responsibilities for contracting state debt; and, 2) Responsibilities for recording/reporting state debt;
4	Has the State Debt Management Department (or Unit, Committee, Agency, Board, Bureau, Commission, Council) has been operational during the APA year and performing the core function of recording and reporting state debt.	<p>a) The State Debt Management Department (or Unit, Committee, Agency, Board, Bureau, Commission, Council) has been operational during the APA year and performing the core function of recording and reporting state debt.</p> <p>b) The work done in line with the Test Programme is as follows:</p> <ul style="list-style-type: none"> • An interview with the Director, Debt Management Department shows that the DMD is operating effectively and it is very active; • A physical inspection of the Department was conducted and the IVA observed that the department is operational • Pictures of the official premises were obtained; • An interview with a random operational staff was conducted and his view states that the department is operational and active. <p>The evidence obtained are quarterly SDDR, Schedule of Contractors' Arrears, Schedule of Pension and Gratuity Arrears and Amortisation schedules of Internal Loans.</p>	Satisfactory	
DLR 7.2	Quarterly State debt reports accepted by the DMO on average two months or		Achieved	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
less after the end of the quarters in 2019			
1	<p>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 2019?</p> <p>a) The state produced quarterly domestic debt reports approved by the DMO on average of two months after the end of the quarter.</p> <p>We obtained evidence that the State produced quarterly SDDRs, which were submitted and received by the DMO as follows:</p> <ul style="list-style-type: none"> • Q1 submitted on 24/05/2019 7.5 weeks (54 days), • Q2 submitted on 02/09/2019 9.1 weeks (64 days), • Q3 submitted on 27/11/2019 8.2 weeks (58 days) and • Q4 submitted on 25/02/2020 8 weeks (56 days). <p style="text-align: center;">Average $\frac{7.5+9.1+8.2+8}{4} = 8.2$ weeks (58 days)</p> <p>The SDDRs were submitted within an average of less than two months as a two-month period is on average at least 60 days.</p> <p>The IVA noted that the DMO report to the IVA on its assessment of the SDDRs did not indicate 'accepted' or 'approved'. The report only stated as follows - "variances in historical figures". The IVA further observed during the review that there were variances in the various Internal Loan Amortisation Schedule figures when compared to the figures stated in the quarterly SDDR. The variances cut across the various domestic loans in the SDDR when compared with the loan amortization schedules presented by the State as supporting documents for the figures in the SDDR, and the State was made aware of this differences. An Issue report was raised and sent to the State for clarification of these</p>	Satisfactory	The State should submit accurate Debt reports and resolve the stated historical variances.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>discrepancies but there was no response from the State. (See Appendix B for the Issue Report)</p> <p>The result has been marked as satisfactory on the basis of the timeliness of the reports (58days), and as three Quarterly Reports including Quarter 4 were marked by the DMO as having passed '<u>comprehensiveness</u>' and '<u>data accuracy</u>' checks.</p>		
2	<p>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.</p>	<p>We reviewed the DMO's Report on State Domestic and External Debt Report (SDEDR) with the Kebbi State Debt Domestic Report and both showed a difference in amount of ₦2,084,959,685. The DMO's Report on the State Domestic and External Debt Report (SDEDR) showed ₦71,350,453,088 when compared with the Kebbi State Debt Domestic Report that showed ₦69,265,493,403.43. The report was supported with the DMO's templates and guidelines.</p> <p>We reviewed the DMO report and the DMO report confirmed the accuracy and completeness of the State Domestic Debt Report.</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	
DLI 8: Improved Clearance/Reduction of Stock of Domestic Expenditure Arrears				
DLR 8.0	Domestic arrears as of end 2019 reported in an online publicly accessible database, with a verification process in place and an arrears clearance framework established.	The State did not submit to the IVA the annual State Arrears Recording, Verification, and Clearance Report (SARVCR)	Not Achieved	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	<p>AND Percentage decline in the verified stock of domestic arrears at end 2019 compared to end 2018 meets target and is consistent with the state's arrears clearance framework.</p> <p>-Basic target: At least a 5% decline or maintain stock below N5 billion -Stretch target: More than 20% decline</p>			
1	Has the State established an Arrears Clearance Framework (ACF)?	The State has not established an Arrears Clearance Framework (ACF).	Unsatisfactory	The State should establish an Arrears Clearance Framework (ACF)
2	Does the ACF contain: 1) The planned actions to settle arrears; and 2) an explicit prioritization of expenditure arrears to be settled.	The State has not established an Arrears Clearance Framework (ACF).	Unsatisfactory	The ACF should contain: 1) Planned actions to settle arrears 2) An explicit prioritization of expenditure arrears to be settled
3	Has the ACF been published on a State official website?	The State has not established an Arrears Clearance Framework (ACF).	Unsatisfactory	The State should ensure the ACF is published on her Official website
4.	Is the clearance of domestic expenditure arrears consistent with the ACF, once the ACF has been established?	The State has not established an Arrears Clearance Framework (ACF).	Unsatisfactory	The State should ensure that the clearance of domestic expenditure arrears is consistent with the ACF

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
5.	Has the State established an Internal Domestic Arrears Database?	The State has not established an Internal Domestic Arrears Database.	Unsatisfactory	<p>a) The state should ensure they establish an internal domestic arrears database.</p> <p>b) The Internal Domestic Arrears Database should include aggregate and individual amounts of contractors' arrears; aggregate amount of pension and gratuity arrears; aggregate amount of salary arrears and other staff claims</p>
6	Has the State published online elements of the internal domestic arrears database for the FY 2018 and FY 2019 reported on a State official website, which constitutes the online publicly accessible arrears database?	The State has not published online the required elements of Internal Domestic Arrears Database as at end of 2018 and 2019.	Unsatisfactory	The State should ensure they publish online, elements of the Internal domestic arrears database.
7. New	Does the online publication include? 1) the aggregate amount of contractors' arrears; 2) the aggregate amount of pension and gratuity arrears; 3) the aggregate amount of salary arrears and other staff claims;	The State has not published online the required elements of Internal Domestic Arrears Database.	Unsatisfactory	a) The State should ensure they publish online lists of contractors with recognised arrears exceeding ₦20 million.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	<p>4) other types of domestic arrears and</p> <p>5) a list of names of contractors with recognized arrears exceeding N20million and information for contractors to be able to verify that their claims are being accurately reported in the database.</p>			b) The state should ensure contractors are able to verify that their claims are accurately reported
New	<p>Has the State met the following:</p> <p>(ii) Percentage decline in the verified stock of domestic arrears at end 2019 compared to end 2018 meets target and is consistent with the state's arrears clearance framework.</p> <p>-Basic target: At least a 5% year-on-year decline or maintain stock or arrears below N5billion.</p> <p>-Stretch target: More than 20% year-on-year decline.</p> <p><i>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 year, compared to the previous year, expressed in percentage terms.</i></p>	<p>The State has not established an Internal Domestic Arrears Database</p> <p>Source: State internal domestic expenditure arrears database</p>	Unsatisfactory	The State should ensure they meet a Basic Target of reduction by at least 5% to meet the Basic Target or maintain a domestic debt stock below ₦5 billion
DLI 9: Improved Debt Sustainability				
DLR 9.0	<p>Average monthly debt service deduction is < 40% of gross FAAC allocation for FY [2019]</p> <p>AND</p>		<p>Achieved</p> <p>Basic target met</p>	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations												
<p>Total debt stock at end Dec [2019] as a share of total revenue for FY [2019] meets target: -Basic target: < [140%] -Stretch target: < [115%]</p>															
<p>Has the State met: (i) the ratio of total monthly debt service (principal and interest) deductions from FAAC allocation during the calendar year of the year of assessment (1st January to 31st December 2019) to the gross FAAC allocation for the same calendar year? Less than :< [40%]</p>	<p>The IVA computed the percentage of total monthly service deductions/Gross FAAC Allocation for this year APA.</p> <p>Total Service Deduction ₦4,695,114,301 x 100 Gross FAAC ₦57,737,779,143 = 8.1 %</p> <p>Source: FMoF (FAAC)</p>	Satisfactory													
<p>Has the State met: (ii) the ratio of total debt stock at end-of-year (31st December 2019) of the year of assessment to the total revenue collected during the calendar year of the year of assessment (1st January to 31st December 2019)? -Basic target:< [140%] -Stretch target: < [115%]</p>	<p>The following tables show the calculations and adjustments made to arrive at the appropriate figures for this comparison.</p> <p>Total Public Debt</p> <table border="1" data-bbox="730 901 1325 1170"> <thead> <tr> <th></th> <th>Financial Statements</th> <th>DMO figures (Adj)</th> </tr> </thead> <tbody> <tr> <td>Total Domestic Debts</td> <td>₦69,265,493,403.43</td> <td>₦71,350,453,088</td> </tr> <tr> <td>Total External Debts</td> <td>0.00</td> <td>₦13,473,487,812</td> </tr> <tr> <td>Total Public Debts</td> <td>₦69,265,493,403.43</td> <td>₦84,823,940,899</td> </tr> </tbody> </table> <p>Total annual revenue</p>		Financial Statements	DMO figures (Adj)	Total Domestic Debts	₦69,265,493,403.43	₦71,350,453,088	Total External Debts	0.00	₦13,473,487,812	Total Public Debts	₦69,265,493,403.43	₦84,823,940,899	Satisfactory Basic target met	
	Financial Statements	DMO figures (Adj)													
Total Domestic Debts	₦69,265,493,403.43	₦71,350,453,088													
Total External Debts	0.00	₦13,473,487,812													
Total Public Debts	₦69,265,493,403.43	₦84,823,940,899													

Disbursement Linked Indicators (DLIs) and Tests	Findings		Conclusion	Recommendations										
		<table border="1"> <tr> <td>2019 Adjusted IGR (see DLI 4.2)</td> <td>₦7,301,103,842.23</td> </tr> <tr> <td>Gross FAAC Allocation</td> <td>₦56,886,373,029.31</td> </tr> <tr> <td>Grants</td> <td>NIL</td> </tr> <tr> <td>Other Revenues</td> <td>₦55,994,424.64</td> </tr> <tr> <td>Total Revenue**</td> <td>₦64,243,471,296.18</td> </tr> </table>	2019 Adjusted IGR (see DLI 4.2)	₦7,301,103,842.23	Gross FAAC Allocation	₦56,886,373,029.31	Grants	NIL	Other Revenues	₦55,994,424.64	Total Revenue**	₦64,243,471,296.18		
2019 Adjusted IGR (see DLI 4.2)	₦7,301,103,842.23													
Gross FAAC Allocation	₦56,886,373,029.31													
Grants	NIL													
Other Revenues	₦55,994,424.64													
Total Revenue**	₦64,243,471,296.18													
		<p>a. The State's domestic debt stock figure in the Federal DMO State Domestic and External Debt Report for 2019 is as at the end of Q4 2019.</p> <p>We have computed the total debts stock / Revenue percentage for the 2019 year, as follows:</p> $\frac{\text{₦84,823,940,899 (DMO)*}}{\text{₦64,243,471,296.18}} \times 100$ $= \underline{\underline{132\%}}$ <p>Sources: For Total Revenue 2019 Audited Financial Statement, Page 7. For Total Public Debt from DMO* as at December 31,2019</p> <p>*Table 3 below holds a breakdown of the Total Debt. **Table 3(ii) holds the breakdown of Revenue</p> <p>b. The debt stock stated in the Federal DMO State Domestic and External Debt Report is not the same with the debt stock stated in the audited financial statement.</p> <p>c. The debt stock stated in the Federal DMO State Domestic and External Debt Report (SDEDR) is ₦84,823,940,899 and the debt stock stated in the audited financial statements is ₦69,265,493,403.43</p> <p>d. The difference has been communicated to the State for explanation,</p>												

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>e. The difference has been calculated in value as ₦15,558,447,496 (₦84,823,940,899 - ₦69,265,493,403.43) and percentage terms as 22.5% (₦82,738,981,214.95 - ₦69,265,493,403.43/₦69,265,493,403.43) *100</p> <p>f. The SDEDR was amended and resubmitted to the IVA along with explanations for any changes.</p>		

TABLE 3: DLI 9 31 DECEMBER 2019 STATE DEBT STOCK TABLE FOR KEBBI STATE

KEBBI STATE	AMOUNT (₦)
BUDGET SUPPORT LOAN (SOURCE FMOF)	21,003,680,247
BAIL OUT (SALARIES) (SOURCE CBN)	6,424,799,968
RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	-
EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	9,097,098,988
STATE BONDS	-
COMMERCIAL BANK LOANS	987,628,884
CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	1,424,424,367
INFRASTRUCTURE LOANS (CBN FACILITIES)	-
MICRO SMALL MEDIUM ENTERPRISES DEVELOPMENT FUND (MSMEDF) SOURCE CBN)	-
JUDGEMENT DEBTS	-
GOVT - GOVT DEBTS	-
CONTRACTORS' ARREARS	26,626,919,193
PENSION AND GRATUITY ARREARS	5,785,901,442
SALARY ARREARS AND OTHER CLAIMS	-
OTHER DEBTS	-
TOTAL DOMESTIC DEBT (TDD)	71,350,453,088
TOTAL EXTERNAL DEBT (TED)	13,473,487,812
TOTAL PUBLIC DEBT (TED+TDD)	84,823,940,899

TABLE 3(ii): DLI 9 31 DECEMBER 2019 REVENUE TABLE FOR KEBBI STATE

	NGN
Item	2019
1. Total Gross FAAC allocation: Statutory Transfers and VAT (1.1 + 1.2)	56,886,373,029.31
1.1 Statutory transfers (1.1.1 + 1.1.2 + 1.1.3)	44,881,741,755.42
1.1.1 Gross statutory allocation	43,479,152,211.97
1.1.2 Derivation	0.00
1.1.3 Other FAAC transfers (also known as Distribution) such excess PPT savings account, Forex equalization, excess bank charges, exchange rate gain, augmentation, others	1,402,589,543.45
1.2 VAT	12,004,631,273.89
2. Internally Generated Revenues (IGR) - Adjusted	7,301,103,842.23
3. Grants (internal and external)	0.00
4A. Other revenues (4.1 + 4.2 + 4.3)	55,994,424.64
4.1 Investment Income (e.g. dividends)	54,910,549.64
4.2 Interest Earned	
4.3 Miscellaneous	1,083,875.00
Total Revenues and Grants Calculations	
A) Total Revenues and Grants is (1+2+3+4A)	64,243,471,296.18

4 Response from the State

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

S/N	State Response to the draft report	IVA Follow-up, response, treatment
1	None	

Appendix A

REPORT ON THE ACHIEVEMENT OF THE ELIGIBILITY CRITERIA FOR THE 2019 PERFORMANCE YEAR

YOUR STATE HAS BEEN ASSESSED AS HAVING MET THE ELIGIBILITY CRITERIA FOR THE 2019 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

Eligibility Criteria 2019 Part I - The online publication of Approved Budgets for 2020 by 31st January 2020

Information Source(s)	Initial checks	Initial Comments / Observations	Follow up	Final Assessment
http://www.kebbistate.gov.ng/sites/default/files/Kebbi%20Assented%202020%20Budget.pdf	A search was done on the Kebbi State website	The 2020 Budget was published on the State Official website, a copy was downloaded. There was evidence of 2020 Budgets being signed by the Governor.	N/A	EC met

Tests/checks performed	Results	Areas for improvement
Is the approved budget for 2020 available on any of the State Government Websites?	Yes	None
Was the approved budget published online before 31 January 2020?	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	None

Eligibility Criteria 2019 Part 2 - The online publication of Audited Financial Statements for FY2018 by 30th September 2019

Source(s)	Initial Work Done	Initial Comments / Observation	Follow up	Final Assessment
http://www.kebbistate.gov.ng/publications	A search was done on the Kebbi State Website and the Audited Financial Statements were downloaded.	The Audited Financial Statements were easily accessed and downloaded.	N/A	EC met

Tests/checks performed	Results	Areas for improvement
Were the Financial Statements (FS) for 2018 available on any of the State Government Websites? (and were the FS straightforward or difficult to find?)	Yes	None
Were the Financial Statement for 2018 available published online before 30th September 2019?	Yes	None
Are the published financial statements clear and legible?	Yes	None
Can the Financial Statements be downloaded?	Yes	None
Do we have evidence of audit by the State Auditor-General?	Yes	None
Are the financial statements complete, including primary statements and disclosure notes?	Yes	None
Are there any indications that balances within the financial statements are not credible	n/a	Please see the 2018 APA Report

Appendix B – Unresolved Issues Reports

ISSUE REPORT 1 FOR THE SFTAS 2019 ANNUAL PERFORMANCE ASSESSMENT

RESPONSES ARE REQUIRED WITHIN TWO WORKING DAYS PLEASE.

State:	KEBBI STATE
DLI affected:	DLI 7
Prepared by:	EBI NABENA
Date:	10 TH SEPT. 2020

- 1. APA Issue** (1) Non provision of supporting document for State Commercial Bank Loan
(2) Discrepancy between the various State Internal Loan figures reported by the State in the SDDR for the four quarters when compared to the Loan Amortisation Schedules presented as supporting documents for the various State Internal Loan.

2. Description of finding/issue:

During the IVA review, we observed the followings:

- (1) The supporting document for the State Commercial Bank Loan of ₦987,628,883.62 was not provided.
- (2) Discrepancies between the various State Internal Loan figures reported by the State in the SDDR for the four quarters when compared to the Loan Amortisation Schedules presented as supporting documents for the various State Internal Loan.

3. Effects

This discrepancy creates a doubt on the credibility of the State Internal Loan figure.

4. Clarification or information requested from the state

The State is required to substantiate the Commercial Bank Loan reported in the SDDR with relevant document for verification. We will also require a clarification for these discrepancies between the SDDR and the supporting documents. The State is expected to reconcile and rectify the identified discrepancies.

5. State to insert response below

Submitted by Yusufu R. Agyo, Team Leader, Team 4

**ISSUE REPORT 2
FOR THE SFTAS 2019 ANNUAL PERFORMANCE ASSESSMENT**

State:	KEBBI STATE
DLI affected:	DLI 9
Prepared by:	EBI NABENA
Date:	30 TH SEPT. 2020

1. **APA Issue** Discrepancy between the Debt Stock stated in the Federal Debt Management Office (FDMO) State Domestic and External Debt Report (SDEDR) and the Debt Stock stated in the State’s Audited Financial Statements (AFS).

2. Description of finding/issue:

During the IVA review, it was discovered that there is a difference between the FDMO SDEDR debt stock figures when compared with the State’s AFS debt stock figures. The total debt stock stated in the Federal DMO State Domestic and External Debt Report (SDEDR) is ₦84,823,940,899 while the debt stock stated in the State’s Audited Financial Statements is ₦69,265,493,403.43 resulting in a difference of ₦15,558,447,496

Public Debt Stock	Federal DMO (₦)	State’s AFS (₦)
Total Domestic Debt (TDD)	71,350,453,088	69,265,493,403.43
Total External Debt (TED)	<u>13,473,487,812</u>	<u>0.00</u>
Total Public Debt (TED+TDD)	<u>84,823,940,899</u>	<u>69,265,493,403.43</u>

3. Effects

This discrepancy creates a doubt on the credibility of the Debt Stock Figure.

4. Clarification or information requested from the state

We will require a clarification for this difference and if this difference has been rectified. The State is expected to reconcile the discrepancies in the figures with Federal Debt Management Office

5. State to insert response below

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Submitted by Yusufu R. Agyo, Team Leader, Team 4