



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

**2020 Annual Performance Assessment (APA) Report**

**KWARA STATE**

By:

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



**JUNE 2022**

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# 1. Executive Summary

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

**Table 1** (below) reflects the outcome of the 2020 APA for Kwara State and shows areas where the State was able to achieve results. In total, Kwara State achieved 9 (Nine) DLRs out of 15 DLRs applicable to the 2020 APA out of which 2 (Two) DLRs were achieved in 2019 and 2018.

**Table 1: Assessment Results**

<b>Key:</b>	<b>Achieved</b>	<b>Not Achieved</b>	<b>Previously Achieved</b>
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Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
<b>DLI 1:</b> Improved financial reporting and budget reliability	DLR 1.1: FY20 quarterly budget implementation reports for Q2, Q3 and Q4 published on average within 4 weeks of quarter-end to enable timely budget management		
	DLR 1.2: FY20 deviation for total amended budget expenditure is < 15%		Budget deviation is 29%
<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 FY2021 budget.		
	DLR 2.2: Evidence of dissemination event to explain amendments to FY2020 State budget published online along with the Citizens' budget based on Amended FY2020 State budget by end September 2020 with functional online feedback mechanisms		
<b>DLI 3:</b> Improved cash management and reduced revenue leakages through the implementation of State TSA	DLR 3: TSA, based on a formally approved cash management strategy, established and functional, and covering a minimum of 70 percent of state government finances.		<ul style="list-style-type: none"> <li>The State did not have a functional TSA</li> <li>The State TSA did not cover a minimum of 70% of the Government finances.</li> </ul>
<b>DLI 4:</b> 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	2019 APA	
	DLR 4.2: 2020-2019 annual nominal IGR growth rate meets target: i.e. 2020 nominal IGR collection is equal to or higher than the 2019 nominal IGR collection		The IGR declined by 31%
<b>DLI 5:</b> Biometric registration and Bank Verification Number (BVN) used to reduce payroll fraud	DLR 5.1: Biometric capture of at least 90 percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll		
	DLR 5.2: Link BVN data to at least 90 percent of current civil servants and pensioners on the payroll and payroll fraud addressed		
<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 regulatory agency; and 3) Cover all MDAs receiving funds from the state budget		

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
	<p>DLR 6.2: (Basic Target) Framework contract for e-Procurement signed by 31 December 2020 AND Publication of contract award information above the threshold set out in the State's procurement law/regulation every month in OCDS format on the state website or online portal if available.</p> <p>DLR. 6.2 (Stretch Target) Implement e-Procurement in at least 3 MDAs (incl. Education, Health and Public Works) and publish all contract award information in OCDS format on the online portal for the 3 MDAs  <b>AND</b>  <i>For those MDAs without e-procurement:</i> Publish contract award information above a threshold set out in the State's procurement law/regulation every month in OCDS format on the state website or online portal if available</p>		<ul style="list-style-type: none"> <li>There was no framework contract for e-procurement signed by 31 December 2020,</li> <li>The framework contract for e-procurement was not signed by the due date.</li> <li>The State did not provide timestamp information of online publication of contracting data</li> </ul>
DLI 7: Strengthened public debt management and fiscal responsibility framework	DLR 7.1: State implementing state-level debt legislation, which stipulates: 1) responsibilities for contracting state debt; 2) responsibilities for recording/reporting state debt; and 3) fiscal and debt rules/limits.	2018 APA	
	<p>DLR 7.2: Quarterly state debt reports for Q2, Q3 and Q4 accepted by the DMO on average two months or less after the end of the quarter in 2020  <b>AND</b>  Annual State debt sustainability analysis published by end of December 2020</p>		<ul style="list-style-type: none"> <li>Sustainability Analysis was not published by the due date.</li> <li>The Annual State Debt Sustainability Analysis did not include a detailed description of the State's debt portfolio and borrowing options.</li> <li>The Annual State Debt Sustainability Analysis had inconsistencies</li> </ul>
DLI 8: Improved clearance/reduction of the stock of domestic expenditure arrears	<p>DLR 8: Domestic arrears as of end 2019 AND end 2020 reported in an online publicly accessible database, with a verification process in place.</p> <p><u>Stretch Target:</u> Domestic arrears as of end 2019 and end 2020 reported in an online publicly accessible database, with verification process in place <b>AND</b> at least a 5 percent decline in the verified stock of domestic arrears at end 2020 compared to end 2019 consistent with the state's arrears clearance framework or maintain stock of arrears below 5 billion.</p>		<ul style="list-style-type: none"> <li>The Arrears Clearance Framework was not published online by 31 December 2020.</li> <li>Kwara State has established an Internal Domestic Arrears Database, but only contains contractors' arrears</li> </ul>
DLI 9: Improved debt sustainability	Total debt stock at end of December 2020 as a share of total revenue for FY2020 meets target: Basic target: < 150%, Stretch target: < 125%.	Stretch Target	

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

1. DLR 1.2: Expenditure outturn deviation is reduced to a level within the annual limits proposed by the programme.
2. DLR 3.0: Develop a functional State-level TSA where all Government revenues (IGRs ad FAAC) are credited into before expenditure. Formally approve and implement a cash management strategy. Increase the percentage of state government finances flowing through the TSA to eventually ensure that all government finances flow through the TSA.
3. DLR 4.2: Improve its IGR collection to achieve significant year on year growth in nominal IGR.
4. DLR 6.2: e-Procurement should be implemented as soon as possible and should be implemented in all MDAs

5. DLR 7.2: Domestic Debt Stock reports are accepted by the DMO and annual State debt sustainability analysis is published within the required timeframe. Annual State Debt Sustainability Analysis includes Medium Term Budget forecast; The Annual State Debt Sustainability Analysis includes a detailed description of the State's debt portfolio and borrowing options; The Annual State Debt Sustainability Analysis includes Analysis of the debt and fiscal figures in the preceding year.)
6. DLR 8: A Domestic Arrears Clearance Framework (ACF) is established and an internal domestic arrears database with relevant balances is placed online through a publicly accessible portal. Domestic arrears are cleared year on year to achieve total arrears of less than N5bn as soon as possible.

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

## 2. Introduction

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### 2.1 Overview

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

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

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

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

### 2.2 Scope

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

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

In advance of the performance assessments, all States were provided with the detailed information requirements for the assessments, a proposed itinerary for the assessment visit, and a template with which to report the results achieved. The assessments were conducted between 31/1/2022 and 4/2/2022 with a team of 6 persons, starting with an opening meeting where all the information requested was to be handed over. The visits were concluded with an exit meeting where initial findings were discussed, and each state was given a further opportunity to provide clarifications and/or additional information.

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

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

### 3. Assessment Results

#### 3.1 Findings

Table 2: Findings

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
<b>DLI 1: Improved Financial Reporting and Budgeting Reliability</b>				
<b>DLR 1.1</b>	<b>Financial Year [2020] quarterly budget implementation reports published with Q2, Q3, and Q4 reports published on average within [4 weeks] of quarter end to enable timely budget management</b>		<b>Achieved</b>	
1	Has the State published its quarterly budget implementation report to the State official website on average within four weeks of the end of each quarter?	<p>The Quarterly budget implementation reports were posted online on <a href="https://kwarastate.gov.ng/government/government-data/?sf_paged=1">https://kwarastate.gov.ng/government/government-data/?sf_paged=1</a></p> <p>Q1 <a href="https://kwarastate.gov.ng/wp-content/uploads/2020-Q1-Budget-Implementation-Performance.pdf">https://kwarastate.gov.ng/wp-content/uploads/2020-Q1-Budget-Implementation-Performance.pdf</a></p> <p>Q2 <a href="https://kwarastate.gov.ng/wp-content/uploads/2020-Q2-Budget-Implementation-Performance.pdf">https://kwarastate.gov.ng/wp-content/uploads/2020-Q2-Budget-Implementation-Performance.pdf</a></p> <p>Q3 <a href="https://kwarastate.gov.ng/wp-content/uploads/KWARA-STATE-2020-3RD-QUARTER-BUDGET-IMPLEMENTATION-PERFORMANCE-REPORT.pdf">https://kwarastate.gov.ng/wp-content/uploads/KWARA-STATE-2020-3RD-QUARTER-BUDGET-IMPLEMENTATION-PERFORMANCE-REPORT.pdf</a></p> <p>Q4 <a href="https://kwarastate.gov.ng/wp-content/uploads/KWARA-STATE-2020-4TH-QUARTER-BUDGET-IMPLEMENTATION-PERFORMANCE.pdf">https://kwarastate.gov.ng/wp-content/uploads/KWARA-STATE-2020-4TH-QUARTER-BUDGET-IMPLEMENTATION-PERFORMANCE.pdf</a></p>	Satisfactory	



Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<ul style="list-style-type: none"> <li>● Q2 – (31/7/2020)- 4.4weeks (31 days)</li> <li>● Q3 – (26/10/2020) - 3.7weeks (26days)</li> <li>● Q4 – (28/1/2021) - 4weeks (28days)</li> </ul> <p>Average days (weeks) for the online publication was computed based on the last 3 quarters, as below Average days (weeks) for the online publication was computed based on the last 3 quarters, as below:</p> $\frac{31+26+28}{3}$ <p>Average = 28.33 days (4.05 weeks)</p> <p>The Average days of publication for the 3 Budget performance report is 28.333.</p> <p>We downloaded the quarterly budget Implementation Reports for all four quarters for the year 2020, obtained and retained evidence of the timestamp of the publications.</p>		
2	<p>Do the reports each include, at a minimum, the approved original AND revised (if applicable) budget appropriation for the year against each organizational units (MDAs) for each of the core economic classifications of expenditures (Personnel, Overheads, Capital, and others), the actual expenditures for the quarter attributed to each as well as the cumulative expenditures for the year to date, and balances against each of the revenue and expenditure appropriations.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>d) The state had a FY 2020 approved amended/revised budget.</p> <p>e) The State's budget implementation showed both the approved original budget and approved revised budget.</p> <p>The reports included the approved budget appropriation for the year for each of the core economic classifications of expenditures (Personnel, Overheads, Capital, and others); the actual expenditures for the quarter, and the balances against each of the revenue and expenditure appropriations.</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 the year to date?	Upon review of the State's Budget Performance reports, it stated the actual expenditures for each quarter attributed to each MDA and each expenditure classification as well as the cumulative expenditures for the year to date.	Satisfactory	
4	Does the report state balances against each of the revenue and expenditure appropriations with balances provided on a consolidated basis across the four (4) expenditure classifications and 'Other Expenditures' which will include debt servicing, and transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications?	Upon review of the State's Budget Performance reports, it stated the balances against each of the revenue and expenditure appropriations with balances provided on a consolidated basis across the four (4) expenditure classifications and 'Other Expenditures' which included debt servicing, and transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications.	Satisfactory	
<b>DLR 1.2</b>	<b>FY [2020] deviation from total amended budget expenditure is less than 15%</b>		<b>Not Achieved</b>	
1	Has the State computed the difference between the Amended	The State computed the budget deviation for 2020 and the result is 11 %. The computation is shown below:	Unsatisfactory	The State should prepare accurate budgets and

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations																											
<p>approved total budgeted expenditure for the fiscal/calendar year and the actual total expenditure in the fiscal/calendar year, divided by the Amended approved total budgeted expenditure and expressed in positive percentage terms?</p> <p>Is the expenditure outturn deviation computed less than 15%</p>	<table border="1" data-bbox="730 245 1388 521"> <thead> <tr> <th></th> <th>Total Amended Budget (₦)</th> <th>Actual Outturn (₦)</th> </tr> </thead> <tbody> <tr> <td>Capital Exp (pg. 25 – 26)</td> <td>47,375,517,188.00</td> <td>34,626,448,083.49</td> </tr> <tr> <td>Rec Exp (pg. ;24)</td> <td>67,289,190,781.00</td> <td>62,970,048,198.53</td> </tr> <tr> <td>Total</td> <td>114,664,707,969.00</td> <td>97,596,496,282.02</td> </tr> </tbody> </table> $\frac{114,664,707,969 - 97,596,496,282.02}{114,664,707,969} \times 100 = 11\%$ <p>We observed that the State’s computation of 11% is wrong and it should have been 14.88%. An APA Issue has been raised to this effect. The State responded that “ The State computed the Budget deviation using the Accrual based figures from the Accountant-General report” (pg. 24-26)</p> <p>We computed the budget deviation for this APA year as 29% using the cash base figure from the cashflow statement in the 2020 AFS. See the computation below:</p> <table border="1" data-bbox="737 1117 1381 1344"> <thead> <tr> <th></th> <th>Total Amended Budget (₦)</th> <th>Actual Outturn (₦)</th> </tr> </thead> <tbody> <tr> <td>Capital (40)</td> <td>47,375,517,188.00</td> <td>22,579,302,962.65</td> </tr> <tr> <td>Rec. Exp (39)</td> <td>62,471,213,084.00</td> <td>51,087,343,308.58</td> </tr> <tr> <td>Public Debt (pg. 65, notes 91)</td> <td>4,817,977,696.00</td> <td>8,211,369,797.65</td> </tr> <tr> <td>Total</td> <td>114,664,707,969.00</td> <td>81,878,061,068.88</td> </tr> </tbody> </table> $\frac{114,664,707,969 - 81,878,061,068.88}{114,664,707,969} \times 100$		Total Amended Budget (₦)	Actual Outturn (₦)	Capital Exp (pg. 25 – 26)	47,375,517,188.00	34,626,448,083.49	Rec Exp (pg. ;24)	67,289,190,781.00	62,970,048,198.53	Total	114,664,707,969.00	97,596,496,282.02		Total Amended Budget (₦)	Actual Outturn (₦)	Capital (40)	47,375,517,188.00	22,579,302,962.65	Rec. Exp (39)	62,471,213,084.00	51,087,343,308.58	Public Debt (pg. 65, notes 91)	4,817,977,696.00	8,211,369,797.65	Total	114,664,707,969.00	81,878,061,068.88		<p>reduce the budget deviation to a level below the limits set for this result.</p>
	Total Amended Budget (₦)	Actual Outturn (₦)																												
Capital Exp (pg. 25 – 26)	47,375,517,188.00	34,626,448,083.49																												
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Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations												
	<p style="text-align: center;">114,664,707,969 = <b>29%</b></p> <p>The budget performance deviation is 29%</p> <p>The State 2020 AFS was prepared using the accrual method of accounting. See below IVA deviation computation using the accrual base figures in the 2020 AFS</p> <table border="1" data-bbox="732 532 1383 711"> <thead> <tr> <th></th> <th>Total Amended Budget (₦)</th> <th>Actual Outturn (₦)</th> </tr> </thead> <tbody> <tr> <td>Capital (pg. 40)</td> <td>47,375,517,188.00</td> <td>22,579,302,962.65</td> </tr> <tr> <td>Rec Exp (pg. 36, 65 and 91)</td> <td>67,289,190,781.00</td> <td>61,770,048,198.53</td> </tr> <tr> <td>Total</td> <td>114,664,707,969.00</td> <td>84,349,351,161.18</td> </tr> </tbody> </table> <p style="text-align: center;"><u>114,664,707,969 – 84,349,351,161.18</u> x 100% 114,664,707,969 = <b>26%</b></p> <p>The difference in the State and IVA figures for Capital and Recurrent Expenditure is because the IVA obtained its figures for Capital Expenditure from the Cash Flow Statement and Recurrent Expenditure from Cash Flow Statement for Cash Basis and Statement of Financial Performance for Accrual Basis. While the State obtained its figures from the Budget Performance table in the AFS. See pg. 26 and 27 for reference</p> <p>Source: Year 2020 Audited Financial Statement captured the actual outrun for capital expenditure in (pg. 40), recurrent expenditure in (pg. 39) and the public Debt in (pg. 36, 65 and 91)</p>		Total Amended Budget (₦)	Actual Outturn (₦)	Capital (pg. 40)	47,375,517,188.00	22,579,302,962.65	Rec Exp (pg. 36, 65 and 91)	67,289,190,781.00	61,770,048,198.53	Total	114,664,707,969.00	84,349,351,161.18		
	Total Amended Budget (₦)	Actual Outturn (₦)													
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Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>Year 2020 Approved Revised Budget captured the revised budget amount for capital expenditure in (pg. 2), recurrent expenditure in (pg. 1)</p> <p>The source of the values used was from the Hard and Soft copy of the AFS retained in the assessment file by the IVA.</p>		
<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 [2021] budget</b>		<b>Achieved</b>	
1	Did the State conduct at least one "town-hall" consultation before the proposed budget is drafted with the participation of local government authorities and State-based CSOs?	<p>a) The LGAs that were in attendance included the following shown below:</p> <ol style="list-style-type: none"> <li>I. Ilorin east</li> <li>II. Ilorin west</li> <li>III. Asa LGA</li> <li>IV. Kaiama LGA</li> </ol> <p>b) The CSO representatives in attendance included:</p> <ol style="list-style-type: none"> <li>I. Pastor Ade Bodunde (Trio Foundation)</li> <li>II. Ajadi Ibrahim A (METEC)</li> <li>III. Olaogun Michael S (WOYODEV)</li> </ol> <p>c) The source of information from which our conclusion were drawn included Attendance record of the public consultation duly signed by attendees as well as Minutes of the public consultation jointly prepared and signed by the CSO representative.</p> <p>d) The date of first town hall consultation was held on the 25th August 2020, the second was held on the 1st September 2020 and the last was held on the 7th of September 2020.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>e) The IVA took a random sample from the attendance of public consultation and made phone calls to Ten (10) respondents. All respondents confirmed their attendance.</p> <p>f) The draft proposed annual budget downloaded by the IVA from the state website was not dated.</p> <p>g) The public consultation was held across 3 Senatorial districts in Kwara State dated Tuesday 25<sup>th</sup> of August, the 1<sup>st</sup> of September, and 7<sup>th</sup> of September 2020. The soft copy of the draft 2021 proposed budget downloaded by the IVA from the State website was not signed or dated. The IVA sighted a copy of the 2021 Budget speech to serve as evidence showing the date the draft budget was presented to the State House of Assembly on 15<sup>th</sup> December 2020. In line with the above, the public consultation held before the proposed budget was drafted</p> <p>h) The 2021 proposed annual budget was published on the Kwara State website on 15<sup>th</sup> December 2020 before the 31 January 2021 deadline.</p> <p>i) <a href="https://kwarastate.gov.ng/wp-content/uploads/KWARA-STATE-2021-PROPOSED-ESTIMATES-CoA.pdf">https://kwarastate.gov.ng/wp-content/uploads/KWARA-STATE-2021-PROPOSED-ESTIMATES-CoA.pdf</a></p>		
2	Were the minutes of the public consultations jointly prepared with CSO representatives (shown by their signature to the minutes) and posted on the official State website, alongside the proposed annual budget on or before 31 January 2021 to enable citizens to find the inputs easily?	<p>a) Pastor Ade Bodunde (Trio Foundation) co-signed the Minutes of the public consultation. A copy of the minutes was retained in the assessment file by the IVA.</p> <p>b) The title is "communique issued on citizens engagement in budget process with CSOs and stakeholders on increased openness and citizens engagement towards preparation of the 2021 budget process" held on Tuesday 25<sup>th</sup> of August, the 1<sup>st</sup> of September, and 7<sup>th</sup> of September 2020.</p> <p>c) The signatories represented Trio Foundation.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		d) <a href="https://kwarastate.gov.ng/wp-content/uploads/Communique-on-Citizens-Participation-on-Budget.pdf">https://kwarastate.gov.ng/wp-content/uploads/Communique-on-Citizens-Participation-on-Budget.pdf</a>		
<b>DLR 2.2</b>	<b>Evidence of dissemination event to explain amendments to FY2020 State budget published online along with the Citizens' budget based on Amended FY2020 State budget by end September 2020 with functional online feedback mechanisms</b>		<b>Achieved</b>	
1.	Did the state conduct dissemination events to explain amendments to the FY2020 State budget and was adequate evidence of the events published online and by the due date?	<ul style="list-style-type: none"> <li>a) The IVA reviewed minutes of the dissemination event, pictures of attendees and an attendance list detailing the names of attendees, organizations, and email addresses of attendees.</li> <li>b) Copies of the Amended Budget and evidence of the dissemination events were downloaded from the State website.</li> <li>c) The dissemination was done physically.</li> <li>d) The evidence of the dissemination event was published on the State website before the September 30, 2020, deadline, and minutes of the dissemination event retained file by the IVA.</li> <li>e) The IVA confirmed that the evidence of the dissemination event and the FY2020 budget were published in the same place. With both documents posted on the Kwara State website</li> <li>f) The evidence of the dissemination event was published on the 28th of September 2020. The date of publication obtained by the IVA via the front end of the stat website has been confirmed from the backend of the IT service provider. Screenshot evidence has been obtained from the IT service provider.</li> </ul>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		g) <a href="https://kwarastate.gov.ng/wp-content/uploads/2020-Revised-Budget-Stakeholder-Dissemination-Meeting.pdf">https://kwarastate.gov.ng/wp-content/uploads/2020-Revised-Budget-Stakeholder-Dissemination-Meeting.pdf</a>		
2	Has the State published online, on the State website(s) a <i>Citizens Budget based on the Amended Budget (2020)</i> not later than 30 September 2020?	<p>a) The Citizens budget based on the Amended Budget (2020) was published before the due date via <a href="https://kwarastate.gov.ng/wp-content/uploads/2020-Citizens-Budget-Amended.pdf">https://kwarastate.gov.ng/wp-content/uploads/2020-Citizens-Budget-Amended.pdf</a> This was accessed on 3/02/2022.</p> <p>b) A comparison of the FY 2020 Revised Budget and the citizen’s budget was conducted by the IVA. There were no discrepancies observed between the Format suggested by Home Finance department and the State’s Citizen Budget.</p> <p>c) Kwara State provided the IVA with the excel template provided to them by the Home Finance Department. The IVA compared the contents of the excel template with the citizens budget and confirms that the Citizens Budget was prepared in the format suggested by the Home Finance Department. It accurately includes the key budget information from the Revised Budget, including the following:</p> <ol style="list-style-type: none"> <li>I. Simple explanation of the annual amended budget/citizens’ budget. Page 3</li> <li>II. Sources of domestic and foreign grants, domestic loans, and other financing sources. Page 12 &amp;13</li> <li>III. Budget deficit, budget financing and financing gap. Page 15</li> <li>IV. Disclosure of Budget deficit (if any) and how it will be financed. Page 15</li> <li>V. Top Projects to be financed (at least 5) page 19</li> <li>VI. Sectoral Allocation by MDA’s page 18</li> </ol>	Satisfactory	



Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>VII. Sources of Revenue page 10</p> <p>d) The Minimum budget information outlined above has been included in the Citizens budget.</p> <p>e) The IVA did not identify any significant difference. The Citizens Budget captures all relevant requirement captured in DLR 2.2C</p>		
3	Is the Citizens Budget a comprehensible (to citizens) summary of the amended FY20 state budget?	<p>a) The Citizens budget included an explanation of the key changes between the Original FY2020 Budget and the Amended Budget.</p> <p>b) The citizens Budget included data on reallocation and adjusted spending priorities.</p> <p>The IVA confirmed that the amended FY20 state budget was summarized in a comprehensible manner to the Citizens in the Citizens Budget.</p>	Satisfactory	
4	Does the State website have functional feedback and response online mechanisms?	<p>a) Kwara State has established a functional feedback and response online mechanism on its website. This was uploaded on Google drive or retained in the assessment file by the IVA.</p> <p>b) The type of feedback mechanism operated by the state is an Email feedback mechanism.</p> <p>c)</p> <p>i. The State feedback mechanism provided an acknowledgement of receipt of comments from citizens. This was retained in the assessment file by the IVA.</p> <p>ii. The State's response to comments is " Thanks for your feedback on the budget presentation, your comment will be put into consideration"</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>iii. The State Government response does not display the timeframe of responding to citizens' comments or the State's Government contact details.</p> <p>d) The IVA Team sent an email via the feedback mechanism to test its functionality. The email sent was received by the Hon. Commissioner of Finance. The IVA confirmed that the Commissioner's email is the designated email for receiving citizen's feedback</p> <p>e) Further test to confirm the functionality of the State feedback mechanism and ascertain the response of the State government to relevant comments was performed by the IVA. The IVA requested sample comments from citizens with subsequent relevant responses from the State. The Hon. Commissioner of Finance stated that relevant comments from citizens was forwarded to the Budget and planning division for necessary action. A screenshot of State action on relevant comments was obtained from the State and retained on file.</p> <p>f) In the opinion of the IVA Team, Kwara State has deployed a functional feedback mechanism for responding to citizens' comments. Evidence of the central receiving point of the citizen's comments was obtained from the backend of the IT service provider.</p> <p>g) The Weblink to Kwara State's online feedback and response mechanism <a href="https://kwarastate.gov.ng/">https://kwarastate.gov.ng/</a></p>		
<b><i>DLI 3: Improved Cash Management and reduced Revenue Leakages through Implementation of State TSA</i></b>				
<b>DLR 3.0</b>	<b>Improved cash management and reduced revenue leakages through the implementation of State TSA</b>		<b>Not Achieved</b>	
1	Has the State established a functional State-level TSA?	a. The State has not established a functional state-level TSA.	Unsatisfactory	The State should establish a functional TSA

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>b. The State operated multiple accounts. The account details are as follows:</p> <ul style="list-style-type: none"> <li>• IGR Main Account: GTB 0199648356</li> <li>• FAAC Account: Sterling 0029319333</li> <li>• VAT Account: ECO 4823014131</li> </ul> <p>The State uses Sterling Bank (FAAC Account) as its TSA.</p>		
<p>2</p> <p>Is there a formally approved cash management strategy in place? The Strategy should cover the processes through which the State Ministry of Finance or Budgets/Economic Planning can forecast cash commitments and requirements and provide reliable information on the availability of funds.</p>	<p>The State has a cash management strategy:</p> <p>a) Kwara State Government Cash Management Strategy Policy.</p> <p>b) The strategy was produced on the 30th of December, 2019 and it was signed by the Honorable Commissioner for Finance and Planning.</p> <p>c) The strategy included 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. (This can be found on Page 5 "1.2 Cash Management Cycle").</p> <p>d) In terms of cash sweeping the strategy stated that "the State Government shall ensure that every commercial bank holds a single revenue transit in which all taxes and non-tax revenue are deposited. These accounts are to be linked to the main TSA through CBN's approved Inter Platforms that sweeps revenues collected into the main TSA (This can be found on Page 10 "2.4.4 Revenue Sweeping Policy"). All non-TSA Government Bank accounts should have zero balances at the end of each working day". (This can be found on Page 12 "3. Conclusion")</p> <p>e) The State did not provide any evidence of implementation of processes described in the cash management strategy to forecast cash commitments and requirements.</p>	<p>Unsatisfactory</p>	<p>The State should implement the processes described in the cash management strategy to forecast cash commitments and requirements.</p>

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		The TSA Bank Statements showed 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 cash balances in the TSA:</p> <ul style="list-style-type: none"> <li>a) The State created an application for this purpose.</li> <li>b) The application is called Gplus, the producer of the application is Perisco Consulting.</li> <li>c) There is no explicit policy on single electronic dashboard in the cash management strategy.</li> <li>d) The application was deployed in November 2021. There was a physical observation of the central view of cash balances on the dashboard but however Zero balances were shown for the year end 2020 which was because the application was not in existence in 2020.</li> </ul>	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 and should be in line with the approved Cash Management Strategy
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.	<ul style="list-style-type: none"> <li>a) We visited 3 Revenue generating MDA's (Ministries of Health, Education and Works). The Revenue focal persons at each MDA were interviewed. They all confirmed that monies are being paid directly to the TSA (IGR Account). The TSA Bank Operators and selected fee payers were also interviewed. Copies of E-Receipt were obtained.</li> <li>b) The State uses Sterling Bank (FAAC Account) as its TSA and while GTB for the IGR Main Account.</li> <li>c) There is no evidence of sweeping from the TSA (IGR Lead Account) to the main TSA (FAAC Account). However, IGR generated in other revenue collecting commercial banks are swept to the TSA (IGR Lead Account).</li> <li>d) The State Government internally generated monies (IGR) are swept from other revenue collecting commercial banks to IGR Main Account.</li> <li>e) The TSA bank Statement was obtained.</li> </ul>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations												
5	Does the TSA cover a minimum of 70% of the State Government's finances?	<p>We computed the total cash inflow and outflow from the TSA account against the total government finances inflows and outflows as contained in the Cashflow Statement for the year ended 2020.</p> <p>See the computation below:</p> <table border="1" data-bbox="758 532 1356 716"> <thead> <tr> <th></th> <th>Total Inflows (₦)</th> <th>Total Outflows (₦)</th> </tr> </thead> <tbody> <tr> <td>TSA Bank Statement</td> <td>36,233,566,252.75</td> <td>36,652,251,584.46</td> </tr> <tr> <td>Government Finances*</td> <td>78,824,245,477.54</td> <td>73,666,646,271.23</td> </tr> <tr> <td>Percentage</td> <td>46%</td> <td>50%</td> </tr> </tbody> </table> <p>The average is percentage computation is:</p> $\frac{46\% + 50\%}{2} = 48\%$ <p>The TSA covered <b>48%</b> of the State's finances.</p> <p>*Sources: 2020 Audited Financial Statement (Cashflow Statement) Page 39 and the TSA Statement from Sterling Bank for January 1, 2020 to December 31, 2020.</p>		Total Inflows (₦)	Total Outflows (₦)	TSA Bank Statement	36,233,566,252.75	36,652,251,584.46	Government Finances*	78,824,245,477.54	73,666,646,271.23	Percentage	46%	50%	Unsatisfactory	The State's TSA should cover all of Government Finances.
	Total Inflows (₦)	Total Outflows (₦)														
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<b>DLI 4: Strengthened Internally Generated Revenue (IGR) Collection</b>																
<b>DLR 4.1</b>	<b>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</b>		<b>Previously Achieved in 2019 APA</b>													

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	<b>collection and accounting. Code must be approved by the state legislature and published</b>			
1	Does the State have an up-to-date consolidated revenue code that includes all the State's IGR sources and rates and all the local governments (falling under that State) IGR sources and rates?	The State has previously achieved DLI 4.1 in the 2019 APA.		
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?	The State has previously achieved DLI 4.1 in the 2019 APA.		
3	Is the collection of revenues made into account(s) nominated by the SBIR OR SIRS have full oversight of the accounts and is responsible for reporting and accounting for the revenues?	The State has previously achieved DLI 4.1 in the 2019 APA.		
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	The State has previously achieved DLI 4.1 in the 2019 APA.		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations																																																
	count for that year, up to 31 December 2020.																																																			
5	Is the Publication published online, so it is automatically available to the public/all taxpayers?	The State has previously achieved DLI 4.1 in the 2019 APA.																																																		
<b>DLR 4.2</b>	<b>2020 nominal IGR collection is equal to or higher than the 2019 nominal IGR collection</b>		<b>Not Achieved</b>																																																	
1	Has the 2020-2019 annual nominal IGR growth rate met the basic or stretch targets? <b>Basic Target:</b> N/A <b>Stretch Target:</b> equal to or higher than the 2019 nominal IGR collection	<p>a. The State adopted cash basis of accounting for 2019 AFS and accrual basis of accounting for 2020 AFS.</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="751 711 1415 1435"> <thead> <tr> <th>REPORTING TEMPLATE: OPTION A</th> <th>₦</th> <th>₦</th> <th>% GROWTH</th> </tr> <tr> <th>Item</th> <th>2019</th> <th>2020</th> <th></th> </tr> </thead> <tbody> <tr> <td>Memo: Reported IGR in AFS (Before Adjustments)</td> <td>30,617,993,692</td> <td>19,623,992,034</td> <td>-36%</td> </tr> <tr> <td><b>VALID IGR items to be counted as IGR</b></td> <td><b>27,412,325,986</b></td> <td><b>19,002,600,457</b></td> <td></td> </tr> <tr> <td>Direct Assessment</td> <td>860,329,571</td> <td>672,770,227</td> <td></td> </tr> <tr> <td>Personal income tax (PAYE)</td> <td>5,747,753,483</td> <td>6,137,255,912</td> <td></td> </tr> <tr> <td>Capital Gains Tax</td> <td>14,583,319</td> <td>21,221,259</td> <td></td> </tr> <tr> <td>Stamp Duties and Penalties</td> <td>9,336,495</td> <td>18,344,685</td> <td></td> </tr> <tr> <td>PAYE Recoverables</td> <td>5,520,617,783</td> <td>1,535,654,444</td> <td></td> </tr> <tr> <td>Licenses</td> <td>253,631,139</td> <td>256,821,572</td> <td></td> </tr> <tr> <td>Mining Rent</td> <td>7,786,000</td> <td>3,665,000</td> <td></td> </tr> <tr> <td>Fees</td> <td>1,134,032,970</td> <td>5,292,767,595</td> <td></td> </tr> </tbody> </table>	REPORTING TEMPLATE: OPTION A	₦	₦	% GROWTH	Item	2019	2020		Memo: Reported IGR in AFS (Before Adjustments)	30,617,993,692	19,623,992,034	-36%	<b>VALID IGR items to be counted as IGR</b>	<b>27,412,325,986</b>	<b>19,002,600,457</b>		Direct Assessment	860,329,571	672,770,227		Personal income tax (PAYE)	5,747,753,483	6,137,255,912		Capital Gains Tax	14,583,319	21,221,259		Stamp Duties and Penalties	9,336,495	18,344,685		PAYE Recoverables	5,520,617,783	1,535,654,444		Licenses	253,631,139	256,821,572		Mining Rent	7,786,000	3,665,000		Fees	1,134,032,970	5,292,767,595		Unsatisfactory	The State should ensure significant year on year improvements in their IGR collection.
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Disbursement Linked Indicators (DLIs) and Tests		Findings				Conclusion	Recommendations
		Fines	15,105,651	21,469,303			
		Sales	332,113,557	705,108,834			
		Earnings	654,961,715	4,081,867,555			
		Rent of Govt Building	7,004,780	109,468,236			
		Rent of Govt Property	93,411,392	146,185,835			
		Earnings of Parastatals	12,761,658,131	-			
		"Adjusted IGR" for DLI 4.2 Calculation					
		Sum of all VALID items of IGR if AFS has that detail	27,412,325,986	19,002,600,457	-31%		
		$\frac{\text{₦}19,002,600,457 - \text{₦}27,412,325,986}{\text{₦}27,412,325,986} \times 100$ $=-31\%$					
		There is a decline in growth by <b>-31%</b> when the 2020 nominal IGR collection is compared with the 2019 IGR.					
		Source: 2020 Audited Financial Statement Page 39					
<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 [90] percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll</b>					<b>Achieved</b>	



Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
1	<p>Has the State used Biometrics to reduce payroll fraud through a completed biometric exercise for 90% of the current civil servants and pensioners on the State payroll?</p> <p>The State commenced in January 2020 and completed the Biometric data capturing of the Civil Servant and Pensioners as at 31<sup>st</sup> December 2020:</p> <ul style="list-style-type: none"> <li>a) Biometric data capture is a regular exercise carried out by the Office of Accountant General through a platform known as VERITEX. The platform is managed by the Ministry of Finance, through the Office of the Accountant General.</li> <li>b) The State has a total number of 16,975 civil servants.</li> <li>c) The total number of pensioners is 15,858.</li> <li>d) The total number of staff on the State Nominal roll is 32,833 and while the Payroll is 31,479.</li> <li>e) A total of 31,479 biometrics data has been captured.</li> <li>f) The Progress Report from the State Payroll of Civil Servants/State Pensioners for which biometrics data/BVN were linked was obtained. Page 1 showed number of staff captured on Biometrics. Page 2 of payroll progress report showed Civil Service Commission, Teaching service Commission and pensioners showed a breakdown of nominal roll of staff for the state as at 31<sup>st</sup> December 2020 as 32,833.</li> </ul> <p style="text-align: center;"><b><u>No of Biometric Data Captured x 100</u></b>  <b>Total No of Civil Servants + Pensioners on payroll</b></p> $\frac{31,479 * 100}{32,833}$ $= 95.9\%$ <p>The State has captured 95.9% of the State's civil servants and pensioners on its payroll.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
2	Has the State linked the biometrics data to the State payroll to identify ghost workers?	<p>a) The State commenced the linkage of the biometric data to the payroll in January 2020 and concluded it as at 31<sup>st</sup> December 2020.</p> <p>b) The State has linked 31,479 Civil Servants and Pensioners biometric data to payroll. However, IVA observed from the 2019 APA that the State linked 30,973 Civil Servants biometric data to payroll while 1,559 ghost workers were detected during the biometric validations.</p> <p>c) 549 ghost workers were detected during the biometric validations.</p> <p>d) A total of N8,721,195.85 was saved from the ghost workers detected.</p> <p>e) A total of 114 civil servant and 82 pensioners were captured by the Biometric exercise as a result of in year changes due to (starters, leavers, deaths).</p> <p>f) There are procedures in place for ensuring timely (within 3 months of the event) updates to the payroll to reflect leavers, retirees, and deaths. Authority documents for stoppage of salaries for some staff were obtained and retained in the assessment file.</p> <p>g) There were changes to the civil servant and pensioner payrolls during the fiscal year (as a result of starters, leavers, deaths, etc.).</p> <p>h) The changes were captured by the biometric exercise. The procedures that are in place to identify and remove ghost workers is that the State conduct verification exercise for MDAs and the verification order is sent to payroll office by the MDAs.</p> <p>Given the above, the State is required to provide clarification on how it was able to identify 549 ghost workers in 2020 after the completion of 95% of its</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>biometric capture in 2019 and the identification of 1,559 ghost workers while responding to this report.</p> <p>The State responded as follows:            “In 2020, Kwara State through the Head of Service conducted a verification exercise to update its staff records and payroll. This exercise was carried out through a scheduled physical head count (across board) and record sighting. A total of 549 staff irregularities were identified which may be attributed to abscondment, death, incapacitation, relocation of staff without proper notice to the appropriate authority. Procedurally, such 549 workers were expunged from the State payroll within six months after they were identified”</p> <p>The State’s response is satisfactory.</p>		
3	Has the State removed confirmed ghost workers and ghost pensioners within three (3) months of each case being confirmed?	<ol style="list-style-type: none"> <li>a. A total of 549 ghost workers were detected during the linkage.</li> <li>b. A report from the state “Financial Report after biometric/BVN Exercise” showed a breakdown of ghost workers and pensioners for the period.</li> <li>c. The ghost workers were identified in March, 2020 and were removed from the payroll in June, 2020.</li> <li>d. The payroll figure before their removal from payroll is ₦1, 724,221,634.14.</li> <li>e. The payroll figure after they have been removed is ₦1,728,908,328.25. (The increase in the figure is due to new starter and new pensioners)</li> <li>f. A report from the state “Financial Report after biometric/BVN Exercise” showed a breakdown of ghost workers and pensioners for the period.</li> </ol>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
5.2	Link BVN data to at least [90] percent of current civil servants and pensioners on the payroll and payroll fraud addressed		Achieved	
1	Has the State linked the Bank Verification Number data to 90% of its current Civil Servants and pensioners on the State payroll?	<p>The State commenced and completed the linkage of BVN data of the civil servant and pensioners. It commenced before January, 2020 and was concluded as at 31<sup>st</sup> December, 2020. Regular screening exercise was done before final authorization for payment as evident on the progress report on BVN linkage to the payroll.</p> <p>a. Biometric data capture is a regular exercise carried out by the Office of Accountant General through a platform known as VERITEX. The platform is managed by the Ministry of Finance through the Office of the Accountant General.</p> <p>b. The State has a total no of 16,975 civil servants</p> <p>c. The State has a total no of 15,858 pensioners</p> <p>d. The total no of staff on the State Nominal roll is 32,833</p> <p>e. 31,479 BVN data has been linked to the payroll.</p> <p>f. The progress Report from the State Payroll of Civil Servants/State Pensioners for which biometrics data/BVN were linked was obtained. Page 1 shows no of staff captured on biometrics. Page 9 shows payroll Report for CSC, TSC and pensioners for the year 2020 and also showed a breakdown of nominal roll of staff for the state as at 31<sup>st</sup> December 2020 as 32,833.</p> $\frac{31,479 \times 100}{32,833} = 95.9\%$ <p>The State has linked 95.9% of the State's civil servants and pensioners' BVN data to the payroll.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>Given the above, the State is required to provide clarification on how it was able to identify 549 ghost workers in 2020 after the completion of 95% of its biometric capture in 2019 and the identification of 1,559 ghost workers while responding to this report.</p> <p>The State responded as follows:            “In 2020, Kwara State through the Head of Service conducted a verification exercise to update its staff records and payroll. This exercise was carried out through a scheduled physical head count (across board) and record sighting. A total of 549 staff irregularities were identified which may be attributed to abscondment, death, incapacitation, relocation of staff without proper notice to the appropriate authority. Procedurally, such 549 workers were expunged from the State payroll within six months after they were identified.”</p> <p>The IVA is satisfied with the State’s response.</p>		
2	Has the State taken steps to identify payroll fraud?	<ol style="list-style-type: none"> <li>a. A total of 31,479 have BVN data and 1,354 are without BVN data.</li> <li>b. A report from the State “Financial Report after biometric/BVN Exercise” showed a breakdown of ghost workers and pensioners for the period.</li> <li>c. The payroll fraud were identified in March, 2020 and were removed from the payroll in June, 2020.</li> <li>d. The payroll figure before the fraud identification is ₦1,724,221,634.14</li> <li>e. The payroll figure after the fraud has been dealt with and removed from further payments is ₦1,728,908,328.25. The increase in the figure is due to new starter and additional pensioners.</li> </ol>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		f. A report from the State's "Financial Report after biometric/BVN Exercise" showed a breakdown of ghost workers and pensioners for the period.		
<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) e-Procurement; 2) establishment of an independent procurement regulatory agency and 3) cover all MDAs receiving funds from the State budget</b>		<b>Achieved</b>	
1	Does the State have a public procurement legal framework that must be approved by the State legislature to have a legal basis, either as a law or a resolution?	<p>a. The State has a public procurement legal framework</p> <p>b. The legal framework was approved by the State legislature as a law.</p> <p>c. The 2018 Procurement Law and 2020 amended Law were passed and assented to by the Governor on 20<sup>th</sup> August 2018 and 29<sup>th</sup> September 2020 respectively.</p> <p>d. The State law was passed by the State's Legislature.</p> <p>e. The authorizing body/office is Kwara State Public Procurement Agency.</p> <p>f. The 2018 Procurement Law were assented to as indicated in c above.</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 law conformed with the UNCITRAL Model law</p> <p>a) The IVA observed that the Procurement law complied with UNICITRAL model law. The sections of the law that met the three requirements are shown below:</p> <ul style="list-style-type: none"> <li>e-Procurement: <b>S60(1-2)</b> of 2018 Procurement law and <b>S 3(3 and 4)</b> of 2020 amended Law</li> </ul>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<ul style="list-style-type: none"> <li>• Establishment of Procurement agency: <b>S 2(1-6), S 15 &amp; 16, S 78</b> of Procurement law 2018</li> <li>• Coverage of MDA getting funds: <b>S 76 (a-c)</b> of Procurement law 2018 provided for the scope of Procurement in the State.</li> </ul> <p>b) The Procurement expert conclusion showed that the State met this DLI requirement. All references to sections of the law by the expert were checked and it aligned with IVA fieldwork reviews.</p> <p>The Kwara State Public Procurement Law was structured in line with the UNCITRAL Model and met the requirements as shown below:</p> <p>1. <b>E-Procurement</b> - We noted the following during our review of Legislation;</p> <ul style="list-style-type: none"> <li>• The Procurement Bureau is to approve changes in the procurement Process to adapt to improvements in modern technology. <b>S. 15 (1c)</b></li> <li>• The Bureau is to establish a single internet portal that shall serve as a primary and definitive source of all information on government procurement was expressly stated in the Procurement Law 2018. However, <b>S. 15 (k)</b> provided that the Bureau is to publish the details of major contracts in the State Procurement Journal while S15 (l) provided that the Bureau is to publish paper and electronic editions of the State Procurement Journal and Procurement Manual and maintain an archival system for the State Procurement Journal</li> <li>• The Bureau is to introduce, develop, update and maintain related databases and technology was not expressly stated in the Procurement law 2018. However, <b>S 15 (1)(m)</b> of the Procurement Law provided that the Bureau is to maintain a database of</li> </ul>		

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations												
	<p>contractors, consultants and other service providers to the exclusion of all procuring entities.</p> <p>The law, therefore, complies with the requirements for e-procurement.</p> <p><b>2. Independence</b> - The results of our assessment of the legislation for independence are in the table below:</p> <table border="1" data-bbox="772 576 1346 1214"> <thead> <tr> <th data-bbox="772 576 1035 625">Required Provisions*</th> <th data-bbox="1035 576 1346 625">Result</th> </tr> </thead> <tbody> <tr> <td data-bbox="772 625 1035 716">The Functions and Powers of the Agency</td> <td data-bbox="1035 625 1346 716">Compliant; see <b>S 15 (1) (a-o); S 15 (2)(a-f); S 16 (1) (a-n)</b> of 2018 Procurement Law</td> </tr> <tr> <td data-bbox="772 716 1035 807">The composition of the board</td> <td data-bbox="1035 716 1346 807">Compliant; See <b>S 2 (3) (a-f)</b> of 2018 and <b>S 78</b> Procurement Law</td> </tr> <tr> <td data-bbox="772 807 1035 951">Membership of the Board/Council includes representatives from professional bodies and associations.</td> <td data-bbox="1035 807 1346 951">Compliant; see <b>S 2 (3) (e) (i-iv)</b> of 2018 Procurement Law</td> </tr> <tr> <td data-bbox="772 951 1035 1068">The grounds for removal of the Chief Executive of the agency.</td> <td data-bbox="1035 951 1346 1068">Compliant; see <b>S 2</b> of 2020 Amended Procurement Law</td> </tr> <tr> <td data-bbox="772 1068 1035 1214">Regarding decisions of the Agency; Any other review after the Board's decision should be by judicial review</td> <td data-bbox="1035 1068 1346 1214">Compliant; See <b>S 4 (a)</b> of Procurement Law Amended</td> </tr> </tbody> </table> <p>*Provided by the World Bank</p> <p><b>3. Establishment of an independent procurement regulatory agency -</b></p>	Required Provisions*	Result	The Functions and Powers of the Agency	Compliant; see <b>S 15 (1) (a-o); S 15 (2)(a-f); S 16 (1) (a-n)</b> of 2018 Procurement Law	The composition of the board	Compliant; See <b>S 2 (3) (a-f)</b> of 2018 and <b>S 78</b> Procurement Law	Membership of the Board/Council includes representatives from professional bodies and associations.	Compliant; see <b>S 2 (3) (e) (i-iv)</b> of 2018 Procurement Law	The grounds for removal of the Chief Executive of the agency.	Compliant; see <b>S 2</b> of 2020 Amended Procurement Law	Regarding decisions of the Agency; Any other review after the Board's decision should be by judicial review	Compliant; See <b>S 4 (a)</b> of Procurement Law Amended		
Required Provisions*	Result														
The Functions and Powers of the Agency	Compliant; see <b>S 15 (1) (a-o); S 15 (2)(a-f); S 16 (1) (a-n)</b> of 2018 Procurement Law														
The composition of the board	Compliant; See <b>S 2 (3) (a-f)</b> of 2018 and <b>S 78</b> Procurement Law														
Membership of the Board/Council includes representatives from professional bodies and associations.	Compliant; see <b>S 2 (3) (e) (i-iv)</b> of 2018 Procurement Law														
The grounds for removal of the Chief Executive of the agency.	Compliant; see <b>S 2</b> of 2020 Amended Procurement Law														
Regarding decisions of the Agency; Any other review after the Board's decision should be by judicial review	Compliant; See <b>S 4 (a)</b> of Procurement Law Amended														



Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>a) The Procurement Law of 2018 provided for the establishment of an independent procurement regulatory agency. <b>Sections 2 (1-6)</b>, Pages 4- 6 of Procurement Law of 2018 expressly provided for the establishment of independent procurement agency in Kwara State.</p> <p>b) The Procurement Law of 2018 covered all MDAs receiving funds from the State budget. <b>S 76 (a-c)</b>, page 51 of the Law covered all procuring entities in Kwara State.</p>		
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 agency which performed independent procurement approvals in Kwara State.</p> <p>b) Procurement functions was performed through the Kwara State Procurement agency</p> <p>c) The agency is responsible for prescribing regulations and procedures for public procurements by the legal framework</p> <p>d) Pictures of the Signboard of the Procurement agency was obtained and interview with Staff and CEO of the agency was conducted and retained in the IVA assessment file. More so, the IVA obtained the I.D card and attendance of staff of the Agency to validate the functionality of the agency.</p> <p>e) The Agency handled 7 procurements transactions in Year 2020 and a walkthrough of 5 sampled transaction were carried out.</p> <p>f) We reviewed the Procurement manual, procurement law and obtained copies of contract independently handled to attest that the Agency is independent. The IVA also checked contract files to review the planning, award, execution of Contracts. Both the IVA and Procurement expert concluded that the Agency is functional and independent.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
DLR 6.2	<p><b>Basic Target:</b> Framework contract for e-Procurement signed by 31 December 2020 AND Publish contract award information above a threshold set out in the State’s procurement law/regulation every month in OCDS format on the state website or online portal if available.</p> <p><b>Stretch Target:</b> Implement e-Procurement in at least 3 MDAs (incl. Education, Health and Public Works) and publish all contract award information in OCDS format on the online portal for the 3 MDAs AND For those MDAs without e-procurement: Publish contract award information above a threshold set out in the State’s procurement law/regulation every month in OCDS format on the state website or online portal if available.</p>		Not Achieved	
1	Has the State achieved open contracting component of the DLI by publishing online, contract award information for all contracts awarded during the fiscal year (2020) that are above the threshold (as defined in the State procurement law or the State	<p>a) The State provided a schedule of contracts awarded for 3 MDAs during the Year 2020.</p> <p>There are no established thresholds for MDAs, Section of the Kwara State Public Procurement (Amendment law) No. 6 of 2020 states that “All procurement information shall be published in the Open Contracting Data Standards format”. Therefore, there are no threshold requirements established by the State for publication of contract award information.</p>	Unsatisfactory	The State should provide timestamp information of online publication of contracting data as well a comprehensive register of all capital expenditure in 2020

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
<p>procurement regulation(s), in line with the Open Contracting Data Standards (OCDS)?</p>	<p>b) The data published online was in line with the Open Contracting Data Standards (OCDS)</p> <p>c) The IVA could not ascertain the date of publication for the OCDS publication because the date was not shown via inspect element neither was the date provided by the IT service provider. The IVA issued APA report and is awaiting APA issue response for OCDS IT Backend publication date</p> <p>d) The source of the publication is Kwara State official Website, and the link is:  <a href="https://kwppa.kwarastate.gov.ng/ocds-portal/awarded-contracts">https://kwppa.kwarastate.gov.ng/ocds-portal/awarded-contracts</a>  The IVA interviewed the Managing director of Kwara State Public Procurement Agency and obtained Contract awards handled by the Kwara State Procurement for Year 2020. The IVA observed that the Contract awards were published in the Year 2020.</p> <p>e) The minimum contract award information that was published which contained the detail below could be seen in the sampled Table below:</p> <ul style="list-style-type: none"> <li>(i) Project name,</li> <li>(ii) awarding institution,</li> <li>(iii) award date,</li> <li>(iv) name of contractor, and</li> <li>(v) contract amount was published.</li> </ul> <p>f) All the items from (e) above were published</p> <p>g) The web link where data was published was  <a href="https://kwarastate.gov.ng/government/government-data/?sf_paged=3">https://kwarastate.gov.ng/government/government-data/?sf_paged=3</a>  <b>And</b>  <a href="https://kwppa.kwarastate.gov.ng/ocds-portal/awarded-contracts">https://kwppa.kwarastate.gov.ng/ocds-portal/awarded-contracts</a></p>		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>IVA observed that the information published in the above web link proved unsearchable and not possible to filter by any date range. It was also not possible to obtain a pdf download for a manual check. Hence IVA could not conduct a comparison with the Capital expenditure outturn of N 5,174,306,313.00 for 2020. Note the DLR requires the publication of all contracts above the set threshold (if any).</p> <p>The State is required to provide a copy of the contract register which includes all capital expenditure for the year 2020 while giving response to this report.</p> <p>The State is yet to provide response to this but requested for additional week</p> <p>**The IVA observed that the contract award information was published on the State's official website and was accessible to the public.</p>		
2 New	Had the State signed up to the SaaS e-Procurement Framework Contract as at 31 Dec 2020?	<p>a) The State has not signed the SaaS e-Procurement Framework Contract.</p> <p>b) The IVA could not obtain a copy of the SaaS e-Procurement Framework Contract</p> <p>c) The State has not signed the framework contract.</p>	Unsatisfactory	SaaS Framework contract should be implemented before the deadline
3 New	Has the State implemented e-procurement in at least 3 MDAs (including Education, Health, and Public Works) the E-Procurement for the 2020 results DLI is the implementation of e-Publishing/Notification module for contract notice and contract award?	<p>a) The State did not implement e-procurement in at least 3 MDAs (Education, Health, and Public Works) in Year 2020.</p> <p>b) The number of transactions handled by each MDA in the Year of assessment is as follows: Education: 9, Health: 15 transactions, and Works: 1 transaction. A walkthrough was conducted for 5 transactions in Education, Health and 1 transaction in Works. See weblink:</p>	Unsatisfactory	The State should implement e-procurement in the Ministry of works, health, and education.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p><a href="https://kwppa.kwarastate.gov.ng/ocds-portal/awarded-contracts">https://kwppa.kwarastate.gov.ng/ocds-portal/awarded-contracts</a></p> <p>c) The State did not implement e-procurement in the 3 MDAs in Year 2020. However, the IVA observed that contracts awarded in the year under review followed the procurement life cycle from needs assessment, Tenders' competitive bidding and award of contract as stated <b>S 1.4</b> for Procurement lifecycle in the Procurement manual.</p> <p>d) The State did not implement e-publishing or Notification module adopted for contract notice and contract award.</p>		
<b>DLI 7: Strengthened Public Debt Management and Fiscal Responsibility Framework</b>				
<b>DLR 7.1</b>	<b>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.</b>		<b>Previously Achieved In 2018 APA</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 Public Financial Management Law?	The State has previously achieved this DLI in 2018 APA		
2	Does the legislation include provisions that establish the following?	The State has previously achieved this DLI in 2018 APA		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	1) Responsibilities for contracting state debt; 2) Responsibilities for recording/reporting state debt; and 3) Fiscal and debt rules/limits for the state.			
4	Has the State Debt Management Department (or Unit, Committee, Agency, Board, Bureau, Commission, Council) been operational during the APA year and performing the core function of recording and reporting state debt?	The State has previously achieved this DLI in 2018 APA		
<b>DLR 7.2</b>	<b>Quarterly state debt reports for Q2, Q3, and Q4 2020 accepted by the DMO on average two months or less after the end of the quarter in 2020 AND Annual state debt sustainability analysis published by end of December 2020</b>		<b>Not 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 2020?	We obtained evidence that the State produced approved quarterly SDDRs, which were submitted and received by the DMO as follows: <ul style="list-style-type: none"> <li>• Q2 submitted on (14/08/2020) 45 days,</li> <li>• Q3 submitted on (6/11/2020) 37 days and</li> <li>• Q4 submitted on (15/02/2021) 46 days.</li> </ul> <p style="text-align: center;"><u>45+37+46</u> 3</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>Average = 42.6 days (6.1 weeks)</p> <p>The SDDR were submitted within an average of 1.37 months (42.6 days).</p>		
2	<p><b>Note: Have you reviewed for accuracy and completeness from the DMO:</b></p> <p>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>(a) The Quarterly State Domestic Debt Reports (SDDR) from the Federal DMO, CBN, and FMOF, along with all underlying data and supporting documents were obtained by the IVA</p> <p>(b) We reviewed the DMO's Report on State Domestic and External Debt Report (SDEDR) with the Kwara State Debt Domestic Report along with all underlying data and both did not show the same amount.</p> <p>i. There is a difference of ₦2,747,416,262.78 between the contractor's arrears per the SDDR and the AFS.</p> <p>The state was informed of the differences noted between the DMO's SDEDR and the State SDDR through an APA Issue Report and the state has stated that (a). Capitalization of accumulated interest of ₦3,830,554,611.59 on Budget Support Facility which is not contestable (b)The difference of ₦131,363,676.78 on MSMEDF is being contested on the basis of disagreement on the date repayment commenced (c) Over-bloated balance to the tune of ₦79,928,012.46 on CBN-Commercial Agric Loan Facility</p> <p>c. The Quarterly State Domestic Debt Reports (SDDR) submitted by the State has been compared with the State Audited Financial Statement and the findings are:</p> <ul style="list-style-type: none"> <li>The Pension and Gratuity Arrears per the SDDR is ₦14,026,067,147.97 while it is ₦4,026,067,147.97 in the AFS.</li> </ul>	Not Applicable	Not Applicable

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<ul style="list-style-type: none"> <li>• There is also a difference of ₦2,747,416,262.78 between the contractor's arrears per the SDDR and the AFS</li> </ul> <p>d. An APA issue was raised to enquire about the difference and the state responded that it relates to misclassification of some ongoing projects as completed</p> <p>e. The debt stock figures reported in the SDEDR, has been compared with those of the SDDR submissions by the state and there are inconsistencies</p> <ul style="list-style-type: none"> <li>• The total domestic debt per the SDEDR is ₦67,431,850,856 while the SDDR has a domestic debt of ₦63,632,954,679.34</li> <li>• The total external debt per the SDEDR is ₦17,931,128,804 while the audited financial statement has an external debt of ₦17,884,065,473.61</li> </ul> <p>f. An APA Issue Report has been raised and the State has explained that (a) Capitalization of accumulated interest of ₦3,830,554,611.59 on Budget Support Facility which is not contestable (b) The difference of ₦131,363,676.78 on Micro, Small and Medium Enterprises Development Fund is being contested on the basis of disagreement on the date repayment commenced (c) Over-bloated balance to the tune of ₦79,928,012.46 on CBN-Commercial Agric Loan Facility.</p>		
3 New	Has the State published online, the State Debt Sustainability Analysis Reports (SDSAR) by 31 December 2020?	<p>a) The State Debt Sustainability Analysis Report (SDSAR) was published on the State official website.</p> <p>b) The date of publication is 31 December 2020</p> <p>c) The SDSAR was published by 31 December 2020.</p> <p>d) Evidence of Timestamp has been obtained (and screenshots taken from the IT back end of the State's website showing date of online publication).</p>	Satisfactory	



Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		The weblink is: <a href="https://kwarastate.gov.ng/wp-content/uploads/KW-DSA-REPORT-2020.pdf">https://kwarastate.gov.ng/wp-content/uploads/KW-DSA-REPORT-2020.pdf</a>		
4 New	Does the SDSAR include the following: 1) medium-term budget forecasts; 2) detailed and adequate description of the debt portfolio and borrowing options; and 3) adequate analysis of the debt and fiscal figures in the preceding calendar year?	<p>Upon review of the State Debt Sustainability Analysis Report (SDSAR), it included the following:</p> <ol style="list-style-type: none"> <li>1. Adequate presentation and analysis of the debt and fiscal figures position in the preceding calendar year.</li> </ol> <p>However, the SDSAR did not meet the other criteria below:</p> <ol style="list-style-type: none"> <li>1. medium-term budget (MTB) forecasts for the SDSAR 2020 is not met because Budget Balance figures are not included,</li> <li>2. detailed description of the debt portfolio and borrowing options for the SDSAR 2020 is not met because borrowing projections are not included, debt stock as a share of revenues turns negative in the projected period (Chart 7) and total expenditure is zero for the historical and projected period (Chart 6).</li> </ol> <p>A review and comparison between the information (figures) contained in the assessment report of the SDSAR obtained from the DMO and the SDSAR obtained from the State Website was done and no differences were identified</p>	Unsatisfactory	The State should ensure that the SDSAR Budget balance figures should be included in medium term budget and a more technical projection should be carried out for debt and expenditure
<b>DLI 8: Improved Clearance/Reduction of Stock of Domestic Expenditure Arrears</b>				
<b>DLR 8.0</b>	<b>Basic Target: Domestic arrears as of end 2019 and end 2020 are reported in an online publicly-accessible database, with a verification process in place.</b>		<b>Not Achieved</b>	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations	
<p><b>Stretch Target: Domestic arrears as of end 2019 and end 2020 reported in an online publicly-accessible database, with a verification process in place</b></p> <p><b>AND</b></p> <p><b>at least a 5 percent decline in the verified stock of domestic arrears at end 2020 compared to end 2019 consistent with the state’s arrears clearance framework or maintain stock below 5 billion.</b></p>				
1	<p>Has the State established an Arrears Clearance Framework (ACF)?</p>	<p>a) The State has established an Arrears Clearance Framework (ACF). This was established in December 2020.</p> <p>b) We have obtained a copy of the ACF from the State</p> <p>c) The ACF was not published online by 31 December 2020. It was published on 23 June 2021.</p> <p>d) There was not adequate time to allow for the implementation of the ACF in 2020.</p>	Unsatisfactory	<p>The State should establish an Arrears Clearance Framework (ACF) within the required timeframe</p>
2	<p>Does the ACF contain:</p> <p>1) the planned actions to settle arrears; and 2) an explicit prioritization of expenditure arrears to be settled.</p>	<p>a) The ACF contains planned actions to settle arrears and an explicit prioritization of expenditure arrears to be settled.</p> <p>b) The ACF contains the planned actions to settle arrears stating:</p> <p>c) - The State Government shall clear her arrears using funds from any of the following sources:</p> <ul style="list-style-type: none"> <li>i. The State’s Internally Generated Revenue;</li> <li>ii. Grant from the Federal Government;</li> <li>iii. Borrowing from Commercial Banks;</li> <li>iv. Bonds</li> </ul> <p>d) The ACF contains an explicit prioritization of expenditure arrears to be settled:</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>Approach 1: Allocation of available fund among the types of the arrears in proportion to their total outstanding stocks.</p> <p>Approach 2: Allocation of available fund on a particular type of arrears</p>		
3	Has the ACF been published on a State official website?	<p>a) We confirmed that the ACF has been published on a State official website</p> <p>b) A copy of the ACF has been downloaded for verification The weblink of publication for the 2020 ACF is <a href="https://kwarastate.gov.ng/wp-content/uploads/KWARA-STATE-GOVERNMENT-arrears-2020-FP.pdf">https://kwarastate.gov.ng/wp-content/uploads/KWARA-STATE-GOVERNMENT-arrears-2020-FP.pdf</a></p>	Satisfactory	
4.	Is the clearance of domestic expenditure arrears consistent with the ACF, once the ACF has been established?	<p>The clearance of domestic expenditure arrears is consistent with the ACF. However, this was not done in 2020 since the ACF was established in December 2020 and will be implemented in 2021.</p> <p>The ACF states certain criteria to be followed in clearing arrears which has been followed:</p> <ol style="list-style-type: none"> <li>a. The payment of arrears during the year ensures that ongoing works are completed first as arrears was cleared from ongoing works</li> <li>b. The payment also focused on small payments first so many individual arrears to be paid immediately and</li> <li>c. Focuses funds on small firms that may be vulnerable to cash flow</li> </ol> <p>A test was conducted by comparing the schedule of arrears payment with the Arrears Clearance Framework. The payments were categorized based on ongoing works paid and small payments made compared to the full arrears</p>	Unsatisfactory	The State should ensure the clearance of domestic arrears are consistent with the ACF

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		database. It was noted that the arrears payment was in line with the ACF as stated above.		
5.	Has the State established an Internal Domestic Arrears Database?	<p>a. The State has established an Internal Domestic Arrears Database</p> <p>b. The Internal Domestic Arrears Database includes the aggregate and individual amounts of contractors' arrears. For contractors' arrears, the internal domestic arrears database includes the name of the contractor, the amount due at the end-of-year, the nature of the goods and services procured that generated the claim, and billing data. The database also shows the total domestic arrears stock at the end of each year.</p> <p>The Internal Domestic Arrears Database does not include:</p> <ul style="list-style-type: none"> <li>• The aggregate amount of pension and gratuity arrears.</li> <li>• The aggregate amount of other types of domestic arrears</li> </ul> <p>d. We were not able to confirm if the state has a verification in place for arrears in the database as the SARVCR was not provided</p> <p>e. We were not able to confirm from the state that the state conducts verification of its arrears balances as the SARVCR was not provided</p> <p>The figures in the Arrears Database was compared with the figures in the Audited Financial Statement and State Domestic Debt Report</p> <p>f. Discrepancies were noted in the figures across the documents examined in (e) above and APA Issue Reports were raised and the state has explained the differences.</p>	Unsatisfactory	The Internal Domestic Arrears Database should include the aggregate amount of pension and gratuity arrears; the aggregate amount of salary arrears and other staff claims

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	g. The state did not submit to the IVA the annual state arrears recording, verification, and clearance report (SARVCR)		
6	<p>Has the State published online elements of the internal domestic arrears database for the FY <b>2019</b> and FY <b>2020</b> reported on a State official website, which constitutes the online publicly accessible arrears database?</p> <p>a. The State has published online the required elements of Internal Domestic Arrears Database as at end of 2019 and 2020.</p> <p>b. We compared the aggregate and individual information available on the online publicly accessible arrears database with the information in the internal domestic arrears database and verify the consistency and accuracy of the information on the online publicly-accessible arrears database.</p> <p>c. The website supporting the online publicly-accessible arrears database contains an electronic link that permits any potential contractor creditor whose individual claim is not listed in the database to communicate this exclusion to the State Ministry of Finance i.e. directly to the commissioner, by filling a confidential form online and stating supportive evidence of her claim. If the State Ministry of Finance confirms the validity of this claim, it shall be added to the internal domestic arrears database and included as relevant in the online publicly accessible arrears database.</p> <p>d. We confirmed that the online webpages include a facility for contractors with arrears (creditors) to report any omissions to the State.</p> <p>e. We launched the feedback form from the website and created a test complaint form on the online publicly</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>accessible arrears report. We were able to ascertain that the feedback was received by the commissioner of finance and obtained evidence of such.</p> <p>f. We obtained records from the state on the omissions reported by contractors in each year and how they were treated.</p> <p>g. No omissions of contractor arrears that were received from the feedback form was included in the internal domestic arrears database as there has not been a verified claim.</p> <p>The weblink to the online publicly accessible arrears database is:  <a href="https://kwarastate.gov.ng/government/government-data/?_sf_s=dtabase">https://kwarastate.gov.ng/government/government-data/?_sf_s=dtabase</a></p>		
7.	<p>Does the online publication include?</p> <p>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;  4) other types of domestic arrears and  5) a list of names of contractors with recognized arrears exceeding ₦20 million and information for contractors to be able to verify that their claims are being accurately reported in the database.</p>	<p>a. The online publication includes only the contractor's arrears.</p> <p>b. It does not include the aggregate amount of pension and gratuity arrears and other types of domestic arrears. The online publication contains the names of contractor's owed ₦20m in arrears and above.</p>	Unsatisfactory	The State should ensure they publish online lists of other arrears apart from contractors' arrears

Disbursement Linked Indicators (DLIs) and Tests		Findings				Conclusion	Recommendations
8.	<p>Has the State met the following:</p> <p>(i) Percentage decline in the verified stock of domestic arrears at end 2020 compared to end 2019 meets target and is consistent with the state's arrears clearance framework.</p> <p><b>-Stretch target:</b> At least a 5% year-on-year decline or maintain stock or arrears below ₦5 billion.</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 the year, compared to the previous year, expressed in percentage terms.</i></p>	<b>Aggregate Amount of:</b>	<b>2020</b>	<b>2019</b>	<b>% diff.</b>	Unsatisfactory	The State should ensure a reduction of domestic arrears debt stock to below ₦5 billion
		Contractors Arrears	12,310,991,407	13,510,154,260	- 13.88		
		Pension and Gratuity arrears	14,026,067,147.97	12,480,079,316.78	- 12.39		
		Salary arrears and Staff claims	0	0	0		
		Judgment Debt	15,466,750.	12,566,750.	18.75		
		Other types of domestic expenditure arrears	0	0	0		
		<b>Total Domestic Arrears</b>	<b>16,926,107,638.09</b>	<b>15,291,481,675.9</b>	<b>- 9.66 %</b>		
		<p>a. We obtained the Domestic arrears figure from the State Internal Domestic Arrears (SIDA) database and compared with the balances stated within the SDDR and the AFS for 2020.</p> $\frac{15,291,481,675.9 - 16,926,107,638.09}{15,291,481,675.9} \times 100 = -9.66\%$ <p>The percentage increase is 9.66%</p> <p><b>Source:</b> State internal domestic expenditure arrears database, State Domestic Debt Report and Arrears Clearance Framework</p>					
<b>DLI 9: Improved Debt Sustainability</b>							
<b>DLR 9.0</b>	<b>Total debt stock at end Dec [2020] as a share of total revenue for FY [2020] meets target:</b>					<b>Achieved</b> Stretch target met	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations																						
<p>1</p> <p><b>-Basic target: &lt; [150%]</b> <b>-Stretch target: &lt; [125%]</b></p> <p>Has the State met: (i) the ratio of total debt stock at end-of-year (31<sup>st</sup> December 2020) 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 2020)?</p> <p><b>-Basic target:&lt; [150%]</b> <b>-Stretch target: &lt; [125%]</b></p>	<p>The following tables showed the calculations and adjustments made to arrive at the appropriate figures for this comparison.</p> <p><b>Total Public Debt</b></p> <table border="1" data-bbox="730 500 1388 797"> <thead> <tr> <th></th> <th>Financial Statements ₦</th> <th>DMO/SDEDR Figures ₦</th> </tr> </thead> <tbody> <tr> <td>Total Domestic Debts</td> <td>66,380,370,941.83</td> <td>67,431,850,856.00</td> </tr> <tr> <td>Total External Debts (pg 8,9 and 10 of AFS)</td> <td>17,884,065,473.61</td> <td>17,931,128,804.00</td> </tr> <tr> <td><b>Total Public Debts</b></td> <td><b>84,264,436,415.44</b></td> <td><b>85,362,979,660.00</b></td> </tr> </tbody> </table> <p><b>Total annual revenue</b></p> <table border="1" data-bbox="751 849 1367 1052"> <tbody> <tr> <td>2020 Adjusted IGR (see DLI 4.2)</td> <td>19,002,600,457.00</td> </tr> <tr> <td>Gross FAAC Allocation</td> <td>46,780,024,984</td> </tr> <tr> <td>Grant</td> <td>8,076,449,087.98</td> </tr> <tr> <td>Other Revenues</td> <td>193,322,645.69</td> </tr> <tr> <td><b>Total Revenue</b></td> <td><b>74,052,397,174</b></td> </tr> </tbody> </table> <p>a. The State’s domestic debt stock figure in the Federal DMO State Domestic and External Debt Report for 2020 is as at the end of Q4 2020. The calculation of the debt-to-revenue ratio is possible, and as shown below was assessed as <b>satisfactory</b></p> <p>The IVA computed the total debts stock / Revenue percentage for the 2020 year, as shown below:</p>		Financial Statements ₦	DMO/SDEDR Figures ₦	Total Domestic Debts	66,380,370,941.83	67,431,850,856.00	Total External Debts (pg 8,9 and 10 of AFS)	17,884,065,473.61	17,931,128,804.00	<b>Total Public Debts</b>	<b>84,264,436,415.44</b>	<b>85,362,979,660.00</b>	2020 Adjusted IGR (see DLI 4.2)	19,002,600,457.00	Gross FAAC Allocation	46,780,024,984	Grant	8,076,449,087.98	Other Revenues	193,322,645.69	<b>Total Revenue</b>	<b>74,052,397,174</b>	Satisfactory	
	Financial Statements ₦	DMO/SDEDR Figures ₦																							
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Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	$\frac{\text{₦}85,362,979,660.00}{\text{₦}74,052,397,174} \times 100$ $=115.27\%$ <p><b>Sources:</b></p> <ul style="list-style-type: none"> <li>i. For Total Revenue 2020 Audited Financial Statement, ₦ 82,711,087,103.00 page 35</li> <li>ii. For Total Public Debt from DMO* as at December 31, 2020, is ₦85,362,979,660.00 that is ₦ 67,431,850,856.00 for domestic debt and ₦ 17,931,128,804.00 for external debt</li> <li>iii. NBS/OAGF (FAAC)</li> </ul> <p>*Table 3(i) below holds a breakdown of the Total Debt.</p> <ul style="list-style-type: none"> <li>b. The debt stock stated in the Federal DMO State Domestic, and External Debt Report is not the same as the debt stock stated in the audited financial statement.</li> <li>c. There is a difference and the reason due to discrepancies between States AFS and SDEDR. The difference is 1,098,543,244.56. An APA Issue for this difference was issued and the IVA is awaiting States' response.</li> <li>d. The difference has been communicated to the State for an explanation and the State is yet to respond,</li> <li>e. The difference has been calculated in value and percentage terms that is 1,098,543,244.56 and 1% respectively, and A reconciled SDEDR provided by the Federal DMO.</li> </ul>		

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

STATE	2020 Financial Statement AMOUNT (₦)	2020 DMO FIGURES AMOUNT (₦)
BUDGET SUPPORT LOAN (SOURCE FMOF)	17,510,329,634.58	21,340,884,246
BAIL OUT (SALARIES) (SOURCE CBN)	3,882,513,856.25	3,892,199,072
RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)		14,771,574,675
EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	9,052,068,977.68	9,057,320,006
STATE BONDS	14,771,574,674.76	0
COMMERCIAL BANK LOANS (Zenith Bank)		0
CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	90,359,897.71	10,431,885
BAIL-OUT (INFRASTRUCTURE)		0
MICRO SMALL MEDIUM ENTERPRISES DEVELOPMENT FUND (MSMEDF) SOURCE CBN	1,400,000,000.06	1,433,333,333
JUDGEMENT DEBTS	15,466,750.00	15,466,750
GOVT - GOVT DEBTS		0
CONTRACTORS' ARREARS	5,631,990,002.90	2,884,573,740
PENSION AND GRATUITY ARREARS	14,026,067,147.97	14,026,067,148
SALARY ARREARS AND OTHER CLAIMS		0
OTHER DEBTS		
<b>TOTAL DOMESTIC DEBT (TDD)</b>	66,380,370,941.91	67,431,850,855.88
TOTAL EXTERNAL DEBT (TED)	17,884,065,473.61	17,931,128,804
<b>TOTAL PUBLIC DEBT (TED+TDD)</b>	84,264,436,415.52	85,362,979,659.66
<b>Difference</b>		-
		1,098,543,244.14
<b>Percentage Difference</b>		-1.30



**TABLE 3(ii): DLI 9 31 DECEMBER 2020 - ADJUSTED REVENUE TABLES FOR KWARA STATE**

<b>TEMPLATE: OPTION A</b>	<b>₦</b>
<b>Item</b>	<b>2020</b>
<b>1. Total Gross FAAC allocation: Statutory Transfers and VAT (1.1 + 1.2)</b>	46,780,024,984
<b>1.1 Statutory transfers (1.1.1 + 1.1.2 + 1.1.3)</b>	32,902,512,864
1.1.1 Gross statutory allocation	29,197,209,292
1.1.2 Derivation	
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	3,705,303,572
<b>1.2 VAT</b>	13,877,512,120
<b>2. Internally Generated Revenues (IGR) – Adjusted</b>	19,002,600,457
<b>3. Grants (internal and external)</b>	8,076,449,088
<b>4A. Other revenues (4.1 + 4.2 + 4.3)</b>	193,322,646
4.1 Investment Income (e.g. dividends)	
4.2 Interest Earned	
4.3 Other Revenue	193,322,646
<b>Total Revenues and Grants Calculations</b>	
<b>A) Total Revenues and Grants is (1+2+3+4A)</b>	74,052,397,174

## 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	<p><b>Objection to DLR 4.2.- IGR Nominal Growth</b></p> <p>The State vehemently opposes to the basis of assessment with respect to DLR 4.2 - 2020 Nominal IGR growth is equal to or higher than 2019 IGR collection and our submission is premised on:</p> <p>1. Due to the COVID-19 pandemic and its impact, States were required to amend their respective budget under the SFTAS Program themed “Amended 2020 COVID-19 responsive budget” aimed to address budgetary needs in order to cope with economic shock. This led to a consequential adjustment of Kwara State’ original revenue from N162.48BN to N114.66BN.</p> <p>Based on the underlying projections, the IGR for the State was reduced from N40.21BN to N25.99BN whereas the 2019 IGR collection aggregated to N30BN. The State 2020 Amended COVID-19 responsive budget is accessible at <a href="https://kwarastate.gov.ng/wpcontent/uploads/2020/07/KWARA-STATE-2020-APPROVED-REVISED BUDGET.pdf">https://kwarastate.gov.ng/wpcontent/uploads/2020/07/KWARA-STATE-2020-APPROVED-REVISED BUDGET.pdf</a></p> <p>2. Furthermore, due to the severe impact of the COVID-19 business and livelihood, participating States were required to provide tax reliefs to taxpayers which include extension of date for filing annual returns; suspension of enforcement activities; tax penalties and interest waiver (amongst others) which affected the IGR inflow for the year.</p> <p>Prior to the 2020 annual assessment, Kwara State Government representatives had raised concerns on requirements at the WB, SFTAS PCU, NGF, stakeholders consultative forum. In response, it was cited that the DLR 4.2. (Year 3, 2020) requirement was reached following consultations to various stakeholders. We hereby submit that the Kwara State was not invited nor duly represented at such forum where this decision was reached.</p> <p>Having thoroughly considered the aforementioned circumstances, we opine that no or few State could have been able to achieve this herculean task/requirement viz-a-viz the imposed requirements.</p> <p>In view of the foregoing, we hereby re-submit and stand by our initial agitation and concerns and request a re-consideration of the DLR 4.2. (Year 3, 2020) requirement.</p>	<p>IVA Notes the State’s response.</p> <p>However, the findings are in line with the requirements of the verification protocol.</p>
2	<p><b>Objection to DLI 7.2.</b></p> <p>Firstly, it is pertinent to bring your attention to the contradiction in your earlier submission and final conclusion, while your submission on P. 38 (DLR 7.2) it was indicate that (ipsissima verba)</p> <p>a)The State Debt Sustainability Analysis Report (SDSAR) was published on the State official website; (b)The date of publication is 31 December 2020; (c)The SDSAR was published by 31 December 2020; and (d) Evidence of Timestamp</p>	<p>IVA Notes the State’s response.</p> <p>However, the report was not on the date of submission of the SDSAR. The contents of the SDSAR did not fulfil all the three minimum requirements established in the Verification Protocols (VP) for SFTAS</p>

	<p>has been obtained (and screenshots taken from the IT back end of the State's website showing date of online publication).The weblink is: <a href="https://kwarastate.gov.ng/wp-content/uploads/KW-DSA-REPORT-2020.pdf">https://kwarastate.gov.ng/wp-content/uploads/KW-DSA-REPORT-2020.pdf</a> Thus, the State finds it difficult to comprehend this contradiction or inaccuracies.</p> <p>Nonetheless, the State insist that the State Debt Sustainability Analysis was published as at the due date i.e December 31st 2020.</p> <p>Secondly, the inadequacy of the detailed description (medium term budget forecast and others) is attributed to the template provided by the Technical Consultant from the FMDO. The template provided was adapted to the State use.</p>	DLI 7.2 Component of SDSAR for the year 2020 as contained in the report.
3	<p><b>Objection to DLI. 8 Arrears Clearance Framework was published as at the due date.</b></p> <p>Other aggregate domestic arrears owed by the state such as Gratuity and Pension, Contractual Arrears, Judgement Debts which were not included (in the publication of the 20 million naira and above contractual debts) were already contained in the published arrears framework and also in the Quarterly Domestic Debt Reports of the State.</p> <p>These two documents were published on the State website.</p>	<p>IVA notes the State's response.</p> <p>However, the requirement for the Internal Domestic Database is distinct from the requirements of the SDDR as contained in the report.</p>
4	<p><b>DLR 5 – Clarification on identification of 549 Ghost Workers in 2020 after the completion of 95% of biometric capture in 2019.</b></p> <p>In 2020, Kwara State through the Head of Service conducted a verification exercise to update. its staff records and payroll. This exercise was carried out through a scheduled physical head count (across board) and record sighting. A total of 549 staff irregularities were identified which may be attributed to abscondment, death, incapacitation, relocation of staff without proper notice to the appropriate authority. Procedurally, such 549 workers were expunged from the State payroll within six months after they were identified.</p>	<p>IVA notes the State's response.</p> <p>This has been included in the report.</p>

APA Issues Raised with the State and the State's Responses)

S/N	Affected DLR	Issues Raised	Response from the State	IVA's Final Remarks
1	DLR 1.2	APA Issue on difference in IVA and States' computation on the Budget deviation of the State	The State computed the Budget deviation using the Accrual based figures from the Accountant-general report (pg 24-26).	The IVA noted that their computation was wrong because the figures used by the State were Budget performance figures and not Accrual based figures as claimed by the State.
2	DLR 1.2	Differences in the figures of the Revised Budget captured in the AFS and the figures captured in the AFS	Awaiting response	
3	DLR 1.2	Differences in figures captured in the Cash release report as total amount disbursed to MDAs	Awaiting response	
4	4.2	<p>Discrepancy between the Total IGR balances for the year 2020 stated in the IGR Outturn Report and Audited Financial Statements.</p> <p>The Total IGR balances stated in the IGR Outturn Report is ₦19,701,577,615.31 and while the Audited Financial Statements is ₦19,623,992,034.00 resulting to a difference of ₦77,585,581.</p>	<p>State IGR Collections 2020    ₦19,623,992,033.62                      LG Collection – 2020            ₦77,585,581.69                      Total                                    ₦19,701,577,615.31</p> <p>Local Government collection of ₦77,585,581.69 is the difference between the figure in the State Audited Account and the Outturn Report figure given to the Team.</p>	Response has been noted by the IVA.
5	4.2	<p>Discrepancy between the Total IGR balances for the year 2020 stated in the IGR Outturn Report and IGR TSA Bank Statement (GTB 0199648356).</p> <p>The Total IGR balances stated in the 2020 IGR Outturn Report is ₦19,701,577,615.31 and while the 2020 IGR TSA Bank Statement is ₦9,034,324,658.77 resulting to a difference of ₦10,667,252,956.54.</p>	<p>The 2020 IGR Outturn Report is divided into three; 1. Taxes &amp; Levies, 2. Dedicated Accounts and 3. Institutions. Collections into Taxes &amp; Levies are the only ones that goes into the TSA, with the exception of payment made by Federal Government through the FAAC account, while the Dedicated accounts are being manage by the Agencies and report collections to us. We have their bank statement for confirmation. And the Institutions also manage their collections and report to us.</p> <p>If you sum up these three different collection sections, they all sum up to ₦19,701,577,615.34 (Inclusive of Local Govt collections). See attached 2020 IGR Report.</p>	Response has been noted by the IVA.
6	4.2	<p>The 2019 IGR Outturn Report does not contain the IGR Sources.</p> <p>The IVA discovered that the 2019 IGR Outturn Report does not contain the same level of information as 2020 IGR Outturn Report. That is the 2019</p>	<p>There is no difference in the report for both 2019 and 2020 Outturns.</p> <p>What we have is a nomenclature change.</p> <p>We change Total Spendable to Taxes &amp; Levies and Retained Earning to Other Revenue.</p>	Response has been noted by the IVA.

		Outturn Report was not presented according to the IGR sources.	Also, in 2019 under the Spendable section, there was Sterling Bank FAAC account, which was inserted due to PAYE outstanding payment made by Federal Government through the FAAC account and 12% Consultant Commission paid. These two were not included in the section for 2020. See attached Outturn reports for both 2019 and 2020.	
7	DLR 6.2	Schedule of contract awarded above the threshold set in the States' Procurement Law	Response obtained and was retained in the assessment file	Response noted by the IVA
8	DLR 6.2	Inability to obtain IT Backend date of publication for contracts awarded above threshold in OCDS format	IVA is awaiting States' response	
9	DLR 7.2	Differences in the figures stated in the Quarterly SDDR and the SDEDR from the Federal DMO	The State has explained why there is a difference in the figures	
10	DLI 8	Non submission of State Arrears Recording, Verification and Clearance Report	IVA is awaiting States' response	
11	DLI 8	Why ongoing projects are not included in the SDDR report	The State has explained they are not required to report on ongoing projects by the DMO	Noted by IVA
12	DLI 8	Difference between the Internal Contractors arrears, the SDDR and AFS	The state has explained it is because of wrong classification of some ongoing projects as completed	Noted by IVA
13	DLI 8	The schedule of payments made to clear arrears during the year has not been provided to the IVA	The State has now provided the schedule	Noted by IVA
14	DLR 9.0	Difference between DMO figure and SDEDR from the State	IVA is awaiting States' response	