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

2020 Annual Performance Assessment (APA) Report

SOKOTO STATE

By:

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

JUNE 2022

Table of Contents

1.   Executive Summary

This report details the outcome of the Annual Performance Assessment (APA) conducted on Sokoto 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 Sokoto State and shows areas where the State was able to achieve results. Sokoto State achieved 13 **(**Thirteen**)** DLRs out of 15 DLRs applicable to the 2020 APA, 3 DLRs were achieved in 2019.

Table 1: Assessment Results

Key:	Achieved	Not Achieved	Previously Achieved

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
DLI 1: Improved financial reporting and budget reliability	DLR 1.1: FY20 quarterly budget implementation reports for Q2, Q3, and Q4 published on average within 4 weeks of quarter-end to enable timely budget management	Achieved	
	DLR 1.2: FY20 deviation for total amended budget expenditure is < 15%		The budget deviation was 55%
DLI 2: Increased openness and citizens' engagement in the budget process	DLR 2.1: Citizens' inputs from formal public consultations are published online, along with the proposed FY2021 budget.	Achieved	
	DLR 2.2: Evidence of dissemination event to explain amendments to FY2020 State budget published online along with the Citizens' budget based on Amended FY2020 State budget by end September 2020 with functional online feedback mechanisms	Achieved	
DLI 3: Improved cash management and reduced revenue leakages through the implementation of State TSA	DLR 3: TSA, based on a formally approved cash management strategy, established and functional, and covering a minimum of 70 percent of state government finances.	Achieved	
DLI 4: Strengthened Internally Generated Revenue (IGR) collection	DLR 4.1: State implementing a consolidated state revenue code covering all state IGR sources and stipulating that the state bureau of internal revenue is the sole agency responsible for state revenue collection and accounting. Code must be approved by the state legislature and published	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	Stretch Target	
DLI 5: Biometric registration and Bank Verification Number (BVN) used to reduce payroll fraud	DLR 5.1: Biometric capture of at least 90 percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll	Achieved	
	DLR 5.2: Link BVN data to at least 90 percent of current civil servants and pensioners on the payroll and payroll fraud addressed	Achieved	
DLI 6: Improved procurement practices for increased transparency and value for money	DLR 6.1: Existence of public procurement legal framework and procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) E-Procurement; 2) Establishment of an independent procurement regulatory agency, and 3) Cover all MDAs receiving funds from the state budget	2019 APA	

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
	DLR 6.2: (Basic Target) Framework contract for e-Procurement signed by 31 December 2020 AND Publication of contract award information above the threshold set out in the State's procurement law/regulation every month in OCDS format on the state website or online portal if available. DLR. 6.2 (Stretch Target) Implement e-Procurement in at least 3 MDAs (incl. Education, Health and Public Works) and publish all contract award information in OCDS format on the online portal for the 3 MDAs **AND** *For those MDAs without e-procurement:* Publish contract award information above a threshold set out in the State's procurement law/regulation every month in OCDS format on the state website or online portal if available	**Basic Target**	
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.	2019 APA	
	DLR 7.2: Quarterly state debt reports for Q2, Q3, and Q4 accepted by the DMO on average two months or less after the end of the quarter in 2020 **AND** Annual State debt sustainability analysis published by end of December 2020		The Annual State Debt Sustainability Analysis had illogical statements such as negative debt stock
DLI 8: Improved clearance/reduction of the stock of domestic expenditure arrears	DLR 8: Domestic arrears as of end 2019 AND end 2020 reported in an online publicly accessible database, with a verification process in place. Stretch Target: Domestic arrears as of end 2019 and end 2020 reported in an online publicly-accessible database, with verification process in place **AND** at least a 5 percent decline in the verified stock of domestic arrears at end 2020 compared to end 2019 consistent with the state's arrears clearance framework or maintain stock of arrears below 5 billion.		The result for this APA has been invalidated because the new data suggests that the 2019 APA should have been not met given that data was missing, and which would have changed the assessment if it were reported correctly.
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 7.2: The Annual State Debt Sustainability Analysis does not include illogical statements such as negative debt stock.

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

2. Introduction

2.1 Overview

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

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

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

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

2.2 Scope

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

The verification protocol was set early in the preparation for the Program and all States. Implementing agencies and other key stakeholders have been continuously sensitized on the program's requirements and the protocol for 2020. The assessment results are binary (Pass or Fail), as that is how the Program for Results was designed.

In advance of the performance assessments, all States were provided with the detailed information requirements for the assessments, a proposed itinerary for the assessment visit, and a template with which to report the results achieved. The assessments were conducted between 14/2/2022 and 19/2/2022 with a team of 6 team members, starting with an opening meeting where all the information requested was to be handed over. The visits were concluded with an exit meeting where initial findings were discussed, and each state was given a further opportunity to provide clarifications and/or additional information.

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

The Office of the Auditor-General for the Federation (OAuGF) and PricewaterhouseCoopers (PwC) are grateful to the State for the cooperation enjoyed during the assessment and hope the recommendations within this Report are

found valuable towards improving fiscal transparency, accountability, and sustainability in the management of the public finances and resources of the State.

3.   Assessment Results

3.1   Findings

Table 2: Findings

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
DLI 1: Improved Financial Reporting and Budgeting Reliability				
DLR 1.1	**Financial Year [2020] quarterly budget implementation reports published with Q2, Q3, and Q4 reports published on average within [4 weeks] of quarter end to enable timely budget management**		**Achieved**	
1	Has the State published its quarterly budget implementation report to the State official website on average within four weeks of the end of each quarter?	The Quarterly Budget Implementation Reports were posted online on https://finance.sokotostate.gov.ng/sftas/ as follows: Q1 2020 https://finance.sokotostate.gov.ng/wp-content/uploads/2020/04/Sokoto-State-Budget-Performance-Report-Q1-2020.pdf Q2 2020 https://finance.sokotostate.gov.ng/wp-content/uploads/2020/07/Sokoto-State-Budget-Performance-Report-Q2-2020.pdf Q3 2020 https://finance.sokotostate.gov.ng/wp-content/uploads/2020/10/Sokoto-State-Budget-Performance-Report-Q3-2020.pdf Q4 2020	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		https://finance.sokotostate.gov.ng/wp-content/uploads/2021/01/Sokoto-State-Budget-Performance-Report-Q4-2020.pdf ● (a) Q2 – (26/7/2020)- 3.7 weeks (26 days) ● (b) Q3 – (24/10/2020) - 3.4 weeks (24 days) ● (c) Q4 – (26/1/2021) - 3.7 weeks (26 days) Average days (weeks) for the online publication was computed based on the last 3 quarters, as below: $$\frac{26+24+26}{3}$$ Average = 25 days (3.6 weeks) We downloaded the Quarterly Budget Implementation Reports for all four quarters for the year 2020, and retained evidence of the Timestamp of the publications in the assessment file		
2	Do the reports each include, at a minimum, the approved original AND revised (if applicable) budget appropriation for the year against each organizational units (MDAs) for each of the core economic 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	From our review of the Quarterly Budget Implementation reports downloaded from the State's website (see weblinks above), we observed the following: a) The Budget Implementation Reports included the approved budget appropriation for the year against each organizational unit (MDAs). b) Sokoto State Budget Implementation Reports included the actual expenditures for the Quarter attributed as well as the cumulative expenditures for the year to date.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	each of the revenue and expenditure appropriations.	c) The Budget Implementation Reports included balances against each of the revenue and expenditure appropriations d) Sokoto State has FY 2020 Approved Amended/Revised Budget. e) The State Budget Implementation Report showed both the approved original budget and the approved revised budget. However, this only applied to Q3 and Q4. The Q2 Budget Implementation Report does not show the approved revised budget because as at the end of the quarter the FY2020 revised budget had not been assented to. The reports included the approved budget appropriation for the year for each of the core economic classifications of expenditures (Personnel, Overheads, Capital, and others); the actual expenditures for the quarter, and the balances against each of the revenue and expenditure appropriations.		
3	Does the report State the actual expenditures for the quarter attributed to each MDA and each expenditure classification as well as the cumulative expenditures for the year to date?	Upon review of the State's Budget Performance reports, it stated the actual expenditures for each quarter attributed to each MDA and each expenditure classification as well as the cumulative expenditures for the year to date.	Satisfactory	
4	Does the report state balances against each of the revenue and expenditure appropriations with balances provided on a consolidated basis across the four (4) expenditure classifications and 'Other Expenditures' which will include debt servicing, and	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	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications?			
DLR 1.2	**FY [2020] deviation from total amended budget expenditure is less than 15%**		**Not Achieved**	
1	Has the State computed the difference between the Amended approved total budgeted expenditure for the fiscal/calendar year and the actual total expenditure in the fiscal/calendar year, divided by the Amended approved total budgeted expenditure and expressed in positive percentage terms? Is the expenditure outturn deviation computed less than 15%	The State computed its Budget Performance Deviation to be 55%. We computed the Budget Performance Deviation for this APA year to be 55% using the cash base figure from the Cash Flow Statement in the 2020 Audited Financial Statement. See computation below:	Unsatisfactory	The State should prepare accurate budgets and reduce the budget deviation to a level below the limits set for this result.

Table (within Findings cell):

	Total Amended Budget (₦)	Actual Outturn (₦)
Cap Exp (pg 23)	97,510,226,063.60	22,064,927,611.46
Rec Exp (pg 22)	65,333,667,132.03	46,453,788,088.20
Public Debt (pg 23)	1,550,504,622.00	5,879,832,775.95
Total	164,394,397,817.90	74,398,548,475.61

$$\frac{₦164,394,397,817.90 - ₦74,398,548,475.61 \times 100}{₦164,394,397,817.90}$$
$$= 55\%$$

The budget performance deviation is **55%**

Source: The year 2020 Audited Financial Statement captured the actual outrun for capital expenditure in

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		(Page 23), recurrent expenditure in (Page 22), and the Public Debt in (Page 23) The year 2020 Approved Revised Budget captured the revised budget amount for capital expenditure in (Page 1) and recurrent expenditure in (Page 1). The Source of the values used in the computation is from parts of the hard copy of the AFS which are also available in the online AFS. Note: The State's Audited Financial Statement was prepared using the IPSAS Cash Basis of accounting.		
DLI 2: Increased Openness and Citizens' Engagement in the Budget Process				
DLR 2.1	**Citizens' inputs from formal public consultations are published online, along with the proposed FY [2021] budget**		**Achieved**	

1	Did the State conduct at least one "town-hall" consultation before the proposed budget is drafted with the participation of local government authorities and State-based CSOs?	The IVA obtained and reviewed Minutes of the public consultation, pictures of attendees, and the Attendance register showing the names of attendees, organization, and email address of attendees.
		
		a) The LGAs in attendance included:
		    i. Tambuwal
		    ii. Bodinga
		    iii. Illela
		b) The CSO representatives who were in attendance included:
		    i. Ibrahim Shuni (Chairman Coalition of NGOs)
		    ii. Nasiru Lawal Mamagani (Center for Social Advocacy CSA)
		    iii. Bello Atiku (Physically Challenged)
			Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	c) The source of information from which the IVA conclusion was drawn included the Attendance Record of the public consultation duly signed by attendees as well as Minutes of the public consultation jointly prepared and signed by CSO representatives d) The date and venue of the consultation on the budget proposal were 2nd December 2020 and Sultan Maccido Institute respectively. e) The IVA took a random sample from the attendance of the public consultation and made phone calls to ten (10) respondents. All respondents confirmed their attendance. f) The Draft Proposed Budget downloaded by the IVA from the State website was not dated. The Press release showing the date the proposed draft Budget was retained in the assessment file by the IVA. g) The Public consultation on the 2021 Proposed Budget was held on 2nd December 2021. The IVA observed that the 2021 Draft proposed budget was not dated. However, the IVA obtained evidence showing the date the draft budget was presented to the State House of Assembly on 10th December 2020. Considering the above evidence, the IVA concluded that the Public consultation was held before the proposed budget was drafted. h) The 2021 proposed annual budget was published on 3/12/2020 which is before the deadline of 31 January 2021. The service provider's IT backend publication date was retained in the assessment file.		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		i) https://finance.sokotostate.gov.ng/wp-content/uploads/2021/01/Proposed_2021_Budget.pdf		
2	Were the minutes of the public consultations jointly prepared with CSO representatives (shown by their signature to the minutes) and posted on the official State website, alongside the proposed annual budget on or before 31 January 2021 to enable citizens to find the inputs easily?	a) Nasiru Lawal Mamagani (Center for Social Advocacy CSA) and Ibrahim Shuni (Chairman, Coalition of NGOs) co-signed the Minutes of the public consultation and a copy of the Minutes has been retained on file. The title of the minutes is the 'Minutes of the Town hall Meeting with Relevant Stakeholders on 2021 Budget Preparation held at Sultan Maccido Institute for Qur'an and General Studies, Sokoto' and it was dated 2nd December, 2020. b) The Signatories represented the Centre for Social Advocacy (CSA) and Coalition of NGO. c) https://finance.sokotostate.gov.ng/wp-content/uploads/2020/12/Minutes-of-Town-Hall-Meeting-and-Event-Photograph-On-2021-Budget.pdf	Satisfactory	
DLR 2.2	**Evidence of dissemination event to explain amendments to FY2020 State budget published online along with the Citizens' budget based on Amended FY2020 State budget by end September 2020 with functional online feedback mechanisms**		**Achieved**	
1.	Did the state conduct dissemination events to explain amendments to the FY2020 State budget and was adequate evidence of the events published online and by the due date?	a) The IVA Team reviewed minutes of the dissemination event, pictures of attendees, and an attendance list detailing the names of attendees, organizations, and email addresses of attendees.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		b) The Amended Budget and evidence of the dissemination events were downloaded from the state website and retained in the assessment file.		
		c) The dissemination event was done physically on July 6th,2020.		
		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 was retained on file by the IVA.		
		e) The IVA confirms that the evidence of the dissemination event and the FY 2020 budget was published in the same location with both documents posted on the Sokoto State website.		
		f) The evidence of the dissemination event was published on the State website on 29th July 2020. The date of publication was confirmed from the backend of the IT service provider. Screenshot evidence has been obtained from the IT service provider.		
		g) https://finance.sokotostate.gov.ng/wp-content/uploads/2020/07/Report-of-Sokoto-State-Citizens-Consultation-on-2020-Revised-Budget.06072020-3.pdf		
2	Has the State published online, on the State website(s) a *Citizens Budget based on the Amended Budget (2020)* not later than 30 September 2020?	a) The Citizens Budget based on the Amended Budget (2020) was published before the due date via https://finance.sokotostate.gov.ng/wp-content/uploads/2020/09/Approved-Sokoto-State-Revised-Citizen-Budget-2020-PUB-29-09-2020.pdf This was accessed on (15/02/2022). .	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		b) A comparison of the FY 2020 Revised Budget and the Citizen's Budget was conducted by the IVA. The IVA Team did not observe any areas of discrepancies.		
		c) Sokoto 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:		
		I. Simple explanation of the annual amended budget/citizens' budget.		
		II. Sources of domestic and foreign grants, domestic loans, and other financing sources. (page 10)		
		III. Budget deficit, budget financing, and financing gap.		
		IV. Disclosure of Budget deficit (if any) and how it will be financed. (page 4)		
		V. Top Projects to be financed (at least 5) page 13		
		VI. Sectoral Allocation by MDA's (page 5)		
		VII. Sources of Revenue (page 2)		
		VIII. Total expenditure by economic classification (page 12)		
		d. The Minimum budget information outlined above has been included in the Citizen's budget.		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		e. The IVA compared the information presented in the excel template with the Citizens budget. The IVA did not identify any significant difference. The Citizens Budget captures all relevant requirements captured in DLR 2.2C		
3	Is the Citizens Budget a comprehensible (to citizens) summary of the amended FY20 state budget?	a) The Citizens budget includes an explanation of the key changes between the Original FY2020 Budget and the Amended Budget. b) The Citizens Budget includes Data on reallocation and adjusted spending priorities. c) The IVA confirmed that the Amended FY20 State Budget was summarized in a comprehensible manner to the Citizens in the Citizens Budget. d) The State has included in the Citizens Budget relevant information like the total revenue, revenue sources, total expenditure, expenditure classification, and expenditure allocation by MDA's which is in line with the contents of the Approved Revised Budget.	Satisfactory	
4	Does the State website have functional feedback and response online mechanisms?	a) Sokoto State has established a functional feedback and response online mechanism on its website b) Sokoto State operates a social media feedback mechanism via Facebook. c) Because of the type of mechanism operated, there is no acknowledgement of receipt of comments from citizens or a display of timeframe for response or State Government contact details. The State can either respond directly to a citizen's comment on the comments section or send a direct message to the citizen. d) The IVA logged into the Facebook website from the Facebook link posted on the State official website.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	A test of the functionality was done by commenting on a post and sending a direct message. The comment from the IVA was reflected on the Facebook page of the State. The State IT service provider also responded to this comment. Screenshot evidence has been retained on file.		
	e) Although the feedback mechanism is functional as tested by the IVA, the IVA also observed that the Citizens of the State do not actively make use of the State feedback mechanism by dropping comments on posts or sending direct chats. The evidence reflects a lack of Citizens feedback. Therefore, no feedback from the Citizens equals no response from the State.		
	f) The IVA concluded that the States' feedback mechanism is functional.		
	g) https://www.facebook.com/profile.php?id=100067760044845		
DLI 3: Improved Cash Management and reduced Revenue Leakages through Implementation of State TSA			
DLR 3.0	**Improved cash management and reduced revenue leakages through the implementation of State TSA**		**Achieved**	
1	Has the State established a functional State-level TSA?	a. The State has established a functional State-level TSA. b. The State operates one account. c. The State TSA details: Bank: Access Bank Account Name: Accountant General Sokoto FAAC Account, Account Number; 0697434238.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
2	Is there a formally approved cash management strategy in place? The Strategy should cover the processes through which the State Ministry of Finance or Budgets/Economic Planning can forecast cash commitments and requirements and provide reliable information on the availability of funds.	The State has a Cash Management Strategy. a) The name of the Cash Management Strategy is "Sokoto State Government Cash Management Strategy", and b) It was produced in November 2019 and signed by both the Honorable Commissioner for Finance and the Accountant General of the State. c) The strategy included 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 as stated on Page 20 (Cash Management Cycle) and Page 33 (Cash Planning). d) The State's Cash Management Strategy stated, "balances are swept not later than 2 p.m. every Friday or at such other earlier time as the State may decide from time to time." Sweeping is being practiced by the State as it can be noticed on the TSA Bank Statement. e) Cash Plan and Cash Management Strategy was obtained as evidence of implementation of processes described in the cash management strategy to forecast cash commitments and requirements and a check on the existence of cash commitments and requirements forecasts at the intervals stated in the Cash Management Strategy has been done. There is the availability of funds as seen in the TSA Statement.	Satisfactory	
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	The State has an application where the State can view the cash balances in the TSA. a) The State created an application for this purpose. b) The name of the application is the Government of Sokoto State Bank Account Monitoring System (BAMS).	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
approved cash management strategy)?	c) The system is in line with the cash management strategy. d) It was deployed in 2017. e) There was a physical observation of the central view of cash balances on the dashboard, and f) A screenshot has been obtained and retained on file.		
4 Does the TSA have one consolidated revenue treasury account for State revenues? Revenues collected by MDAs such as service fees no longer sit in individual MDA accounts at different commercial banks but are brought into the consolidated revenue account as part of the TSA.	a) The State TSA covers all IGR accounts: b) The IVA team visited 3 Revenue generating MDA's (Ministries of Health, Education, and Works). The Revenue focal persons at each MDA were interviewed. The TSA Bank Operator and Selected Fee Payers were also interviewed. c) The answered TSA Questionnaire for the Revenue Generating MDA's, TSA Bank Operator, and Selected Fee Payers were obtained. Copies of the E-Receipt and Bank Tellers were also obtained. d) The State TSA details; Bank: Access Bank Account Name: Accountant General Sokoto FAAC Account, Account Number; 0697434238 e) All the State Government monies (FAAC and IGR) go through this account. f) Government monies are swept from other revenue collecting banks to the TSA. g) The TSA Bank Statement was obtained.	Satisfactory	
5 Does the TSA cover a minimum of 70% of the State Government's finances?	The IVA computed the total cash inflow and outflow from the TSA account against the total government finances inflows and outflows as contained in the Cashflow Statement for the year ended 2020. See the computation below:	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations

	Total Inflows (₦)	Total Outflows (₦)
TSA Bank Statement	89,597,272,188.82	88,978,239,525.39
Government Finances*	100,662,142,969.82	74,398,548,475.61
Percentage	89%	120%

The average is percentage computation is:

$$\frac{89\% + 120\%}{2}$$

$$= 104\%$$

The TSA covered 104% of the State's finances.

*Sources: 2020 Audited Financial Statement (Cashflow Statement) Pg. 4 and the TSA Statement from Access Bank for January 1, to December 31, 2020.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
DLI 4: Strengthened Internally Generated Revenue (IGR) Collection				
DLR 4.1	**State implementing a consolidated state revenue code covering all state IGR sources and stipulating that the state bureau of internal revenue is the sole agency responsible for state revenue collection and accounting. Code must be approved by the state legislature and published**		**Achieved in 2019 APA**	
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		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
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 count for that year, up to 31 December 2020.	The State has previously achieved DLI 4.1 in the 2019 APA		
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		
DLR 4.2	**2020 nominal IGR collection is equal to or higher than the 2019 nominal IGR collection**		**Stretch Target Achieved**	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
1	Has the 2020-2019 annual nominal IGR growth rate met the basic or stretch targets? **Basic Target:** N/A **Stretch Target:** equal to or higher than the 2019 nominal IGR collection	a. Cash basis of accounting was adopted for the 2019 and 2020 Audited Financial Statements. b. The IVA computed the annual nominal IGR growth rate for this year's APA. See the computation below:	Satisfactory	

REPORTING TEMPLATE: OPTION A	₦	₦	% GROWTH
Item	2019	2020	
Memo: Reported IGR in AFS (Before Adjustments)	19,029,537,343	19,265,236,998	1%
VALID IGR items to be counted as IGR	18,996,878,204	19,166,865,500	
Direct tax	16,526,797,759	13,427,588,680	
Licenses	47,711,828	52,236,697	
Mining Rents	-	-	
Fees	-	1,013,821,990	
Fines	1,375,911,064	17,419,881	
Sales	826,976,271	2,519,638,481	
Earnings	1,945,423	488,284,710	
Rent of Government Buildings	6,163,822	14,931,791	
Rent on Lands and Others	19,435,017	441,612,078	
Extraordinary Items (Unspecified Revenue BIRS)	191,937,020	42,632,561	
*Sales of Fertilizers to Civil Servants		463,573,030.50	

Disbursement Linked Indicators (DLIs) and Tests	Findings				Conclusion	Recommendations
	*Earning from Use of Hotel Facilities		384,165,221.00			
	*Rentals of Government Markets		300,960,379.00			
	"Adjusted IGR" for DLI 4.2 Calculation					
	Sum of all VALID items of IGR if AFS has that detail	18,996,878,204	19,166,865,500	1%		

$$\frac{₦19{,}166{,}865{,}500.00 - ₦18{,}996{,}878{,}204.17}{₦19{,}166{,}865{,}500.00} \times 100 = 1\%$$

The annual nominal growth is 1%

Source: The year 2020 Audited Financial Statement Page 04.

*Note
The State in a letter responded to the IVA's Initial Findings Report, stating that repayments of ₦476,397,178.98 and other income of ₦768,213,484.74 excluded as invalid IGR by the IVA constitute the following:
Sales of Fertilizers to Civil Servants– ₦463,573,030.52
Earning from Use of Hotel Facilities-₦384,165,221.00
Rentals of Government Markets - ₦300,960,379.00

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		Miscellaneous Investment Income - ₦83,087,884.74		
		The State also attached Ledgers to its letter to support its claims.		
		Further documentary evidence was provided by the State to corroborate their claims of omission in the Notes to the Accounts for the Audited Financial Statement of the Year ended 31st December 2020, whereby an addendum to the AFS had been published on the State's website which revealed the breakdown of the embloc figure in contention. The IVA having reviewed the State's submission extracted the relevant figures as contained in the Table above and the recomputation resulted into 1% IGR growth, when year 2019 was compared with 2020. Therefore, this DLR is assessed to be Achieved.		
		The evidence submitted is retained and the relevant weblink is https://finance.sokotostate.gov.ng/wp-content/uploads/2022/06/Adddional-Notes-To-The-Financeal-Statement-For-The-Year-Ended-31th-December.2020.pdf		
DLI 5: Biometric Registration and Bank Verification Number (BVN) Used to reduce Payroll Fraud				
DLR 5.1	**Biometric capture of at least [90] percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll**		**Achieved**	
1	Has the State used Biometrics to reduce payroll fraud through a completed biometric exercise for	The State had commenced and continued the Biometric data capture of the civil servants and pensioners in the State.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	90% of the current civil servants and pensioners on the State payroll?	a) The Biometric data capture exercise was outsourced to Mabeli Technologies Ltd. b) The total number of civil servants is 30,568 c) The total number of pensioners is 5,870 d) The total number of staff on the State Nominal roll and Payroll is 36,438 (Civil Servants and Pensioners) e) A total of 32,967 Biometric data of Civil Servants (27,608) and Pensioners (5,359) has been captured. f) IVA obtained and reviewed the following documents: i. A copy of the Nominal Roll for all State Civil Servants. ii. A copy of the Nominal Roll for all State Pensioners. iii. A report from the Biometric Database system Manager (Mabeli Technologies Ltd) on the numbers of persons registered. iv. A report from the State Salaries Department on the numbers of Civil Servants and Pensioners paid for the year under review. **NO. of Biometric Data Captured x 100** **Total No of Civil Servants+ Pensioner on payroll** 32,967 x 100 36,438 **= 90.47%** The State had captured biometric data for 90.47% of the State's civil servants and pensioners on its payroll.		
2	Has the State linked the biometrics data to the State payroll to identify ghost workers?	a) The State commenced Biometric data linkages of both Civil Servants and Pensioners to the State Payroll in 2017 and achieved 90.47% as at December, 2020. b) The total of 32,967 Biometric data of Civil Servants (27,608) and pensioners (5,359) had been linked to the payroll as at 31st December, 2020.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations

	c) 1,202 ghost workers were detected during the biometric validations.
	d) The sum of ₦59,399,887.71 monthly savings and consequential savings of ₦656,121,599.88 were saved from the ghost workers detected between Jan to December 2020 (Progress Report on payroll fraud submitted by Director of salaries).
	e) In-year changes to the Civil Servants and Pensioner payrolls (as a result of starters, leavers, deaths, etc.) were adequately captured during the Biometric exercise.
	f) The State payroll system was designed in a way that automatically reflects any changes made immediately (within one month) after necessary approval and authorization have been received from the Hon. Commissioner for Finance to effect changes to the payroll due to leavers, retirement, deaths, etc. The following documents were obtained and reviewed to support the conclusion:
	   I. Files containing Hon. Commissioner for Finance approval on the removal of ghost workers from the State payroll.
	   II. State payroll and Nominal Roll.
	   III. Samples of randomly selected ghost workers from the list, tracing them to the payroll and discovering that they were being removed from payroll immediately (within one month).
	g) There were changes to the civil servant and pensioner payrolls during the fiscal year (as a result of starters, leavers, deaths, etc.).
	h) The changes were captured by the biometric exercise.
	i) The procedures to identify and remove ghost workers are in place and include		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		: Daily Clock in and Clock out system has been implemented, where if a person does not clock in for a month the system flags the payroll office and the person's salary will be stopped. IVA noted that the State identified 453 Ghost workers in 2019 and at that stage had concluded 89% of Biometric registrations and 95% of BVN linkages. The State is to clarify whether the 1,202 ghost workers identified in 2020 were from among the 5% to 11% of payees for which either Biometric validation or BVN linkage had not been done, or whether payees that joined the nominal roll in 2020 were identified as ghosts. The report was communicated to the State to provide adequate explanations and supporting evidence, the State responded thus: "A total of 1,202 records in the State payroll were found to be linked to fraud, the discovery was made possible through the Biometrics Verification, Bank Verification Number and Payroll Audits by the State Auditor General. While a total of 983 of the Ghost records were discovered from the Civil Servants Payroll, 219 Pensioners were also found to be Ghost. Therefore, the number of ghost workers detected as being 1,202 and they have been taken off Payroll. We also provided a report of this exercise and shared with the IVA. The report on the payroll clean-up for 2020 is attached for your reference". The evidence provided has been saved and uploaded on the google drive.		
3	Has the State removed confirmed ghost workers and ghost	a) A total of 1,202 ghost workers were detected during the biometric linkage.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	pensioners within three (3) months of each case being confirmed?	b) Remita Payroll System generated the reports on identified ghost workers and there is a file for identified ghost workers in the Director State Salaries Office. c) The identified ghost workers detected in Jan 2020 to December, 2020 were deleted immediately from the payroll in the month of detection i.e. Jan, Feb, etc. d) The payroll figure before their removal from payroll is ₦33,338,801,426.14 e) The payroll figure after they have been removed is ₦32,682,679,826.26 f) The sources of the above information were Two Page Updates on Payroll clean up exercise for 2020, Active Civil Servants Biometrics and BVN Report as at December, 2020 and interviews conducted with the Director Salaries.		
5.2	**Link BVN data to at least [90] percent of current civil servants and pensioners on the payroll and payroll fraud addressed**		**Achieved**	
1	Has the State linked the Bank Verification Number data to 90% of its current Civil Servants and pensioners on the State payroll?	The State had commenced and continued the linkage of BVN data of the civil servant and pensioners in the State. a) The BVN data linkage to payroll was outsourced to Mabeli Technologies Ltd b) The total number of civil servants is 30,568 c) The total number of pensioners is 5,870 d) The total number of staff on the State Nominal roll is 36,438 e) A total of 36,254 BVN data of Civil Servants (30,411) and pensioners (5,843) has been linked to the payroll. f) The IVA obtained and reviewed the following documents: i. A copy of the Nominal Roll for all State Civil Servants	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		ii. A copy of the Nominal Roll for all State Pensioners iii. A report from the Database system Manager (Mabeli Technologies Ltd) on the numbers of Persons' BVN linked to payroll iv. A report from the State Salaries Department on the numbers of Civil Servants and Pensioners whose BVN data were linked to payroll and were paid during the year under review Calculation of percentage BVN Linkage to State Payroll $$\frac{36,254 \times 100}{36,438} = 99.49\%$$ The State has linked 99.49 % of its civil servants and pensioners' BVN data to the payroll.		
2	Has the State taken steps to identify payroll fraud?	a) 36,254 BVN data of Civil Servants (30,411) and pensioners (5,843) had been linked to the State payroll, while 184 BVN data of Civil Servants (157) and pensioners (27) were yet to be linked to payroll. b) Remita payroll System generated the reports on identified ghost workers. c) The State identified 1,202 ghost workers detected from Jan to December, 2020 which were deleted immediately from the payroll in the month of detection. d) The payroll figure before the fraud identification is ₦33,338,801,426.14 e) The payroll figure after the fraud has been dealt with and removed from further payments is ₦32,682,679,826.26 with a savings of ₦656,121,599.88	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		f) The sources of the above information are Two Page Updates on Payroll clean up exercise for 2020 and Active Civil Servants Biometrics and BVN Reports as at December, 2020.		
		IVA noted that the State identified 453 Ghost workers in 2019 and at that stage had concluded 89% of Biometric registrations and 95% of BVN linkages. The State is to clarify whether the 1,202 ghost workers identified in 2020 were from among the 5% to 11% of payees for which either Biometric validation or BVN linkage had not been done, or whether payees that joined the nominal roll in 2020 were identified as ghosts.		
		The report was communicated to the State to provide adequate explanations and supporting evidence, the State responded thus: "A total of 1,202 records in the State payroll were found to be linked to fraud, the discovery was made possible through the Biometrics Verification, Bank Verification Number and Payroll Audits by the State Auditor General. While a total of 983 of the Ghost records were discovered from the Civil Servants Payroll, 219 Pensioners were also found to be Ghost. Therefore, the number of ghost workers detected as being 1,202 and they have been taken off Payroll. We also provided a report of this exercise and shared with the IVA. The report on the payroll clean-up for 2020 is attached for your reference".		
		The evidence provided has been saved and uploaded on the google drive.		
DLI 6: Improved Procurement Practices for Increased Transparency and Value for Money				
DLR 6.1	Existence of a public procurement legal framework and a procurement regulatory agency. Said legal framework should		Previously Achieved in 2019 APA	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	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			
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?	Previously achieved in 2019 APA		
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.	Previously achieved in 2019 APA		
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?	Previously achieved in 2019 APA		
DLR 6.2	**Basic Target: Framework contract for e-Procurement signed by 31 December 2020 AND Publish contract award information above a threshold set out in the State's**		**Basic Target Achieved**	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
procurement law/regulation every month in OCDS format on the state website or online portal if available. **Stretch Target: Implement e-Procurement in at least 3 MDAs (incl. Education, Health and Public Works) and publish all contract award information in OCDS format on the online portal for the 3 MDAs AND For those MDAs without e-procurement: Publish contract award information above a threshold set out in the State's procurement law/regulation every month in OCDS format on the state website or online portal if available.**			
1 Has the State achieved open contracting component of the DLI by publishing online, contract award information for all contracts awarded during the fiscal year (2020) that are above the threshold (as defined in the State procurement law or the State procurement regulation(s), in line with the Open Contracting Data Standards (OCDS)?	a) The IVA has obtained a schedule of all contracts awarded during the year under assessment above the threshold as defined in Chapter Three of the extract of the Procurement manual forwarded to the IVA. b) The data published online is in line with the Open Contracting Data Standards (OCDS) c) The date of publication was 31st December 2020. The Screenshot of the IT Backend publication date was retained in the assessment file. d) The source of the publication: https://finance.sokotostate.gov.ng/wp-	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	content/uploads/2020/12/Sokoto-State-Contracts-Awarded-2020-PUB-31-12-20.pdf. And https://finance.sokotostate.gov.ng/sftas/ The IVA downloaded the Schedule of contracts awarded above the threshold, compared with the Hardcopy obtained, and observed that the Hard and Soft copies of the contract schedule aligned. e) The IVA observed that the minimum contract award information that was published contained the details below: (i) Project name, (ii) Awarding institution, (iii) Award date, (iv) Name of contractor, and (v) Contract amount was published. f) All the items from (e) above were published g) The Weblink where data was published is shown below: https://finance.sokotostate.gov.ng/wp-content/uploads/2020/12/Sokoto-State-Contracts-Awarded-2020-PUB-31-12-20.pdf. h) We observed that the contract award information was accessible to the public as shown on the State Website. https://finance.sokotostate.gov.ng/sftas/ and Screenshot was retained in the assessment file Also, the IVA noted that the portal shows a total of 29 contracts with a total value of approx. N31.8bn. This is at variance with a Capex outturn of N27.9bn for 2020. However, the State prepared the AFS using cash basis of		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		accounting. The State is required to provide justification for the discrepancy while giving response to this report.		
2 New	Had the State signed up to the SaaS e-Procurement Framework Contract as at 31 Dec 2020?	a) Sokoto State has signed the SaaS e-Procurement Framework Contract. b) A copy of the SaaS e-Procurement Framework Contract has been obtained and it was observed to have been signed up on 17th December 2020 as seen on Page 44 of the Hardcopy received by the IVA. c) The Framework was obtained in Hardcopy and retained in the assessment file.	Satisfactory	
3 New	Has the State implemented e-procurement in at least 3 MDAs (including Education, Health, and Public Works) the E-Procurement for the 2020 results DLI is the implementation of e-Publishing/Notification module for contract notice and contract award?	a) The State has not implemented e-procurement in at least 3 MDAs (Education, Health, and Public Works). APA Issue response documented by the IVA confirmed the non-implementation of e-procurement in the State in the Year of assessment. b) The IVA did a walkthrough of the 5 transactions from each MDA (with at least 2 categories of expenditure from goods, works, or services). However, it was observed that the State did not implement e-procurement in the Year 2020 c) The selected transactions followed the procurement lifecycle as contained in Part IV of Procurement law received from the State. d) The State did not implement E-Publishing/Notification module for contract notice and contract award in the Year 2020.	Unsatisfactory	The State should ensure that e-procurement is implemented in all MDAs and at least 3 MDAs in the first instance (including Education, Health, and Public Works).
DLI 7: Strengthened Public Debt Management and Fiscal Responsibility Framework				
DLR 7.1	**State implementing state-level debt legislation, which stipulates: 1) responsibilities for contracting**		**Previously Achieved in 2019 APA**	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	state debt; 2) responsibilities for recording/reporting state debt, and 3) fiscal and debt rules/limits.			
1	Is there an Approved state-level public debt legislation through the passage of a State Fiscal Responsibility Law, OR the passage of the State Public Debt Management Law, OR the inclusion of the provisions of the Fiscal Responsibility Act (FRA) in the organic Public Financial Management Law?	DLR already achieved in 2019 APA		
2	Does the legislation include provisions that establish the following? 1) Responsibilities for contracting state debt; 2) Responsibilities for recording/reporting state debt; and 3) Fiscal and debt rules/limits for the state.	DLR already achieved in 2019 APA		
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?	DLR already achieved in 2019 APA		
DLR 7.2	**Quarterly state debt reports for Q2, Q3, and Q4 2020 accepted by the DMO on average two months**		**Not Achieved**	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	or less after the end of the quarter in 2020 **AND** **Annual state debt sustainability analysis published by end of December 2020**			
1	Has the State produced quarterly State Domestic Debt Reports (SDDR), which are approved by the DMO on average of two months after the end of the quarter in 2020?	a) The state submitted Quarterly State Domestic Debt Reports (SDDR) to the DMO on an average of **1.22** months after the end of each quarter. We obtained evidence that the State produced approved quarterly SDDRs, which were submitted and received by the DMO as follows: ● Q2 submitted on (27/07/2020) 27 days, ● Q3 submitted on (13/11/2020) 44 days and ● Q4 submitted on (9/02/2021) 40 days. $$\frac{27+44+40}{3}$$ Average = 37 days (5.29 weeks) The SDDRs were submitted within an average of 1.22 months (37 days).	Satisfactory	
2	**Note: Have you reviewed for accuracy and completeness from the DMO:** The State Domestic and External Debt Report (SDEDR) along with all underlying data and supporting documents including the DMO templates and guidelines and	a) The reconciled State Domestic and External Debt Report (SDEDR) from the Federal DMO has been obtained. b) No errors or inconsistencies were identified.	**N/A**	**N/A**

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations

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.	c) The Quarterly State Domestic Debt Reports (SDDR) submitted by the State has been compared with the State Audited Financial Statement.
	
	 d) The debt stock figures reported in the SDDR has been compared with that of the State's Audited Financial Statement
	
	 e) IVA comparison revealed a difference as described below;
	
	    I. SDDR Figure: ₦42,363,236,701.97
	
	    II. AFS Figure: ₦57,746,812,684.09
	
	    III. Difference: ₦15,383,575,982.12
	
	 f) The State was notified of the difference through an APA Issue and responded that the Fourth Quarter SDDR was submitted to the DMO before the AFS was finalized. The state auditor general identified additional amounts as debt which was included in the finalized AFS. The state has since written to the DMO and notified them of the additional amount which has been updated in further quarterly SDDRs.
	
	 g) The State Domestic and External Debt Report (SDEDR) from the Federal DMO has been compared with the Quarterly State Domestic Debt Reports (SDDR) submitted by the State.
	
	 h) There were inconsistencies identified:
	
	    i. SDEDR (DMO) Figure: ₦55,884,155,811		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		ii. SDDR (State) Figure: ₦42,363,236,701		
		iii. Difference: ₦13,520,919,109.03		
		a) The State was notified of the difference through an APA Issue and stated that the amount of ₦42,363,236,701.97 was approved by the DMO for Quarter four (4) report without any query or feedback. However, the IVA acknowledged the reconciled figure from the DMO may be an update from the letter written by the state on the additional debt amounts which were recognized when the Audited Financial Statement was prepared.		
3 New	Has the State published the State Debt Sustainability Analysis Reports (SDSAR) online by 31 December 2020?	a) The State Debt Sustainability Analysis Report (SDSAR) for 2020 was published on the State's official website. b) The SDSAR was published on 31 December 2020 c) The SDSAR was published by the due date of 31 December 2020. a) The web link is: https://finance.sokotostate.gov.ng/wp-content/uploads/2020/12/DSA-2020.pdf	Satisfactory	

4
 	
New
	Does the SDSAR include the following: 1) medium-term budget forecasts; 2) detailed and adequate description of the debt portfolio and borrowing options, and 3) adequate analysis of the debt and fiscal figures in the preceding calendar year?	a) IVA has reviewed the assessment report of the SDSAR from the DMO. The SDSAR contains the following elements:
		  I. The Medium-term budget forecasts.
		  II. Detailed description of the debt portfolio and borrowing options; and
		  III. Analysis of the debt and fiscal figures in the preceding calendar year.
		
		b) The IVA has reviewed and compared the information (figures) contained in the assessment report of the SDSAR obtained from DMO with that of the SDSAR
			Unsatisfactory	The State should ensure that the SDSAR does not include negative figures for Debt Stock

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	obtained from the State's website and noted that the DMO has stated that the SDSAR does not fulfil all the three minimum requirements established in the Verification Protocols (VP) for SFTAS DLI 7.2 Component of SDSAR for the year 2020. On requirements that the presentation and analysis in the entire forecast period need to be of adequate quality, and not contain: i) negative figures for debt and borrowing projections…, the DMO report stated that "The presentation and analysis of the debt forecasts and assumptions for the Baseline Scenario do not exhibit an adequate level of technical quality and logical consistency. This is because there are negative figures for Debt Stock from 2024 onwards and for Domestic Debt from 2020 onwards." c) The IVA has carried out additional checks using the DLR 7.2 checklists provided. d) The DMO has stated that there are negative figures for debt stock from 2024 onwards in the chart (page 19) and based on this, the state SDSAR does not meet technical standards. However, the technical explanation below the graph shows that the state will have positive debt figures. Also, an APA Issue report has been issued to the state to explain the negative figures for debt in the charts (page 19) and the state has explained that the noted aspect is an error in the chart as it Is inconsistent with the numbers in the referenced explanation below the charts and the numbers and substance of the debt ratios were all positive inclusive of the conclusion.		
DLI 8: Improved Clearance/Reduction of Stock of			

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
Domestic Expenditure Arrears				
DLR 8.0	**Basic Target: Domestic arrears as of end 2019 and end 2020 are reported in an online publicly accessible database, with a verification process in place.** **Stretch Target: Domestic arrears as of end 2019 and end 2020 reported in an online publicly accessible database, with a verification process in place AND at least a 5 percent decline in the verified stock of domestic arrears at end 2020 compared to end 2019 consistent with the state's arrears clearance framework or maintain stock below 5 billion.**		**Not Achieved**	
1	Has the State established an Arrears Clearance Framework (ACF)?	a) The State has established an Arrears Clearance Framework (ACF), b) We have obtained a copy of the ACF from the State. c) The Arrears Clearance Framework (ACF) was established on 5 December 2019 which is before the 31 December 2020 deadline. a) There is 1 year between the establishment of the ACF and the 31st December 2020 year-end, and this is adequate to allow time for the implementation of the ACF	Satisfactory	
2	Does the ACF contain:	a) The ACF contains the planned actions to settle arrears and has stated that:	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations

	1) the planned actions to settle arrears; and 2) an explicit prioritization of expenditure arrears to be settled.	- Setting aside one hundred million monthly to reduce contractual arrears
		
		- Setting aside one hundred million monthly to reduce gratuity arrears
		
		- Prepare a cash management strategy that is all-encompassing for the management of revenues
		
		b) The ACF contains an explicit prioritization of expenditure arrears to be settled and has stated that, due to paucity of funds, the ministry of finance will design a template to record all domestic arrears as they are incurred for prioritization. Also:
		
		   I. The clearance and settlement of domestic arrears will be prioritized sequentially, based on size and vintage. However, a combination of criteria may be adopted depending on the situation.
		   II. An efficient and accurate cash flow forecasting and cash management strategy have been put in place to guide the process.
		
		The state submitted the SARVCR report as well as the schedule of arrears payment for contract and gratuity.		

3	Has the ACF been published on a State official website?	a) IVA confirmed that the ACF was published on the State's official website. b) IVA has downloaded a copy for validation. a) The weblink of publication is: https://finance.sokotostate.gov.ng/wp-content/uploads/2019/12/Arrears-Clearance-	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		Framework-ACF.pdf The ACF was published on 5 December 2019		
4.	Is the clearance of domestic expenditure arrears consistent with the ACF, once the ACF has been established?	IVA has reviewed the clearance of arrears in the year (i.e. the payments made to clear arrears), and confirms whether they have been cleared by the prioritization methodology and other criteria stated in the ACF as stated below: I. The ACF stated that ₦100,000,000 will be set aside monthly to clear contractors' arrears. The state was able to pay about ₦6.9 billion in contractors' arrears during the year. II. The State was also able to clear about ₦377 million of gratuity based on the ACF that states ₦100,000,000 will be set aside monthly to clear gratuity arrears. I. The ACF had also stated that the clearance of arrears will be based on the size and vintage of the arrears. Based on the clearance of contractors' arrears, the state has prioritized the payment of arrears on this criteria.	Satisfactory	
5.	Has the State established an Internal Domestic Arrears Database?	a) Sokoto State has established an Internal Domestic Arrears Database b) The Internal Domestic Arrears Database includes the following: I. The aggregate amount of contractors' arrears which is ₦3,722,878,701.00 II. The aggregate amount of pension and gratuity arrears which is ₦7,631,846,239.15 III. The arrears database does not include the aggregate amount of salary arrears and	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		other staff claims as the state does not have salary arrears.		
		IV. The state has no other type of domestic arrears.		
		c) There is a verification process is in place for the arrears in the database as stated in the ACF. During the year, additional gratuity arrears of ₦7,207,441,270 was included in the schedule.		
		d) We confirmed through the schedule and explanation provided by the State that the State has conducted verification of arrears balances.		
		e) A test was conducted to ascertain the accuracy of the figures in the internal domestic arrears database. The figures in the Arrears Database was compared with the figures in the Audited Financial Statement and State Domestic Debt Report and it was noted that i. the gratuity arrears was not included in the SDDR for Quarter 4 2020 to which the state has responded there was a difference in figure between the Ministry of Finance and the Ministry of Pension and Establishment and there was no report to DMO until the result was resolved; ii. the contractors and gratuity arrears were not included separately in the Audited Financial statement to which the state has explained that the arrears were included in the Financial Statements under outstanding on capital projects (Note 24) which is an aggregated figure.		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		f) The state submitted to the IVA the annual state arrears recording, verification, and clearance report (SARVCR).		
6	Has the State published online elements of the internal domestic arrears database for the FY **2019** and FY **2020** reported on a State official website, which constitutes the online publicly accessible arrears database?	a) The State has published online the required elements of the Internal Domestic Arrears Database as at the end of 2019 and 2020. b) The IVA has compared the aggregate and individual information available on the online publicly-accessible arrears database with the information in the internal domestic arrears database and verified the consistency and accuracy of the information on the online publicly-accessible arrears database. c) The State does not have an online portal but rather an email (contractorfeedback@sokotostate.gov.ng) has been stated on the Sokoto State Government website were potential individual contractors whose claim was not listed on the database can send an email to and also attach evidence of their claim. d) The State does not have online web pages that include a facility for contractors with arrears (creditors) to report any omissions to the State, rather an email is stated on the website of the Sokoto State Government. e) A mail was sent as a test to the contractors' email stated on the Sokoto State Government's website, however, no response or acknowledgement was received.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		f) IVA did not obtain records from the State on the omissions reported by contractors in each year as the state has said no such claim was received. g) We confirmed that some omissions of gratuity arrears that were found to be valid were subsequently included in the internal domestic arrears database. h) The weblink of the publication is https://finance.sokotostate.gov.ng/wp-content/uploads/2020/12/Sokoto-State-Contractors-Liabilities-2020-PUB-31-12-2020.pdf However, the State is advised to ensure that an online portal is embedded in the state government website where contractors can give feedback, report on omissions, and attach evidence of their claims.		
7.	Does the online publication include? 1) the aggregate amount of contractors' arrears. 2) the aggregate amount of pension and gratuity arrears. 3) the aggregate amount of salary arrears and other staff claims. 4) other types of domestic arrears and 5) a list of names of contractors with recognized arrears exceeding ₦20 million and information for	The IVA has checked the online publicly accessible arrears database and confirms it includes the following: a) The aggregate amount of contractors' arrears above 20 million which is ₦3,587,458,588.53 b) The aggregate amount of pension and gratuity arrears which is ₦7,631,846,239.15 c) The arrears database does not include the aggregate amount of salary arrears and other staff claims as the state does not have salary arrears. d) The state has no other type of domestic arrears. e) A list of names of contractors with recognized arrears exceeding 20 million naira and information	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
contractors to be able to verify that their claims are being accurately reported in the database.	for contractors to be able to verify that their claims are being accurately reported in the database. f) IVA observed that the State was assessed as achieving DLR 8 in 2019 as the total amount of arrears was below the N5bn de-minimis level. The State at that stage claimed to have no other arrears apart from contractor arrears. Note that the contractor arrears increased from 2018 to 2019 but was still below the N5bn limit		
8.	Has the State met the following: (i) Percentage decline in the verified stock of domestic arrears at end 2020 compared to end 2019 meets target and is consistent with the state's arrears clearance framework. **-Stretch target:** At least a 5% year-on-year decline or maintain stock or arrears below ₦5 billion. *The clearance/reduction of domestic expenditure arrears (contractors, pension and gratuity arrears, salary arrears, and other staff claims) is defined as the decline in the nominal stock of total domestic expenditure arrears at the end of the year, compared to*		Unsatisfactory The State achieved the basic target in 2019 only because it was determined that the State maintained its Stock of arrears below N5billion (Contractor Arrears of N4,402,024,465.25, and zero balance for all other forms of arrears). However, this seems was not	*The state should ensure to report the correct data across years for consistency of numbers*

Table (within Findings of row 8):

Aggregate Amount of:	2020	2019	% Diff.
Contractors Arrears	3,722,878,701	4,402,024,465	15.43
Pension and Gratuity arrears	7,631,846,239	7,207,441,270	-5.89
Salary arrears and Staff claims	0	0	0
Judgment Debt	0	0	0
Other types of domestic expenditure arrears	0	0	0

Disbursement Linked Indicators (DLIs) and Tests	Findings				Conclusion	Recommendations
the previous year, expressed in percentage terms.	**Total Domestic Arrears**	11,354,724,940	11,609,465,735	2.19	correct as a balance of 7,207,441,270 for 2019 appeared now.	
	We obtained the Domestic arrears figure from the State Internal Domestic Arrears (SIDA) database. ₦11,609,465,735 - ₦11,354,724,940 X 100 ₦11,609,465,735 The percentage decline is **2.19%** **Source**: State internal domestic expenditure arrears database. However, the State is advised to ensure a reduction of domestic arrears debt stock to below ₦5 billion in the future.					
DLI 9: Improved Debt Sustainability						
DLR 9.0	**Total debt stock at end Dec [2020] as a share of total revenue for FY [2020] meets target: -Basic target: < [150%] -Stretch target: < [125%]**				**Achieved** (Stretch Target Met	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
1	Has the State met: (i) The ratio of total debt stock at end-of-year (31st December 2020) of the year of assessment to the total revenue collected during the calendar year of the year of assessment (1st January to 31st December 2020)? **-Basic target:**< [150%] **-Stretch target:** < [125%]	The following tables show the calculations and adjustments made to arrive at the appropriate figures for this comparison. **Total Public Debt** <table><tr><td></td><td>**Financial Statements**</td><td>**DMO/SDEDR Figures**</td></tr><tr><td>Total Domestic Debts</td><td>57,750,353,245.76</td><td>55,884,155,811.00</td></tr><tr><td>Total External Debts</td><td>13,755,571,350.65</td><td>14,292,423,727.00</td></tr><tr><td>**Total Public Debts**</td><td>71,505,924,596.41</td><td>70,176,579,538.00</td></tr></table> **Total Annual Revenue** <table><tr><td>2020 Adjusted IGR (see DLI 4.2)</td><td>₦18,018,166,869.00</td></tr><tr><td>Gross FAAC Allocation</td><td>₦56,658,140,270.77</td></tr><tr><td>Grants</td><td>₦9,900,283,023.00</td></tr><tr><td>Other Revenues</td><td>₦4,237,800,756.00</td></tr><tr><td>**Total Revenue**</td><td>₦88,814,390,918.77</td></tr></table> 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 this would be assessed as **satisfactory**'. We have computed the total debts stock / Revenue percentage for the 2020 year, as follows: $$\frac{\text{Debt: ₦70,176,579,538.00}}{\text{Total Revenue: ₦88,814,390,918.77}} \times 100$$ **= 79%**	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		Sources: The Sources of Information includes: I. For Total Revenue from NBS/OAGF (FAAC), ₦88,814,390,918.77. II. For Total Public Debt from DMO* as at December 31, 2020, ₦70,176,579,538.00 Note NBS/OAGF (FAAC) *Table 3(i) below holds a breakdown of the Total Debt. b. The debt stock stated in the Federal DMO State Domestic, and External Debt Report is not the same as the debt stock stated in the audited financial statement. c. there is a difference and the reason for the discrepancy between States debt figures in the AFS and the DMO adjusted figures is due to the discrepancies between States AFS and what States report to DMO originally. d. The difference has been communicated to the State for an explanation. An APA issue has been raised to this effect. The difference has been calculated in value of ₦1,329,345,058.41 and percentage terms of 2%, and e. A reconciled SDEDR was provided by the Federal DMO.		

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

SOKOTO STATE	2020 - AMOUNT (₦)
BUDGET SUPPORT LOAN (SOURCE FMOF)	21,407,336,300.76
BAIL OUT (SALARIES) (SOURCE CBN)	12,749,420,956.72
RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	-
EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	9,181,151,921.80
STATE BONDS	-
COMMERCIAL BANK LOANS	2,131,402,359.79
CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	5,803,012,511.07
INFRASTRUCTURE LOANS (CBN FACILITIES)	-
MICRO SMALL MEDIUM ENTERPRISES DEVELOPMENT FUND (MSMEDF) SOURCE CBN)	217,063,886.29
JUDGEMENT DEBTS	-
GOVT - GOVT DEBTS	-
CONTRACTORS' ARREARS	3,722,878,701.30
PENSION AND GRATUITY ARREARS	-
SALARY ARREARS AND OTHER CLAIMS	-
OTHER DEBTS	671,889,173.28
TOTAL DOMESTIC DEBT (TDD)	**55,884,155,811.01**
TOTAL EXTERNAL DEBT (TED)	14,292,423,727.04
TOTAL PUBLIC DEBT (TED+TDD)	**70,176,579,538.05**

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

TEMPLATE: OPTION A	₦
Item	2020
1. Total Gross FAAC allocation: Statutory Transfers and VAT (1.1 + 1.2)	**56,658,140,271**
1.1 Statutory transfers (1.1.1 + 1.1.2 + 1.1.3)	**40,733,186,636**
1.1.1 Gross statutory allocation	36,148,822,543
1.1.2 Derivation	-
1.1.3 Other FAAC transfers (also known as Distribution) such as excess PPT savings account, Forex equalization, excess bank charges, exchange rate gain, augmentation, others	4,584,364,093
1.2 VAT	**15,924,953,634**
2. Internally Generated Revenues (IGR) – Adjusted	**18,018,166,869**
3. Grants (internal and external)	**9,900,283,023**
4A. Other revenues (4.1 + 4.2 + 4.3)	**4,237,800,756**
4.1 Investment Income (e.g. dividends)	
4.2 Interest Earned	
4.3 Miscellaneous	4,237,800,756
Total Revenues and Grants Calculations	
A) Total Revenues and Grants is (1+2+3+4A)	**88,814,390,919**

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	DLI 4.2 We had initially through a letter drawn the attention of the IVA to the breakup of the excluded items and provided further evidence and Ledgers evidencing that certain items wholly excluded should have been included based on their content which are valid IGR. While the IVA acknowledged this submission and provided revenue lines for it in their report, they nevertheless did not consider the submission of the State. We hereby request that our submissions be considered and the DLI 4.2 be marked as being Satisfactorily achieved. It is our strong opinion backed by facts that the non-disclosure of breakdown should not be construed to be misleading to the users of the financial statements. Further to our submissions, we attached herewith the Addendum to the 2020 Audited Financial Statements issued by the State Accountant General, certified by the State Auditor-General and Published on the State Website on the 2nd of March 2022 and Published on the State Official Website on the 3rd of March 2022 for your further consideration. The State having owned up for non-explicit note to the Account in the Audited Financial Statement for the year 2020 where absolute value of N463,573,030.52 was reported under Repayments without clear description of its source and another value of N768,213,484.74 was reported as Other Investments Income without clear description of its source. We reiterate as follows: a. the excluded value of Repayments of N476,397,178.98 declared invalid contained a value a value of N463,573,030.52 representing Reimbursements from Sales of Fertilisers to Civil Servants which constituted an IGR and was paid to the Bank Account of the State. b. Also, the value of Other Investment Income of N768,213,484.74 declared invalid has the following breakdown:	DLI 4.2: Issue Resolved. The result has been changed in line with documentary evidence provided. Also refer to weblink for the published addendum https://finance.sokotostate.gov.ng/wp-content/uploads/2022/06/Adddional-Notes-To-The-Financeal-Statement-For-The-Year-Ended-31th-December.2020.pdf

	Detailed Notes of Other Investment Income In 2020 Audited Financial Statements Account Codes Account Description Amount 12021103-04 Earning from use of Hotels Facilities 384,165,221.00 12021103-05 Rental Income - Government Markets and Car Parks 300,960,379.00 12021103-06 Miscellaneous Investment Income 768,213,484.74 Given the above, Sokoto State Government believed that if above were considered by the IVA, the result would be different from Unsatisfactory to Satisfactory. We therefore solicit the consideration of above position and a re-computation of the IGR Growth as demanded by DLR 4.2 under SFTAS 2020 APA.	
2	DLI 5.1 and 5.2: Achieved Subject to the State's confirmation of Total Ghost Workers Detected: We wish to clearly state that we have provided the IVA with the number of Ghost workers detected as being 1,202 and they have been taken off Payroll. We also provided a report of this exercise and share with the IVA. The report on the Payroll clean-up for 2020 is attached for your reference.	5.1 & 5.2 Issue resolved for both DLRs, based on further documentary evidence provided by the State to support their claim.
3	3. DLI 7.2: Quarterly State Reports and Annual State Debt Sustainability Analysis: While the IVA acknowledged that all element of this DLI were met by the State. They nevertheless marked it Unsatisfactory based on an illogical Statements which was principally a typographical error of transposition relating to a graph on page 19 of the Debt Sustainability Report. We wish to request a review of this position. We believed that we have met the requirement of the DLI which are as follows: a. 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 2020. This was confirmed and declared Satisfactory by the IVA. b. Annual State Debt Sustainability Analysis Published by end of December 2020. This was declared Unsatisfactory by the IVA due to illogical Statements said to be contained in the Report of 25 pages on a single page 19 where the Charts were wrongly presented but the narratives and values presented to support the Chart were adequate.	7.2: The result remains Unsatisfactory and Not Achieved, based on the expertise opinion of the Federal DMO.

	We had initially explained that graph referred to was transposition error as all conclusions and supporting values in the report are all accurate and conclusions reached consistent.	
4		