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

2018 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 JK Consulting Co. Ltd

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1. Executive Summary

This Report details the outcome of the Annual Performance Assessment (APA) conducted on Sokoto State for the 2018 year of the four-year SFTAS Program. In conducting the APA, the verification Team assessed how the State performed against the Disbursement Linked Results (DLRs) listed within the SFTAS DLI Matrix, guidelines and verification protocol.

Table 1 (below) reflects the outcome of the 2018 APA for Sokoto State and shows areas where the State was able to achieve results. In total, Sokoto State achieved **three (3)** DLRs out of the 14 DLRs.

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

1. DLR 1.1: Quarterly budget implementation reports are published online within 4 weeks of each quarter end, and include, at a minimum, all of the information required in the verification protocol for the achievement of this result.
2. DLR 1.2: The annual expenditure deviation from budget is reduced to a level within the annual requirements for this result.
3. DLR 2.1: Minutes of public consultation on the annual budget are prepared jointly with CSOs as evidenced by their signatures and published online by the State.
4. DLR 3: An approved Cash Management Strategy is implemented, which covers the processes through which the State is able to forecast cash commitments and requirements and provide reliable information on the availability of funds.
5. DLR 4.1: The State Revenue Law is amended to include a Consolidated Revenue Code covering State and local governments IGR sources and rates. The law should stipulate that the State Bureau of Internal Revenue is the sole agency responsible for collecting State revenues. The law, code and rates should be approved by the State legislature and published on the State website.
6. DLR 4.2: Increase the annual growth of Internally Generated Revenues (IGR) to meet at least the basic target for this result (20%)
7. DLR 5.2: Removal of identified ghost workers as soon as possible and within 3 months of their being confirmed.
8. DLR 6.1: The Procurement law is amended to conform fully with the UNCITRAL Model Law, and in particular to include representatives of Professional Bodies and Associations among the Council/Board members.
9. DLR 6.2: Publish contract award information above the set threshold and on a monthly basis in the OCDS format on the state website.
10. DLR 7.1: Amend the Debt Management and/or Fiscal Responsibility laws to specifically cover the provisions required for the responsibilities for contracting State debt and the responsibilities for recording and reporting state debt.
11. DLR 8: A Domestic Arrears Clearance Framework is established, and an internal domestic arrears database created with relevant balances published through a publicly accessible portal.

A number of issues were raised for clarification for which responses were not made available at the time of this report. In particular, we reported a difference of **₦291,866,597.66** between the Monthly Debt Deductions from Gross Federation Account Allocation Committee (FAAC) stated in the Financial Statements and the information we received directly from Federal Ministry of Finance, Budget and National Planning. Explanations for the difference were not given before the finalization of this report and this has been included as **Appendix A**.

We also noted that there were significant issues affecting the credibility of the Financial Statements for 2018. Primarily, there is a difference of **₦15,262,383,149.43** between the Debt/Liability balance stated on the Financial Statements and the balances presented within reports by the Federal Debt Management Office. Please see **Appendix B** for detail. The state did not provide the reasons for this difference before the finalisation of this report. We subsequently received updated submissions from the Federal DMO and independent figures from the Federal Ministry of Finance (FMoF) and the Central Bank of Nigeria (CBN). On recalculation, the difference between the Debt/Liability balance stated on the Financial Statements and the balances presented within reports by the Federal Debt Management Office reduced to **₦6,866,242,960.83**. Please see **Appendix C** for detail.

We also noted large discrepancies between the cash outflow figure of **N130,785,511,176.59** shown in the State TSA Account and the cash outflows of N81,036,007,241.70 disclosed with the 2018 Audited Financial Statements of the State, leaving an unexplained difference of **N49,749,503,934.89**. A similar difference was noted regarding cash inflows. Please see the Findings section and **Appendix D** for detail.

Table 1: Assessment Results

Key:	Achieved		Not Achieved	

Disbursement Linked Indicators	Disbursement Linked Results (2018)	Results	Remarks
DLI 1: Improved financial reporting and budget reliability	DLR 1.1: FY18 quarterly budget implementation reports published on average within 6 weeks of quarter-end to enable timely budget management		Published only the Q3 budget implementation report.
	DLR 1.2: FY18 deviation for total budget expenditure is < 30%		The deviation was 63.25%.
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 FY19 budget		Consultations were held but Citizens' inputs were not published online.
DLI 3: Improved cash management and reduced revenue leakages through implementation of State TSA	DLR 3: TSA, based on a formally approved cash management strategy, established and functional, and covering a minimum of 50 percent of state government finances implementation of State TSA		State TSA not based on a formally approved cash management strategy.
DLI 4: Strengthened Internally Generated Revenue (IGR) collection	DLR 4.1: Consolidated state revenue code covering all state IGR sources and stipulating that the state bureau of internal revenue is the sole agency responsible for state revenue collection and accounting approved by the state legislature and published		Revenue law does not include the revenue codes, sources and rates for the MDAs and Local Governments and does not stipulate SBIR as Sole Agency responsible for State revenue collection.
	DLR 4.2: 2018-2017 annual nominal IGR growth rate meets target: -Basic target: 20%-39%, Stretch target: 40% or more		Annual nominal IGR growth rate was 1%.
DLI 5: Biometric registration and Bank Verification Number (BVN) used to reduce payroll fraud	DLR 5.1: Biometric capture of at least 60 percent of current civil servants completed and linked to payroll, and identified ghost workers taken off the payroll		Identified ghost workers not taken off the payroll within 3 months
	DLR 5.2: Link BVN data to at least 60 percent of current civil servants on the payroll and payroll fraud addressed	 	BVN linked to payroll for 80% of civil servants
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 board; and 3) Cover all MDAs receiving funds from the state budget.		The State procurement Law did not comply fully with the provision for the establishment of an independent procurement board.
	DLR 6.2: Publish contract award information above a threshold set out in the Operations Manual for 2018 on a monthly basis in OCDS format on the state website		Contract awards were not published in the OCDS format.
DLI 7: Strengthened public debt management and fiscal responsibility framework	DLR 7.1: Approval of state-level legislation, which stipulates: 1) responsibilities for contracting state debt; 2) responsibilities for recording/reporting state debt; and 3) fiscal and debt rules/limits.		The legislation does not stipulate responsibilities for contracting state debt and for recording/reporting state debt;.
	DLR 7.2: Quarterly state debt reports accepted by the DMO on average two months or less after the end of the quarter in 2018	 	Q4 Report was within due date.
DLI 8: Improved clearance/ reduction of stock of domestic expenditure arrears	DLR 8: Domestic arrears as of end 2018 reported in an online publicly accessible database, with a verification process in place and an arrears clearance framework established.		No Arrears Clearance Framework.
DLI 9: Improved debt sustainability	Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2018, and Total debt stock at end of December 2018 as a share of total revenue for FY2018 meets target: Basic target: < 150%, Stretch target: < 125%.	**Stretch Target Met**	Average monthly debt service to gross FAAC allocation was 9.63%. Total Debt stock to Revenue was 101%

The Office of the Auditor-General for the Federation as Independent Verification Agent and JK Consulting agree on all the results shown in this report.

2. Introduction

2.1 Overview

The Federal Government of Nigeria is implementing a four-year program to support Nigerian States to strengthen fiscal performance and sustainability: The States' Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results ("The Program"). In each of the four years, the Program will finance activities under two components: (i) a Program for Results (PforR) component in the amount of US$700 million and (ii) a Technical Assistance (TA) component in the amount of US$50 million. All States are able to participate in the Program in each of the four years and benefit from the PforR funds by meeting set Eligibility Criteria and any or all of the indicators of fiscal transparency, accountability and sustainability.

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

2.2 Scope

This Annual Performance Assessment (APA) Report covers the State's performance in 2018 against the Disbursement Linked Results (DLRs) listed within the SFTAS DLI Matrix, guidelines and verification protocol. Each State was earlier assessed against the Eligibility Criteria set in the protocol, to determine the state's eligibility for grants under the 2018 APA. The results of the eligibility assessment were reported previously to each state, and are included in Appendix E.

The verification protocol was set early in the preparation of the Program and all States, Implementing Agencies and other key stakeholders have been continuously sensitised on the requirements of the Program and on the protocol from 2018. The assessment results are binary (pass or fail), as that is how the Program for Results component was designed.

In advance of the assessments, all States were provided with the detailed information requirements: a proposed itinerary for the assessment visit and a template with which to report the results achieved. The assessments were conducted between 25/11/2019 and 29/11/2019 by a team of five persons, starting with an opening meeting where all information requested were handed over. The visit was concluded with an exit meeting where initial findings were discussed, and each State was given a further opportunity to provide clarifications and additional information.

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

The Office of the Auditor-General for the Federation and JK Consulting Co. Ltd are grateful to the State for the cooperation enjoyed during the assessment and hope the recommendations within this Report are found to be valuable towards meeting the DLRs in the remaining years of the Program.

3. Assessment Results

3.1 Findings

Table 2: Findings

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
	DLI 1: Improved Financial Reporting and Budgeting Reliability			
DLR 1.1	**Financial Year [2018] quarterly budget implementation reports published on average within [6 weeks] of each quarter-end to enable timely budget management**		**Not Achieved**	
1	Has the state published its quarterly budget implementation report to the state official website within six weeks of the end of each quarter?	This DLR was assessed based on the last two quarters of 2018 as per the verification protocol. The State published its budget implementation report. However, the reports were not published on quarterly basis as required, but the Q1 to Q3 report was contained in a single document which was published on 31st December 2018. Q4 was not prepared (hard copy) and published online for verification during the performance assessment. We downloaded the Quarterly Budget Implementation report posted on the States website https://mofsokoto.files.wordpress.com/2019/12/2018-quaterly-budget-implementation-report.pdf that is, the Q1 – Q3. A copy of the Screenshot of the date of publication is retained in the assessment file.	Unsatisfactory	State should publish its quarterly budget implementation reports online within the expected timeframe.

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
2	Does the report include, at a minimum, the approved budget appropriation for the year for each organizational unit (MDAs), and for each of the core economic classifications of expenditure (Personnel, Overheads, Capital, and Other expenditures)?	We checked the Budget implementation report published online and it included the approved budget appropriation for year 2018 for each organizational unit (MDAs), and for each of the core economic classifications of expenditure (Personnel, Overheads, Capital, and Other expenditures. Website Address: https://mofsokoto.finance/resources/	Satisfactory	
3	Does the report state the actual expenditures for the quarter attributed to each MDA and each expenditure classification as well as the cumulative expenditures for year to date?	We checked the budget implementation report published online and it stated the actual expenditures for the quarter attributed to each MDA and each expenditure classification as well as the cumulative expenditures for the year. Website Address: https://mofsokoto.files.wordpress.com/2019/12/2018-quaterly-budget-implementation-report.pdf	Satisfactory	
4	Does the report state balances against each of the revenue and expenditure appropriations with balances provided on a consolidated basis across the four (4) expenditure classifications and 'Other Expenditures' which will include debt servicing, and transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications?	The budget implementation report submitted by the State for Q3 does not contain balances for revenue items, whereas, expenditure balances on a consolidated basis were stated across the four (4) expenditure classifications (Personnel, Overheads, Capital and other expenditures) items on both quarterly and cumulative to date for the year 2018. The report for Quarter 4 was not yet published at the time of our assessment	Unsatisfactory	The Budget Implementation Reports should 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
DLR 1.2	**FY [2018] deviation from total budget expenditure is less than 30%**		**Not Achieved**	
1	Has the State Computed the difference between the original approved total budgeted expenditure for the fiscal/calendar	The State computed the difference between the original approved total budgeted expenditure for the fiscal/calendar year and the actual total budgeted expenditure in the fiscal/calendar year, divided by the	Unsatisfactory	The State should prepare accurate budgets.

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
	year and the actual total budgeted expenditure in the fiscal/calendar year, divided by the original approved total budgeted expenditure, and expressed in positive percentage terms? Is the expenditure outturn deviation computed less than 30%?	original approved total budgeted expenditure, and expressed in positive percentage as **63.25%.** The expenditure outturn was recomputed by the team as 63.25% Budgeted Expenditure = ₦220,500,264,565.00 Actual Expenditure = ₦81,036,007,241.00 (N220,500,264,565.00 - N81,036,007,241.00 / N220,500,264,565.00) X 100 = 63.25% is higher than the permitted limit 30%. <u>Note</u>: See page ii of 2018 Approved Budget and page 10 of Audited Financial Statement 2018 for the values.		Note that the deviation limits for 2020 and 2021 are 20% and 15% respectively.
	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 [2019] budget**		**Not Achieved**	
1	Did the State conduct at least one "town-hall" consultation before the proposed budget is drafted with participation of local government authorities and state-based CSOs?	The State conducted a "town-hall" meeting on the 6th November 2018 before the proposed budget 2019 was drafted with the participation of local government authorities and State-based CSOs**.** Attendance list with contact information of attendees was obtained by the IVA and sample of 10 attendees, randomly selected were contacted through phone calls and they all confirmed that a public consultation was conducted (see attached questionnaires containing the details of the	Satisfactory	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
		randomly selected attendees). All the evidences are also retained in the assessment file. Visual evidence of the consultation meeting is at: https://mofsokoto.finance/resources/ of the State Official website.		
2	Was the minutes of the public consultations jointly prepared with CSO representatives (shown by their signature to the minutes) and signposted on the home page of the website to enable citizens to find the inputs easily?	The minutes of the public consultations were not jointly prepared with CSO representatives because there was no signature of the CSOs and that of the Government Representative on the hard copy of the minutes provided and was not published online. The hard copy of the minutes is retained in the assessment file for reference.	Unsatisfactory	State should ensure that Minutes of public consultations are jointly prepared and signed by both CSO and Government Representatives and published online within the required timeframe.
	DLI 3: Improved Cash Management and Reduced Revenue leakages through implementation of State TSA			
DLR 3	**Improved cash management and reduced revenue leakages through implementation of State TSA**		**Not Achieved**	
1	Has the State established a functional state-level TSA?	The State had established a functional State-level TSA through a process in which revenues are paid into dedicated revenue collecting Banks Accounts (the monies are not assessible by the banks for use), which are being swept on a weekly basis (every Friday of the week) to the Consolidated Revenue TSA domiciled with Access Bank (Account Name: Accountant General Sokoto FAAC Account with Account Number: 0697434238). This single Account is being used by the State for both FAAC Allocation receipt and other revenues of the State, and Government expenditure is made only, from this Account.	Satisfactory	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
		Physical observation of the cash balances in the TSA electronic dashboard was carried out during the field visit to the State and screenshots taken as evidence are retained in the assessment file. Obtained and reviewed the State's cash survey reports for the year-end 2018 and confirmed that all revenue bank accounts were linked to the TSA by checking for transactions in the TSA electronic dashboard. Interviews were conducted and questionnaires completed by Key Staff of the Accountant General's office, various MDAs and TSA Bank Operators.		
2	Is there a formally approved cash management strategy in place? The Strategy should cover the processes through which the State Ministry of Finance or Budgets/Economic Planning is able to forecast cash commitments and requirements and provide reliable information on the availability of funds.	There is no formally approved Cash Management Strategy in place. However, a draft copy of the State four (4) years Strategic Plan (2019 - 2022) which was awaiting the Governor's approval was made available to the Team. This document contained a Cash Management Strategy.	Unsatisfactory	State should prepare a Cash Management Strategy as soon as possible.
3	Does the TSA have a system of cash management that allows for a central view of cash balances in bank accounts on a single electronic dashboard (based on the approved cash management strategy)?	The TSA has a system of cash management that allows for a central view of cash balances in bank accounts on a single electronic dashboard although no approved cash management strategy. Demonstration was done by the Director, Funds on the use of the TSA account. Screenshot were taken. The various revenue collecting accounts which transfers funds which are swept weekly to Consolidated Revenue Account were viewed as well as the movements of cash in and out from the TSA account.	Satisfactory	
4	Does the TSA have one consolidated revenue treasury account for state	The TSA has one consolidated revenue treasury account for State revenues. Revenues collected by MDAs such as	Satisfactory	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
	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.	service fees no longer sit in individual MDA accounts at different commercial banks but are swept into the consolidated revenue account on a weekly basis. During the walkthrough/review of the TSA single electronic dashboard, we observed that the "Accountant-General Sokoto FAAC Account" with Account Number: 0697434238 is the designated consolidated revenue account for the TSA. This was evidence by Screenshots taken that shows the Consolidated Revenue Account in the TSA portal. Questionnaires were completed by the State and Bank Officials on the TSA operations.		
5	Does the TSA cover a minimum of 50% of the State Government's finances?	The TSA covered at least **100%** of the State Government's finances as illustrated below: |	Inflow	Outflow
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TSA	134,189,853,152.59	130,785,511,176.59
Govt. Fin	81,760,153,453.34	81,035,997,241.70
	164%	161%
Average	**163%**	| Note: See page 10 of the Audited Financial Statement 2018 for details.	Satisfactory	*The large discrepancies between the TSA Account totals and the audited Financial Statements have been reported to the State for clarification. See Appendix D*
	DLI 4: Strengthened Internally Generated Revenue (IGR) Collection			
DLR 4.1	**Consolidated state revenue code covering all state IGR sources and stipulating that the state bureau of internal revenue is the sole agency responsible for state revenue collection and accounting approved**		**Not Achieved**	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
	by the state legislature and published			
1	Does the state have up-to-date consolidated revenue code which includes all the state's IGR sources and all the local governments (falling under that state) IGR sources? IGR sources include presumptive tax, indirect taxes and levies (roads, hotels), fines, fees and charges. Personal income tax, including PAYE, which is collected by the State and covered by the federal tax code.	Our review of the Sokoto State Internal Revenue Administration Law 2008 (and the list of collectible IGRs) gave the following findings: 1. The law does not have a list of State level IGR sources (especially MDA) nor applicable rates approved by State House of Assembly. 2. The same applies to LGA sources and rates and 3. The Consolidated Revenue Code is not published online.	Unsatisfactory	A Consolidated Revenue Code covering State and local governments IGR sources should be prepared and presented to the State House of Assembly for passage or resolution and published.
2	Does the consolidated revenue code stipulate that the State Bureau of Internal Revenues (SBIR) as the sole agency responsible for state revenue (tax and non-tax) collection and accounting in the state?	A review was done on the State's Tax Laws with reference to the role of SIRS in the collection of MDA revenues, but the law does not explicitly make the SIRS the sole agency responsible for the collection of all state revenues. i.e. while there are references to the role of SIRS in the collection of MDA revenues, these do not make the SIRS explicitly the sole agency responsible for the collection of all state revenues. Also, it was observed that there was no revenue code for the State.	Unsatisfactory	The State should: • Develop LGA rates and law • Add Schedules with State level MDA sources and rates • Make explicit that the SIRS is the **sole** collection agency at State level • Publish all laws and related gazettes online.
3	Is Collection of revenues made into accounts nominated by the SBIR for the SBIR to be deemed responsible for collection?	Revenues were paid into accounts nominated by the SBIR as detailed by the law. A walk-through test was conducted using a sample of selected transactions and it was confirmed that payments were made into the designated Bank Account. Also, Questionnaires were applied to MDA	Satisfactory	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
		representatives, Tax/Revenue Payers in the State, Bank officials and Tax Operators.		
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 Tax Laws (2008) was assented to by the then Governor Aliyu Magatakarda Wamako but did not contain approved revenue codes for both State and Local Governments.	Unsatisfactory	The State should ensure that Consolidated Revenue codes are approved by the State legislature to have a legal basis.
5	Is the Publication published online, so it is automatically available to the public/all taxpayers?	We could not find any clear online presence for the Sokoto State tax authority and the two discovered were either outdated or not fully functional and neither had the law or even the basic revenue codes. The codes published online are Heads and Sub-heads of some revenue items and not the consolidated revenue code approved by the State Legislature.	Unsatisfactory	The State should ensure that Consolidated Revenue codes are approved by the State's legislature, assented to by the Governor and published online on the State Official website.
DLR 4.2	**Annual nominal IGR growth rate meets target**		**Not Achieved**	
1	**Has the 2018-2017 annual nominal IGR growth rate** met the basic or stretch targets? Basic Target: 20%-39% Stretch Target: 40% or more Annual nominal growth rate of total state IGR is computed as the difference between the total IGR collected 1st January to 31st December in the year of assessment and the total IGR collected in 1st	From the Report of Sokoto State Board of Internal Revenue Collection for the years 2017 and 2018 made available online and in hard copy, the consolidated figures for the respective years were extracted for the calculation of annual nominal IGR growth rate as follows: IGR for **Year 2017 IGR** ₦13,937,673,383.72 Less Reimbursement (₦139,007,282.03) **₦13,798,666,101.69** **Year 2018 IGR** ₦14,111,814,611.85 Less Reimbursement (₦170,110,723.16)	Unsatisfactory	The State should increase IGR by at least 20% per annum.

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
	January to 31st December in the previous year (previous to the year of assessment), divided by the total IGR collected in Jan-Dec in the previous year, and expressed as a percentage, which could be negative (if IGR has declined) or positive (if IGR has increased).	**₦13,941,703,888.69** Percentage increase = **₦143,037,789 / ₦13,798,666,101.69 X 100 = 1.04 %** Based on the calculation above, the State 2018-2017 Annual nominal IGR growth rate has not met both Basic (20% -39%) and Stretch (40% or more) Targets. The IGR receipts are from regular IGR sources. Funding or savings items were not part of their revenue. **Note: See page 28 of the Financial Statement 2017 and 2018.**		
	DLI 5: Biometric Registration and Bank Verification Number (BVN) used to reduce Payroll fraud			
DLR 5.1	**Biometric capture of at least [60] percent of current civil servants [and pensioners] completed and linked to payroll, and identified ghost workers taken off the payroll**		**Not Achieved**	
1	Has the State used Biometrics to reduce payroll fraud through a completed biometric exercise for 60% of the current civil servants on the state payroll?	Biometrics was used to reduce payroll fraud of the current civil servants. This was evidenced by the "Project Report on Biometrics Staff Census and Payroll System" report obtained from the State Payroll Consultant (Mabeli Technologies Ltd) for December 2018. We observed that out of the total Staff strength of **29,115** for Sokoto State Civil Servants, **23,305** Staff on payroll had completed biometric exercise before 31st December 2018, resulting in 80**%** coverage as detailed below:	Satisfactory	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
		No of Civil Servants with Biometric = 23,305 while total Population of Civil Servant = 29,115. **Percentage of Biometrics capturing = 23,305 / 29,115 x 100 = 80%).** IVA sampled 20 staff from population on their payroll system (REMITA) and confirmed that their Biometrics were linked to the payroll. Screenshots were taken and retained in the assessment file.		
2	Has the State linked the biometrics data to the state payroll to identify ghost workers?	The State had linked the biometrics data of Staff to the State payroll. A sample of 20 staff was taken from the payroll, calls were put across to them and confirmation was made that they are genuine Staff of the State Government.	Satisfactory	
3	Has the State removed confirmed ghost workers within three (3) months of each case being confirmed?	The State Payroll consultant provided IVA with a report summarizing ghost workers identified but stated that the ghost workers were yet to be expunged as at the time of the assessment.	Unsatisfactory	The State should expunge confirmed ghost workers within three (3) months of each case being confirmed.
DLR 5.2	**Link BVN data to at least [60] 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 60% of its current Civil Servants on the state payroll?	The total staff on the payroll provided by the consultant for December 2018 was 29,115. The total of 23,305 staff have their BVN linked to the State payroll which reflects 80% of the total population, before 31st December, 201. Below computation revealed the achieved **80% coverage:** **No of Civil Servants with BVN linked to payroll = 23,305 while total Population of Civil Servant = 29,115.**	Satisfactory	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
		Percentage of Biometrics capturing = 23,305/29,115 x 100 = **80%**. IVA sampled 20 staff from population, confirmed that their BVNs were linked to the payroll and called them to confirm they were staff. A screen shot of their payslips reflecting their status were taken as evidence and retained in the assessment file.		
2	Has the State taken steps to identify payroll fraud?	The State had taken steps to identify payroll fraud through linkages of BVN to payroll in November 2018 The State Consultant also provided us with a report reflecting a programme geared towards mitigating payroll fraud which was kept in assessment file.	Satisfactory	
	DLI 6: Improved Procurement Practices for increased Transparency and Value for Money			
DLR 6.1	**Existence of a public procurement legal framework and a procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) eProcurement; 2) establishment of an independent procurement board and 3) cover all MDAs receiving funds from the state budget**		**Not Achieved**	
1	Does the State have a public procurement legal framework which must be approved by the state legislature to have a legal basis, either as a law or a resolution? It cannot be an executive order with no legal basis. The approval of the	The hard copy of the Procurement Law was assented to by the Governor Aliyu Magatakarda Wamako on the 4th of February 2013, which was made available to us had been published online at Sokoto State Ministry of finance official website: https://mofsokoto.files.wordpress.com/2019/11/public-procurement-law-sokoto-state.pdf.	Satisfactory	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
	public procurement legal framework shall occur by the 31 December of the year under assessment to count for that year, up to 31 December 2020.	The hard copy has been retained in the assessment file.		
2	Does the law conform with the UNCITRAL Model Law which should provide for: 1) eProcurement; 2) establishment of an independent procurement board; and 3) cover all MDAs receiving funds from the state budget.	The team reviewed the Sokoto State Public Procurement and Public Private Partnership Law 2016 noted that although it is structured in line with the UNCITRAL Model Law it did not fully meet the benchmark. The requirements are as follows: **1) E-Procurement:** • Bureau to introduce, develop, update and maintain related data base and technology, Section 11 (n) • Board to approve changes in the procurement process to adapt to improvements in modern technology, Section 4(b). *Therefore, The State procurement law provides for e-procurement as specified in the UNCITRAL Model.* 2) **The results of our assessment of the legislation for independence are in the table below:**	Unsatisfactory	The State should amend the law to provide for Membership of the Board or Council to include representatives from Professional bodies and associations. Furthermore, the Board should issue specific regulations for e-procurement

Required provisions*	Result
The Functions and Powers of the Agency	• Complies; see sections 11 and 12
The composition of the Board	• Compliant; see section 4(2).
Membership of the Board or Council include representatives from	• Non-compliant; see section 4(2). Though three professionals are to be appointed into the Board.

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
			Professional bodies and associations.	They are not representing any professional bodies.		
			The grounds for removal of the Chief Executive of the Agency.	• Compliant; see section 13(3) c		
			Regarding the decisions of the agency; any other review after the Board's decision should be by judicial review	• Compliant; see section 63(7). Appeal from Bureau's decision lies to the State High court.		
		*Provided by the World Bank *The law did not meet the requirement* **3). On coverage of all MDAs.** The provisions of the law apply to all procurement of goods, works and services carried out by the Government of Sokoto State, Local Government and all procurement entities. Section 25 (2). *This means that the law meets this provision* In conclusion, the law did not fully comply with the UNCITRAL Model Law and therefore does not comply with the requirements of DLR 6.1		
3	Has the state instituted an independent procurement regulatory function, which may be performed through one or a combination of the following: board, bureau, commission, council, agency or any other type of entity set up for the statutory purpose?	The State instituted an independent procurement regulatory function to be performed by the Public Procurement and Price Intelligence Agency through its law of 2013 as contained in Section 3(1) and (2) which states that "There is established a Bureau to be known as the Sokoto State Bureau of Public Procurement and Price Intelligence (in this law referred to as "the Bureau")." A physical inspection visit was made to the State Procurement Agency, interviews were conducted with the	Satisfactory	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
		Chief Executive, Management and some operational Staff that were selected at random. Call was made on record of all procurements handled by the Agency in the year under assessment and a walk-through review on 10 randomly selected procurement files were carried out.		
		At the end of the review exercise, we were able to ascertain than the State has a Procurement regulatory agency responsible for prescribing regulations and procedures for public procurements in accordance with legal framework and that the agency has been active. Evidence of interview with Chief Executive, Management, other operational Staff and review of records were retained in the assessment file.		
DLR 6.2	**Publish contract award information above a threshold set out in the Operations Manual on a monthly basis in OCDS format on [the state website/ on the online portal]**		**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 that are above the threshold (as defined in the state procurement law or in the state procurement regulation(s)), in line with the Open Contracting Data Standards (OCDS). For 2018, states can publish the information on the state official website or online portal if already established.	The procurement law was silent on the threshold of contract awarded that should be published. We sighted contract award information for 2018 which was published online on 19th April 2018 https://sokotoboppapppp.online/ but this didn't reflect the cost of the contracts. Furthermore, a disc reflecting the contract values of the published contracts was given to us, but this didn't tally with the number of contracts published online.	Unsatisfactory	The State should ensure that contract award information are published online in the OCDS format, and with all the information required therein.

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
	DLI 7: STRENGTHENED PUBLIC DEBT MANAGEMENT AND FISCAL RESPONSIBILITY FRAMEWORK			
DLR 7.1	**Approval of State-level public debt legislation, which stipulates: 1) responsibilities for contracting state debt; 2) responsibilities for recording/reporting state debt; and 3) fiscal and debt rules/limits**		**Not Achieved**	
1	Is there an Approved State-level public debt legislation through the passage of a State Fiscal Responsibility Law, OR the passage of the State Public Debt Management Law, OR the inclusion of the provisions of the Fiscal Responsibility Act (FRA) in the organic PFM Law? Note: The approval of state-level public debt legislation shall occur by the 31 December of the year under assessment to count for that year, up to 31 December 2020.	There is an approved State-level Fiscal Responsibility Law. This was signed by the Governor. It was uploaded into the state official website on 29th December 2018. A hard copy was obtained.\n\nA copy of the State Fiscal Responsibility Act 2014 is retained in the assessment file.	Satisfactory	
2	Does the legislation include provisions which establish the following? 1) Responsibilities for contracting state debt; 2) Responsibilities for recording/reporting state debt; and 3) Fiscal and debt rules/limits for the state.	The State Fiscal Responsibility Act 2014 includes certain provisions which can be interpreted as seeking to establish the following:\n\n1) Responsibilities for contracting state debt (Section 40, 41 and 42);\n2) Responsibilities for recording/reporting state debt {Section 38 (3 and 4)}; and\n3) Fiscal and debt rules/limits for the state {Section 4 (1)(a), 37 (1), 38 and 39}.	Unsatisfactory	The State should amend the law to include provisions which establish the following: 1) Responsibilities for contracting state debt, and; 2) Responsibilities for recording/reporting state debt.

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
		The references are however weak, and the specific provisions required by the DLR are not clear in the law as it is. For example, under the requirement for "to provide for responsibilities for contracting state debt," it is unclear whether the specific responsibility is covered and whether it belongs a specified entity such as the Debt Management Agency or the Fiscal Responsibility Commission. Key notes from our review are as follows: The FRL does not provide for responsibilities for contracting state debt as required by Criteria #1. It does not provide responsibilities for recording and reporting state debt as required by Criteria #2. ss. 40-42 relate to the fiscal and debt management framework. Similarly, s.38(3) & (4) are part of the framework. ss.37-42 of the FRL provides fiscal and debt management rules with s. 38(1) providing for limit for state debt. We noted that the FRL in s.9(3) sets out the content of a quantitative Medium-Term Expenditure Framework (MTEF) for the state, including a Consolidated Debt Statement. A MTEF is good practice for setting the fiscal and debt parameters for the medium-term, including the size of fiscal deficit and new borrowing/debt which will determine the debt stock. s.10(1) further specifies expenditure and fiscal deficit limits. The fiscal deficit limit effectively limits the amount of new borrowing/debt to be		

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
		incurred annually. Based on these provisions in the FRL, Criteria #3 is satisfied. The FRL meets Criteria #3 only but not Criteria #1 and #2.		
DLR 7.2	**Quarterly state debt reports accepted by the DMO on average two months or less after the end of the quarter in 2018**		**Achieved**	
1	Has the State produced quarterly State Domestic Debt Reports (SDDR), which are approved by the DMO on average of two months after the end of the quarter in 2018?	This DLI was assessed based on Q4 only, as the revised report template and DMO verification protocols were only implemented in Q4 2018. The State produced quarterly State Domestic Debt Reports (SDDR) which were sent to DMO within two (2) months after the end of each quarter except for third quarter report which was sent 5 weeks after the deadline (4th January 2019) The dates of submissions of the SDDR to DMO were as follows: 1st Quarter: 10/5/2018 2nd Quarter: 28/8/2018 3rd Quarter: 04/1/2019 4th Quarter: 26/02/2019. Calculation of Average time taken: 1st Quarter is = 8 weeks 2nd Quarter is = 8 weeks 3rd Quarter is = 13 weeks 4th Quarter is = 8 weeks Therefore: average time taken (in months) = 2+2+3.1+2= 9/4 = 2.3 months Quarter 4 report was however submitted within the timeline of 2 months based on the DMO's Report.	Satisfactory	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
2	**Note:** Have you reviewed for accuracy and completeness from the DMO: The State Domestic and External Debt Report (SDEDR) along with all underlying data and supporting documents including the DMO templates and guidelines and standard internal protocols and data from CBN, DMO and FMOF Home Finance used by the DMO to cross-check the state's domestic debt figures.	We have reviewed for accuracy and completeness from the DMO, the State Domestic and External Debt Report (SDEDR) along with all underlying data and supporting documents and found out that the figure for Internal and External Debt Stock as at 31st December, 2018 was over by **₦6,866,242,960.83.** The Debt Management report shows a figure of **₦72,773,534,258.28** while the State reported a figure of **₦65,907,291,297.45.** We noted that the Federal DMO report confirmed the accuracy of the State Domestic Debt Report. A wider review was undertaken of the information and supporting schedules submitted by the DMO, and several clarifications and adjustments were made to correct errors and omissions in the state's submission to the DMO. Conclusions reached in this report are based on the amended DMO data.	n/a	State should reconcile their Debt Stock figures with the FMoF/CBN/DMO
	DLI8: Improved Clearance/Reduction of Stock of Domestic Expenditure Arrears			
DLR 8	**Domestic arrears as of end 2018 reported in an online publicly accessible database, with a verification process in place and an arrears clearance framework established.**		**Not Achieved**	
1	Has the State established an Arrears Clearance Framework (ACF)?	The State had no Arrears Clearance Framework in place as at 2018.	Unsatisfactory	The State should develop an Arrears Clearance Framework

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
2	Does the ACF contain: 1) the planned actions to settle arrears; and 2) an explicit prioritization of expenditure arrears to be settled.	No, there is no Arrears Clearance Framework (ACF) in place.	Unsatisfactory	See above
3	Has the ACF been published on a state official website?	No, there is no Arrears Clearance Framework (ACF) available nor published on a state official website.	Unsatisfactory	Once the ACF is established it should be published on the State website.
4	Has the State established an Internal Domestic Arrears Database?	The State established an Internal Domestic Arrears Database that aggregated individual amounts of Contractors' arrears with their names, amount due at end-of-year, nature of the goods and services procured that generated the claim. We reviewed the available Arrears database that the State had as the State claimed it has no arrears of salary, gratuity and pension, except for the Contractors arrears. A disc containing the above information is retained in the assessment file.

A more detailed review of the structure and functionality of the arrears database will be required in the event that the State also prepares an ACF. | Satisfactory | |
| 5 | Has the State published online elements of the internal domestic arrears database on a state official website, which constitutes the online publicly accessible arrears database? | Some 2018 contract award information was published online on 19th April 2018 through the weblink: https://sokotoboppapppp.online/. The requirement for an interactive portal was however not met. | Unsatisfactory | The State should introduce a portal that meets the requirements set in the detailed guidance provided for this DLR. |
| | **DLI 9: IMPROVED DEBT SUSTAINABILITY** | | | |
| DLR 9 | **Average monthly debt service deduction is < 40% of gross FAAC allocation for FY [2018]** | | **Achieved**

Stretch Target met | |

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
	AND Total debt stock at end Dec [2018] as a share of total revenue for FY [2018] meets target: **-Basic target: < [150%]** **-Stretch target: < [125%]**			

	Has the State met:
	(i) the ratio of total debt stock at end-of-year (31st December 2018) of the year of assessment to the total revenue collected during the calendar year of the year of assessment (1st January to 31st December 2018)?
	-Basic target:< [150%]
	-Stretch target: < [125%]
		Based on the 2018 Financial Statements:
		The review of the Total Debt stock at year end (31st December 2018) was ₦65,907,291,347
		i.e. Domestic Debt = ₦52,788,650,947.09
		   External Debt = ₦13,118,640,350.36
		   (USD$42,731,727.53 with FX rate of ₦307 to USD$1)
		
		While the Total Revenue collected during the year of assessment (31st December 2018) was **₦81,760,153,453.34**
		
		Total Revenue — **2018**
		Total Revenue — 81,760,153,453.34
		Less: Non-Revenue Items — 9,406,425,270.52
		Adjusted Revenue Figure (IGR, VAT, Interest/Dividend Received and Statutory Allocation - FAAC) — **72,353,728,182.82**
		
		The ratio of Total Debt Stock at year end to the Total Revenue collected during the calendar year of assessment is calculated thus:
		
		₦65,907,291,347 / ₦72,353,728,182.82 X 100 = 91.1%.
		Based on the calculation above, the State met Stretch Target of <125%.
		Note: See pages 39 for Debt Stock and 28 - 29 of the Financial Statement 2018
			Satisfactory	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
		Based on FMoF/CBN/DMO data: Total Debt stock at year end was ₦**72,773,534,258.28*** i.e. Domestic Debt = ₦60,733,331,639.00 External Debt = ₦12,040,202,619.28 (USD$39,218,901.04 with FX rate of ₦**307 to USD$1**) *Table 3 below holds a breakdown of the Total Debt. As above, the Total Revenue collected during the year of assessment was **₦81,760,153,453.34,** adjusted to **N72,353,728,182.82** to exclude non-revenue items**.** (i.e. retain IGR, VAT, Interest/Dividend Received and Statutory Allocation - FAAC) IGR, VAT and Statutory Allocation - FAAC) The ratio of Total Debt Stock at year end to the Total Revenue collected during the calendar year of assessment is calculated thus: **₦72,773,534,258.28 / ₦72,353,728,182.82 X 100 = 101%.** Based on the calculation above, the State met Stretch Target of <125%.		
	Has the State met: (ii) the ratio of total monthly debt service (principal and interest) deductions from FAAC allocation during the calendar year of the year of assessment (1st January to 31st December 2018) is less than 40 percent of the gross FAAC allocation for the same calendar year. **Less than :< [40%]**	Report from Federal Ministry of Finance, Abuja on Gross FAAC Allocation of the States, indicated that, the figure for Total Debt Service deduction in 2018 was ₦**5,841,783,880,** whereas the Total Gross FAAC Allocation for the year 2018 was ₦**60,622,624,115** The ratio of Total Debt Service deduction to the Total Gross FAAC Allocation for the year **2018 = ₦5,841,783,880 / ₦60,622,624,115 x 100/1 = 9.63%**	Satisfactory	

TABLE 3: DLI 9 31 DECEMBER 2018 STATE DEBT STOCK TABLE FOR SOKOTO STATE

NAIRA	SOKOTO
1. BUDGET SUPPORT LOAN (SOURCE FMOF)	17,569,000,000
2. BAIL OUT (SALARIES) (SOURCE CBN)	13,274,923,242
3. RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	-
4. EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	9,535,426,815
5. STATE BONDS	-
6. COMMERCIAL BANK LOANS	13,578,494,011
7. CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	1,765,076,613
8. BAIL-OUT (INFRASTRUCTURE)	-
9. MICRO SMALL MEDIUM ENTERPRISE DEVELOPMENT FUND (MSMEDF) (SOURCE CBN)	200,007,236
10. JUDGEMENT DEBTS	-
11. GOVT - GOVT DEBTS	-
12. CONTRACTORS' ARREARS	4,810,403,723
13. PENSION AND GRATUITY ARREARS	-
14. SALARY ARREARS AND OTHER CLAIMS	-
15. OTHER DEBTS	-
TOTAL DOMESTIC DEBT (TDD)	60,733,331,639
TOTAL EXTERNAL DEBT (TED)	12,040,202,619
TOTAL PUBLIC DEBT (TED+TDD)	72,773,534,259

Table Notes

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

4. Response from the State

State should please use this box for their response.

Sorry for not responding to you as quickly as possible. We have received your Draft report on Sokoto state 2018 Annual performance Assessment under SFTAS. We have gone through all the reports and confirmed to you that we agreed with the content of the report with out any observation please. so you can go ahead ana process further. Jibril Mode kasarawa focal person PfoR Sokoto state.

Appendix A - Monthly Deductions from Gross FAAC

ISSUE REPORTING TEMPLATE

FOR THE SFTAS ANNUAL PERFORMANCE ASSESSMENT

Introduction:

This form is to be used by all the assessment teams to submit any issue encountered during the Annual Performance Assessment (APA) at the state. The purpose is to provide uniformity and standard for all the assessment teams.

Note: All issues raised must be sent by email to the state focal officer and a copy to sftas@oaugf.ng , sftas.iva@gmail.com and sftas@jkconsulting-ng.com

RESPONSES ARE REQUIRED BEFORE CLOSE OF WORK TODAY PLEASE.

State:	SOKOTO
DLI affected:	DLI 9
Prepared by:	OGUNSINA ALBERT KEHINDE
Date:	20th December, 2019

1. APA Issue: **Disparities in Gross FAAC Allocation and monthly Debt Deductions figures for the year 2018.**

2. Description of finding/issue:

There were disparities of **₦21,728,857.01 and ₦291,866,597.66** above the actual figures reported by the Federal Ministry of Finance as against the figures presented by the Sokoto State Government for the Gross FAAC Allocation and the monthly Debt Deductions for the year ended 31st December, 2018 as detailed below:

SUMMARY OF GROSS FAAC ALLOCATION AND MONTHLY DEBT DEDUCTION AS AT 31ST DECEMBER 2018.

S/N	DESCRIPTION	GROSS FAAC ALLOCATION #	MONTHLY DEBT DEDUCTIONS #	REMARK
1	Sokoto State Reported Figure	46,938,267,665.65	6,133,650,477.35	
2	Federal Ministry of Finance Reported Figure	46,916,538,808.64	5,841,783,879.69	
	DIFFERENCE	**21,728,857.01**	**291,866,597.66**	

REPORT ON GROSS FAAC ALLOCATION BY SOKOTO STATE

S/N	MONTH	GROSS AMOUNT RECEIVED FROM FAAC #	TOTAL DEDUCTIONS AT SOURCE #	
1	January 2018	3,707,716,391.18	607,185,458.79	
2	February 2018	3,675,952,572.99	608,714,464.24	
3	March 2018	3,797,062,780.10	608,764,245.53	

4	April 2018	3,354,319,518.01	608,764,245.53
5	May 2018	4,073,199,058.18	608,764,245.53
6	June 2018	3,961,987,531.86	608,764,245.53
7	July 2018	4,122,871,021.78	608,764,245.53
8	August 2018	3,977,529,710.24	612,653,882.15
9	September 2018	4,052,190,858.76	315,318,861.13
10	October 2018	3,882,122,211.28	315,318,861.13
11	November 2018	4,192,333,227.75	315,318,861.13
12	December 2018	4,140,982,783.52	315,318,861.13
	TOTAL	**46,938,267,665.65**	**6,133,650,477.35**

REPORT ON GROSS FAAC ALLOCATION FROM FEDERAL MINISTRY OF FINANCE, ABUJA.

S/N	MONTH	GROSS AMOUNT RECEIVED FROM FAAC #	TOTAL DEDUCTIONS AT SOURCE #	
1	January 2018	3,675,952,572.99	608,714,464.24	
2	February 2018	3,797,062,780.10	608,764,245.53	
3	March 2018	3,278,319,518.01	608,764,245.53	
4	April 2018	4,073,199,058.18	608,764,245.53	
5	May 2018	3,961,987,531.86	608,764,245.53	
6	June 2018	4,122,871,021.78	608,764,245.53	
7	July 2018	3,977,529,710.24	612,653,882.15	
8	August 2018	4,052,190,858.76	315,318,861.13	

9	September 2018	3,882,122,211.28	315,318,861.13
10	October 2018	4,192,333,227.75	315,318,861.13
11	November 2018	4,140,982,783.52	315,318,861.13
12	December 2018	3,761,987,534.17	315,318,861.13
	TOTAL	**46,916,538,808.64**	**5,841,783,879.69**

Sources: Federal Ministry of Finance, Abuja and Sokoto State Accountant-General's Office.

3. Effects

For DLI 9 to be completed, the accurate figures for both Gross FAAC Allocation and the monthly Debt Deductions for the year ended 31st December, 2018 must be ascertained for proper computation.

4. Clarification or information requested from the state

The State is expected to reconcile the differences in the reported figures as stated above and report back immediately for completion of DLI 9 computation.

Appendix B – Total Debt Stock

ISSUE REPORTING TEMPLATE

FOR THE SFTAS ANNUAL PERFORMANCE ASSESSMENT

Introduction:

This form is to be used by all the assessment teams to submit any issue encountered during the Annual Performance Assessment (APA) at the state. The purpose is to provide uniformity and standard for all the assessment teams.

Note: All issues raised must be sent by email to the state focal officer and a copy to sftas@oaugf.ng , sftas.iva@gmail.com and sftas@jkconsulting-ng.com

RESPONSES ARE REQUIRED BEFORE CLOSE OF WORK TODAY PLEASE.

State:	SOKOTO
DLI affected:	DLI 9
Prepared by:	OGUNSINA ALBERT KEHINDE
Date:	19th December, 2019

1. APA Issue: Disparities in State Total Debt Stock figures published in 2018 Financial Statement and the reported figures by Debt Management Office (DMO) Abuja as at 31st December, 2018.

2. Description of finding/issue:

There is a huge disparity of **₦15,262,383,149.43** above the figures reported by the DMO and that of Sokoto State Government for the year ended 31st December, 2018 as detailed below:

ANALYSIS OF INTERNAL AND EXTERNAL DEBT STOCK AS AT 31ST DECEMBER, 2018.

S/N	DESCRIPTION	DEBT MANAGEMENT OFFICE (DMO ABUJA) REPORT #	SOKOTO STATE DMO REPORT #	DIFFERENCE IN DEBT REPORTED #
1	Domestic Debt	38,604,705,528.74	52,788,650,947.09	-14,183,945,418.35
2	External Debt	12,040,202,619.28	13,118,640,350.36	-1,078,437,731.08
	TOTAL DEBT AMOUNT	**50,644,908,148.02**	**65,907,291,297.45**	**-15,262,383,149.43**

Sources: Debt Management Office, Abuja and Sokoto State Accountant-General's Office.

3. Effects

For DLI 9 to be completed, the accurate figures for both Domestic and External Debt Stock must be ascertained for proper computation.

4. Clarification or information requested from the state

The State is expected to reconcile the difference in the reported figures of ₦15,262,383,149.43 above the figures reported by the DMO for the year ended 31st December, 2018 for proper computation.

5. State to insert response below

State can attach additional information or documents as requested

It might be the difference between the Domestic loans reported on the financial statement and the report submitted to DMO office. The financial statement captured all the outstanding loans from 2015 to 2018 while the report sent to DMO office Abuja is only 2018. And also the difference from the external loans might be the conversion rate it use is different from the DMO Abuja used.

Appendix C – Adjusted Total Debt data - FMoF/CBN/DMO

ANALYSIS OF INTERNAL AND EXTERNAL DEBT STOCK AS AT 31ST DECEMBER, 2018.

S/N	DESCRIPTION	FMoF/CBN/DMO REPORT #	SOKOTO STATE DMO REPORT #	DIFFERENCE IN DEBT REPORTED #
1	Domestic Debt	60,733,331,639.00	52,788,650,947.09	7,944,680,691.91
2	External Debt	12,040,202,619.28	13,118,640,350.36	-1,078,437,731.08
	TOTAL DEBT AMOUNT	**72,773,534,258.28**	**65,907,291,297.45**	**6,866,242,960.83**

Sources: FMoF/CBN/DMO and Sokoto State Accountant-General's Office.

Appendix D – Significant unexplained TSA balances

ISSUE REPORTING TEMPLATE

FOR THE SFTAS ANNUAL PERFORMANCE ASSESSMENT

Introduction:

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Note: All issues raised must be sent by email to the state focal officer and a copy to sftas@oaugf.ng , sftas.iva@gmail.com and sftas@jkconsulting-ng.com

RESPONSES ARE REQUIRED BEFORE CLOSE OF WORK TODAY PLEASE.

State:	SOKOTO
DLI affected:	DLI 3
Prepared by:	OGUNSINA ALBERT KEHINDE
Date:	19th December, 2019

1. APA Issue: Discrepancies between the actual Expenditure of the State in 2018

2. Description of finding/issue: There are discrepancies between the Expenditure figure of ₦130,785,511,176.59 shown in the **State TSA Account** with Access Bank titled; **Accountant General Sokoto FAAC Account** with Account Number: **0697434238** and the disclosed Expenditure of ₦81,036,007,241.70 in the 2018 Published Audited Financial Statement of the State, leaving an unreconcilable difference of ₦49,749,503,934.89.

3. Effects

The total Expenditure figures (₦81,036,007,241.70) presented in 2018 Published Audited Financial Statement of the State might not captured the total actual Expenditure of the State for the year 2018 as reflected in the TSA Account with the Access Bank (₦130,785,511,176.59) and as such, it will be very difficult to ascertain expenditure outturn deviation and the determination whether the TSA cover a minimum of 50% of the State Government's finances.

4. Clarification or information requested from the state

The State is expected to clarify and reconcile these discrepancies in total Expenditure figures (₦81,036,007,241.70) presented in 2018 Published Audited Financial Statement and the total actual Expenditures (₦130,785,511,176.59) reflected in the TSA Account with the Access Bank, so as to ease the computation of expenditure outturn deviation and the actual coverage of State Government's finances through TSA Account.

5. State to insert response below

State can attach additional information or documents as requested

Appendix E

Sokoto State

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

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

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

Eligibility Criteria 2018 Part 1 - The online publication of Approved Budgets for 2019 by 28 February 2019

Overview				
Information Source(s)	**Initial checks**	**Initial Comments / Observations**	**Follow up**	**Final Assessment**
https://mofsokoto.finance/?s=2019+BUDGET https://www.von.gov.ng/sokoto-assembly-passes-n169-652bn-2019-budget/ http://www.sokotostate.gov.ng/?s=2019+BUDGET http://www.sokotostate.gov.ng/ http://www.sokotostate.gov.ng/ministries http://finance.sokotostate.gov.ng/ https://mofsokoto.finance/resources/	A search was done on Sokoto State website	The 2019 Budgets were not published on the State Official website.	A request was made on 12/03/2019 to the focal persons to provide evidence of the approved 2019 budget and governor's assent	**EC was met** The State focal persons responded on 17/03/19 providing a link (https://mofsokoto.finance/resources/) to the 2019 appropriation law, a copy was downloaded. The date of publication was modified on 04/02/2019

Tests/checks performed	Results	Areas for improvement
Is the approved budget for 2019 available on any of the State Government Websites?	Yes	The State should consider publishing the budget on its official website as well
Was the approved budget published online before 28 February 2019?	Yes	None
Is the published budget clear and legible?	Yes	None
Can the budget be downloaded?	Yes	None
Do we have evidence of assent by the Governor?	Yes	Budget and Governor's Assent should be published on the State Official Website

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

Source(s)	Initial Work Done	Initial Comments/ Observation	Follow up	Final Assessment
http://www.sokotostate.gov.ng/ http://www.sokotostate.gov.ng/ministries http://finance.sokotostate.gov.ng/ https://mofsokoto.finance/resources/	A search was done on Sokoto State website	No Financial Statements were found on the official state websites	An email was sent to the State Focal persons on 30/01/2019 concerning the unpublished Financial Statements. A follow up call was put through to the state focal persons on 09/04/19	**EC was met** The State Focal persons responded on 30/01/2019 providing a link for the download of the Financial Statements. A copy was downloaded. We need to confirm the date of publication online was on or before 31/12/18. Update- The date of publication was 19/11/18. The State focal person responded on 17/03/2019 and provided a link (https://mofsokoto.finance/resources/) the audit certificate was downloaded.

Tests/checks performed	Results	Areas for improvement
Were the Financial Statements (FS) for 2017 available on any of the State Government Websites? (and were the FS straightforward or difficult to find?)	Yes	The State should publish the financial statement on its official website.
Were the Financial Statement for 2017 available published online before 31 December 2018?	Yes	
Are the published financial statements clear and legible?	Yes	
Can the Financial Statements be downloaded?	Yes	
Do we have evidence of audit by the State Auditor-General?	Partly	Audit Certificate was undated
Are the financial statements complete, including primary statements and disclosure notes?	Partly	Disclosure notes were not available and should be published along with the Financial Statements.
Are there any indications that balances within the financial statements are not credible	Partly	Disclosure notes were not available and should be published along with the Financial Statements.