



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

2019 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**



November 2020

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1 Executive Summary

This Report details the outcome of the Annual Performance Assessment (APA) conducted on Sokoto State for the second (2019) year of the four-year SFTAS Program. In conducting the APA, the verification team assessed how the State performed against the Disbursement Linked Results (DLRs) listed within the SFTAS DLI Matrix, guidelines and verification protocol.

Table 1 (below) reflects the outcome of the 2019 APA for Sokoto State and shows areas where the State achieved results. In total, Sokoto State achieved **14 (fourteen)** DLRs out of 15 DLRs applicable to 2019. Two of the achieved DLRs were due for assessment during the 2020 APA but have been assessed early as requested by the Programme.

We further identified area where the State can improve its performance for the next APA, and this is set out in detail within Section 3 of this report. In summary, the State should ensure the following:

1. DLR 1.2: Expenditure outturn deviation is reduced to a level within the annual requirements for this result.

Furthermore, we noted a significant issue affecting the credibility of the Financial Statements for 2019. Primarily, there is a difference of ₦5,508,655,001.39 (Five Billion, Five Hundred and Eight Million, Six Hundred and Fifty Five Thousand, One Naira, Thirty Nine Kobo) between the Total Debt Stock figure reported by the State on notes 19 and 24 of the 2019 Audited Financial Statement (₦61,699,938,219.61) and the 2019 figure reported by the Federal Debt Management Office, the Central Bank of Nigeria and the Federal Ministry of Finance (₦67,208,593,221.00).

Table 1: Assessment Results

Key:	Achieved	Not Achieved	Previously Achieved
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Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
DLI 1: Improved financial reporting and budget reliability	DLR 1.1: FY19 quarterly budget implementation reports published on average within 6 weeks of quarter-end to enable timely budget management		The reports were published the reports in an average of 4.6 weeks after each quarter end.
	DLR 1.2: FY19 deviation for total budget expenditure is < 25%		The Budget deviation was 44%.
DLI 2: Increased openness and citizens' engagement in the budget process	DLR 2.1: Citizens' inputs from formal public consultations are published online, along with the proposed FY2020 budget.		Citizen's inputs from formal public consultation were published online on 13 th November, 2019.
	DLR 2.2: Citizens' budget based on approved FY19 State budget published online by end April 2019.		Citizens budget based on approved FY19 State budget was published online on 30 th April, 2019.
DLI 3: Improved cash management and reduced revenue leakages through	DLR 3: TSA, based on a formally approved cash management strategy, established and functional, and covering a minimum of 60 percent of state government finances implementation of State TSA		The State had a functional TSA. The State TSA covered 74.5% of the Government finances.

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
implementation of State TSA			
DLI 4: Strengthened Internally Generated Revenue (IGR) collection	DLR 4.1: State implementing a consolidated state revenue code covering all state IGR sources and stipulating that the state bureau of internal revenue is the sole agency responsible for state revenue collection and accounting. Code must be approved by the state legislature and published		The State has a consolidated revenue code covering all State and LGAs IGR sources.
	DLR 4.2: 2019-2018 annual nominal IGR growth rate meets target: -Basic target: 20%-39%, Stretch target: 40% or more	Stretch Target achieved	The State achieved 40.27% annual nominal IGR growth rate.
DLI 5: Biometric registration and Bank Verification Number (BVN) used to reduce payroll fraud	DLR 5.1: Biometric capture of at least 75 percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll		The State has conducted Biometric exercise for 89.08% of its Civil Servants and Pensioners.
	DLR 5.2: Link BVN data to at least 75 percent of current civil servants and pensioners on the payroll and payroll fraud addressed		95.25% BVN data of the State Civil Servants and Pensioners were linked to payroll.
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.		This is a 2020 result assessed early. All three requirements were met.
	DLR 6.2: Publish contract award information above a threshold set out in the Operations Manual for 2019 on a monthly basis in OCDS format on the state website		Contract awards were published online on the State website in OCDS format on the 6 th December, 2019.
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.		This is a 2020 result assessed early. All three requirements were met.
	DLR 7.2: Quarterly state debt reports accepted by the DMO on average two months or less after the end of the quarter in 2019		Quarterly Debt reports were accepted by DMO on average of 7.7weeks, after the end of the quarter.
DLI 8: Improved clearance/reduction of stock of domestic expenditure arrears	DLR 8: Domestic arrears as of end 2019 reported in an online publicly accessible database, with a verification process in place and an arrears clearance framework established and Percentage decline in the verified stock of domestic arrears at end 2019 compared to end 2018 meets target and is consistent with the state's arrears clearance framework.		The State has an Arrears Clearance Framework and maintained its arrears stock below N5 billion.

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
DLI 9: Improved debt sustainability	Total debt stock at end of December 2019 as a share of total revenue for FY2019 meets target: Basic target: < 140%, Stretch target: < 115%. and Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2019.	Stretch target achieved	Monthly debt service deduction is 7.6% of Gross FAAC, and the Total Debt Stock to Revenue is 84.8%

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

2. Introduction

2.1 Overview

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

The Auditor-General for the Federation was appointed as the Independent Verification Agent (IVA) for the SFTAS Programme and JK Consulting Co. Ltd was subsequently engaged to support the IVA. Both parties have worked together to assess the performance of the State against the Disbursement Linked Results (DLRs) for 2019. To ensure a high-quality assessment, the IVA engaged the services of experts in Taxation, Procurement and Debt Management laws to review the legislation in place at each State.

2.2 Scope

This Annual Performance Assessment (APA) Report covers the State’s performance in 2019 against the Disbursement Linked Results (DLRs) listed within the SFTAS DLI Matrix, guidelines and verification protocol. Each State was earlier assessed against the Eligibility Criteria set in the protocol, to determine the state’s eligibility for grants under the 2019 APA. The results of the eligibility assessment were reported previously to each state, and are included in Appendix A.

The verification protocol was set early in the preparation for the Program and all States, implementing agencies and other key stakeholders have been continuously sensitised on the requirements of the program and on the protocol for 2019. The assessment results are binary (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 07/09/2020 and 11/09/2020 with a team of four persons, starting with an opening meeting where all the information requested was to be handed over. The visits were concluded with an exit meeting where initial findings were discussed, and each state was given a further opportunity to provide clarifications and/additional information.

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

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

3. Assessment Results

3.1 Findings

Table 2: Findings

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
DLI 1: Improved Financial Reporting and Budgeting Reliability				
DLR 1.1	Financial Year [2019] quarterly budget implementation reports published on average within [6 weeks] of each quarter-end to enable timely budget management		Achieved	
1	Has the State published its quarterly budget implementation report to the State official website on average within six weeks of the end of each quarter?	<p>The Quarterly budget implementation reports were posted online on https://finance.sokotostate.gov.ng/sftas/ as follows:</p> <ul style="list-style-type: none"> • Q1 – (30 April 2019) - 4.3 weeks -30 days • Q2 – (02 August 2019) - 4.7 weeks -33 days • Q3 – (05 November 2019) - 5.1 weeks -36 days • Q4 – (31 January 2020) - 4.4 weeks -31 days <p>Average weeks for the online publication is computed as below:</p> $\frac{4.3+4.7+5.1+4.4}{4}$	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p style="text-align: center;">4</p> <p>Average = 4.6weeks (33days)</p> <p>We downloaded the quarterly budget Implementation Reports for all four quarters of the year 2019 and obtained evidence of a time stamp of the publications.</p>		
2	<p>Do the reports each include, at a minimum, the approved original AND revised (if applicable) budget appropriation for the year against each organizational units (MDAs) for each of the core economic classification of expenditures (Personnel, Overheads, Capital, and others), the actual expenditures for the quarter attributed to each as well as the cumulative expenditures for year to date, and balances against each of the revenue and expenditure appropriations.</p>	<p>From our review of the Quarterly Budget Implementation Reports downloaded from the State’s website (see weblinks above), we observed the following:</p> <ul style="list-style-type: none"> ● The Budget Implementation Reports included the approved budget appropriation for the year against each organizational units (MDAs) for each of the core economic classification of expenditures. ● The Budget Implementation Reports included the actual expenditures for the quarter attributed to each as well as the cumulative expenditures for year to date. ● The Budget Implementation Reports included the balances against each of the revenue and expenditure appropriations. ● The State has no amended/revised or passed supplementary budgets. <p>The Reports include the approved budget appropriation for the year for each of the core economic classification of expenditures (Personnel, Overheads, Capital, and others); the actual expenditures for the quarter and the balances against each of the revenue and expenditure appropriations.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations			
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?	Upon review of the State's Budget Performance reports, we noted that they stated the actual expenditures for each quarter attributed to each MDA and each expenditure classification as well as the cumulative expenditures for the year to date.	Satisfactory				
4	Does the report State balances against each of the revenue and expenditure appropriations with balances provided on a consolidated basis across the four (4) expenditure classifications and 'Other Expenditures' which will include debt servicing, and transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications?	Upon review of the State's Budget Performance reports, we noted that they 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 include debt servicing, and transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications.	Satisfactory				
DLR 1.2	FY [2019] deviation from total budget expenditure is less than 25%		Not Achieved				
1	Has the State computed the difference between the original approved total budgeted expenditure for the fiscal/calendar year and the actual total budgeted expenditure in the fiscal/calendar year, divided by the original	<p>The State computed the budget deviation for 2019 to be 44%</p> <p>The IVA computed the budget deviation for this APA year. See the computation below:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="width: 50px; height: 20px;"></td> <td style="width: 50px; text-align: center;">Original Budget</td> <td style="width: 50px; text-align: center;">Actual Outturn</td> </tr> </table>		Original Budget	Actual Outturn	Unsatisfactory	The State should reduce the annual budget expenditure deviation to a level
	Original Budget	Actual Outturn					

Disbursement Linked Indicators (DLIs) and Tests		Findings			Conclusion	Recommendations								
	<p>approved total budgeted expenditure, and expressed in positive percentage terms?</p> <p>Is the expenditure outturn deviation computed less than 25%</p>	<table border="1"> <tr> <td>Capital</td> <td>113,981,589,137</td> <td>52,694,924,694.78</td> </tr> <tr> <td>Rec. Exp</td> <td>55,671,182,349</td> <td>42,423,555,835.70</td> </tr> <tr> <td>Total</td> <td>169,652,777,486</td> <td>95,118,480,530.48</td> </tr> </table> <p> $\frac{\text{₦}169,652,771,486.00 - \text{₦}95,118,480,530.48}{\text{₦}169,652,771,486.00} \times 100$ </p> <p>The budget performance deviation is = 43.9%</p> <p>Source: 2019 Audited Cash based Financial Statement Page 12 and Approved Budget Expenditure and Actual Expenditure Page 2.</p>	Capital	113,981,589,137	52,694,924,694.78	Rec. Exp	55,671,182,349	42,423,555,835.70	Total	169,652,777,486	95,118,480,530.48			below the limits set for this result.
Capital	113,981,589,137	52,694,924,694.78												
Rec. Exp	55,671,182,349	42,423,555,835.70												
Total	169,652,777,486	95,118,480,530.48												
DLI 2: Increased Openness and Citizens' Engagement in the Budget Process														
DLR 2.1	Citizens' inputs from formal public consultations are published online, along with the proposed FY [2020] budget				Achieved									
1	Did the State conduct at least one "town-hall" consultation before the proposed budget is drafted with participation of local government authorities and State-based CSOs?	<p>From our review, the State conducted one town-hall consultations before the proposed 2020 budget was drafted with participation of Local Government Areas (LGAs) and State-Based Civil Society Organisations (CSOs).</p> <p>a) Some of the LGAs in attendance were: Tambuwal, Sokoto North, Sokoto South, etc.</p>			Satisfactory									

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>b) The CSOs representatives in attendance were Centre for Social Advocacy (CSA) and Coalition of Non-Governmental Organization.</p> <p>c) The evidence that the consultation was held are Minutes of Stake holders consultation, attendance list and pictures.</p> <p>d) The date of the consultation on the 2020 budget proposal was 14th August, 2019 and the Venue was Sultan Muhammadu Maccido Institute of Qur'an and General Studies, Sokoto.</p> <p>e) A sample of 10 attendees were randomly selected and contacted through phone calls and they all confirmed their attendance.</p> <p>f) The budget was drafted on 3rd December, 2019.</p> <p>g) The date of the consultation was 14th August, 2019 and the date of the draft budget was 3rd December, 2019. The consultation meeting was done first.</p>		
2	Were the minutes of the public consultations jointly prepared with CSO representatives (shown by their signature to the minutes) and posted on the official State website, alongside the proposed annual budget on or before 31 January 2020 to enable citizens to find the inputs easily?	<p>a) Key representatives of CSO co-signed the minutes of meeting.</p> <p>b) The title of the Minutes is “Minutes of the Meeting on Stakeholders Consultation on Budget 2020 held on Wednesday the 14th August, 2019 at Sultan Muhammadu Maccido Institute of Qura’an and General Studies, Sokoto, Sokoto State” and was posted online on 13th November, 2019.</p> <p>c) The weblink to the minute’s publication is: https://finance.sokotostate.gov.ng/wp-</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>content/uploads/2020/09/Minutes-Of-Stakeholders-Consultation-Meeting.pdf</p> <p>d) See Appendix A for weblinks to the proposed/final budget</p>		
DLR 2.2	Citizens' budget based on approved FY19 State budget published online by end April 2019.		Achieved	
New				
1	Has the State published online, on the State website(s) a <i>Citizens Budget based on the approved FY19 state budget</i> not later than 30 April 2019?	<p>The Citizens Budget based on approved FY19 State Budget was published on 30th April, 2019. It was published on the due date of 30th April, 2019.</p> <p>Weblink: https://finance.sokotostate.gov.ng/wp-content/uploads/2019/04/Sokoto_State_Citizen_Budget_2019.pdf</p>	Satisfactory	
New				
2	Is the Citizens Budget a comprehensible (to citizens) summary of the approved FY19 state budget?	<p>We confirmed that the Citizens budget summarizes in a comprehensible manner to citizens the approved FY19 state budget and it was prepared in the format suggested to the States. It accurately includes the key budget information from the original budget, including the following;</p> <ul style="list-style-type: none"> i. A simple explanation of the annual budget/citizens budget; ii. Breakdown of revenues and expenditures iii. Disclosure of Budget deficit (if any) and how it will be financed. iv. Sectoral Allocation (MDAs by MDAs) v. Top Projects to be financed (at least 5). 	Satisfactory	
New				

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
<i>DLI 3: Improved Cash Management and reduced Revenue Leakages through Implementation of State TSA</i>				
DLR 3.0	Improved cash management and reduced revenue leakages through implementation of State TSA		Achieved	
1	Has the State established a functional State-level TSA?	<p>The State has established a functional State-level TSA where all revenues are paid into. The State operates one account. The Treasury Single Account covers IGR, FAAC allocation and VAT allocations with the following account details:</p> <ul style="list-style-type: none"> ● TSA Bank: Access Bank ● Account Name: Accountant General Sokoto FAAC Account ● Account Number: 0697434238. 	Satisfactory	
2	<p>Is there a formally approved cash management strategy in place?</p> <p>The Strategy should cover the processes through which the State Ministry of Finance or Budgets/Economic Planning is able to forecast cash commitments and requirements and provide reliable information on the availability of funds.</p>	<p>a) The State has a formally approved Cash Management Strategy called the Sokoto State Cash Management Strategy.</p> <p>b) It was produced in November 2019 and signed by both the Honourable Commissioner for Finance and the Accountant General of the State.</p> <p>c) The State Cash Management Strategy includes the processes through which the State Ministry of Finance is able to forecast cash commitments and requirements and provide reliable information on the availability of funds.</p> <p>d) The State policy for sweeping to the TSA was weekly and this was in line with their Cash Management Strategy. The State also mentioned that they could sweep to their Consolidated Revenue Account if the sweeping was not done.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>e) Chapter 4 of the Cash Management Strategy includes; profiles Cash Planning, Revenue Profiling, Expenditure Profiling, Annual Cash Plan, On-year performance review, Cash Disbursement, Revenue Management and Commitment Controls.</p> <p>f) The Cash Plan contains revenue and expenditure planning, which is done based on annual budget, whatever remains after funding personnel goes to overhead.</p> <p>g) The Annual Cash Plan is contained in the budget. It is done quarterly or bi-annually.</p>		
3	Does the TSA have a system of cash management that allows for a central view of cash balances in bank accounts on a single electronic dashboard (based on the approved cash management strategy)?	<p>a) The State's TSA has a system of cash management that allows for a central view of cash balances in Bank Accounts in a single dashboard. It has employed the use of an app named Bank Account Monitoring System (BAMS). BAMS is a treasury management portal that provides a single access view for day to day management of bank accounts across different banks, which was produced by Upperlink for this purpose.</p> <p>b) The app was in line with the cash management strategy.</p> <p>c) It was deployed in 2017.</p>	Satisfactory	
4	Does the TSA have one consolidated revenue treasury account for State revenues? Revenues collected by MDAs such as service fees no longer sit in individual MDA accounts at different commercial banks but are brought into the consolidated revenue account as part of the TSA.	<p>a) The State has one consolidated revenue account where all State IGR and FAAC are being paid into.</p> <p>b) The TSA of the State is Accountant General Sokoto FAAC Account with Access Bank-0697434238</p> <p>c) All IGR collecting banks sweep IGR collected into the State's Consolidated Revenue Account and this is then transferred to the State's Expenditure Account where payments are made.</p> <p>d) MDAs no longer operate separate banks; all revenues are now paid into designated banks which then sweep into the State Consolidated Revenue Account.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations												
	e) The TSA bank statement has been obtained.														
5 Does the TSA cover a minimum of 60% of the State Government's finances?	<p>The IVA computed the total cash inflow and outflow from the TSA account against the total government finances inflows and outflows as contained in the Cashflow Statement for the year ended 2019.</p> <p>See the computation below:</p> <table border="1" data-bbox="753 518 1362 850"> <thead> <tr> <th></th> <th>Total Inflows ₦</th> <th>Total Outflows ₦</th> </tr> </thead> <tbody> <tr> <td>TSA Bank Statement</td> <td>66,713,054,297.82</td> <td>70,395,787,498.41</td> </tr> <tr> <td>Government Finances*</td> <td>89,038,124,615.43</td> <td>95,118,480,530.48</td> </tr> <tr> <td>Percentage</td> <td>74.93%</td> <td>74%</td> </tr> </tbody> </table> <p>The average in percentage computation is:</p> $\frac{74.93\% + 74\%}{2} = \underline{\underline{74.5\%}}$ <p>The TSA covered 74.5% of the State's finances.</p> <p>*Source: 2019 Audited Financial Statement (Cashflow Statement) Pages 14 and 15 and 2019 TSA Statement from Access Bank.</p>		Total Inflows ₦	Total Outflows ₦	TSA Bank Statement	66,713,054,297.82	70,395,787,498.41	Government Finances*	89,038,124,615.43	95,118,480,530.48	Percentage	74.93%	74%	Satisfactory	
	Total Inflows ₦	Total Outflows ₦													
TSA Bank Statement	66,713,054,297.82	70,395,787,498.41													
Government Finances*	89,038,124,615.43	95,118,480,530.48													
Percentage	74.93%	74%													
DLI 4: Strengthened Internally Generated Revenue (IGR)															

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
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	
1	Does the State have up-to-date consolidated revenue code which includes all the State's IGR sources and all the local governments (falling under that State) IGR sources?	<p>a) The State presented their Revenue Law – “A Law to Integrate, Harmonize and Consolidate all Revenues Collectible by Organs of Government, Ministries, Department and Agencies in Sokoto State in order to Generate Sufficient Revenue for Social Service and Economic Growth in Sokoto State and for Matters Connected thereto.”</p> <p>b) There was an amendment to the former Revenue Law of the State to have an up-to-date consolidated revenue codes which includes all the State's IGR sources and all the local governments (falling under that State) IGR Sources.</p> <p>c) The law was assented to by the Governor on the 31st of December, 2019 and gazetted on the 15th of June, 2020.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>d) The Consolidated Revenue Code includes all State IGR sources and the LGs (falling under the State) IGR sources with respective chargeable rate for each IGR source.</p> <p>e) The weblink where the Revenue law, Code and rates were posted is: https://mofsokoto.files.wordpress.com/2019/12/a-law-to-integrate-harmonize-and-consolidate-revenue.pdf</p>		
2	Does the consolidated revenue code stipulate that the State Bureau of Internal Revenues (SBIR) or the State Internal Revenue Service (SIRS) as the sole agency responsible for State revenue (tax and non-tax) collection and accounting in the State?	<p>a) Section 5 of the law states “The object of the service shall be to control and administer the various taxes, non-taxes, revenues and levies specified in the first schedule...”</p> <p>b) Section 24(1)(2)(3) gives the SIRS sole collection rights including for MDAs & Local Governments, while</p> <p>c) Section 93 says; “SIRS shall be sole authority to collect and account for all taxes, levies, fees charges and rates in the state at listed in the first schedule of this Law”.</p>	Satisfactory	
3	Is the collection of revenues is made into accounts(s) nominated by the SBIR OR SBIR has full oversight of the accounts and is responsible for reporting and accounting for the revenues	<p>a) Section 10(2) (c) states that the board shall “...collect, recover and pay to the designated account any tax, levy or other revenue howsoever established due to the state”.</p> <p>b) Section 10(2)(d) states that the board shall “...account for and enforce the payment of any taxes due to the State”.</p> <p>c) Section 51 states that the board shall “...paid into the bank account of the service and any other electronic means approved by the Board”</p> <p>d) The team also confirmed that the Chairman of the SBIR also has access to a Bank Account Monitoring System (BAMS) platform / dashboard which shows all the balances in the revenue holding banks which sweep into the Consolidated</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		Revenue Account. His access to the dashboard was demonstrated to the IVA team.		
4	<p>Is the code approved by the State legislature to have a legal basis, either as a law or a resolution?</p> <p>It cannot be an executive order with no legal basis. The approval shall occur by the 31 December of the year under assessment to count for that year, up to 31 December 2020.</p>	The code was approved by the State Legislature to have a legal basis. It was signed by the Clerk to the House and assented to by the Governor on 31 st December, 2019.	Satisfactory	
5	Is the Publication published online, so it is automatically available to the public/all taxpayers?	<p>a) The State Revenue Law was downloaded and a copy was kept in the assessment file.</p> <p>b) The Law was published online at: https://mofsokoto.files.wordpress.com/2019/12/a-law-to-integrate-harmonize-and-consolidate-revenue.pdf</p> <p>c) The publication was published online on 31st December, 2019</p>	Satisfactory	
DLR 4.2	Annual nominal IGR growth rate meets target		Achieved	
1	Has the 2019-2018 annual nominal IGR growth rate met the basic or stretch targets?	<p>a. The State used IPSAS Cash accounting basis for revenue reporting in 2018 and 2019 from the Audited Financial Statements.</p> <p>b. The IVA computed the annual nominal IGR growth rate for this year APA. See the computation below:</p>	<p>Satisfactory</p> <p>Stretch Target met</p>	

Disbursement Linked Indicators (DLIs) and Tests	Findings				Conclusion	Recommendations
Basic Target: 20%-39% Stretch Target: 40% or more		NGN	NGN	% GROWTH		
	Item	2018 ₦	2019 ₦			
	<i>Memo: Reported IGR in AFS (Before Adjustments)</i>	14,111,814,612	19,005,093,541	35%		
	VALID IGR items to be counted as IGR	13,542,687,769	18,996,878,204			
	Direct tax	7,301,984,113	16,526,797,759			
	Licenses	100,470,278	47,711,828			
	Fine and Fees	941,556,870	1,375,911,064			
	Sales of goods and services	2,308,909,324	826,976,271			
	Earnings (Excluding interest or investment income)		1,945,423			
	Rent of Government Buildings	80,351,244	6,163,822			
	Rent on Lands and Others		19,435,017			
	<i>Other (Miscellaneous/Extraordinary items)</i>	2,809,415,940	191,937,020			
	"Adjusted IGR" for DLI 4.2 Calculation					
	Sum of all VALID items of IGR if AFS has that detail	13,542,687,769	18,996,878,204	40.27%		
	$\frac{\text{₦18,996,878,204} - \text{₦13,542,687,769}}{\text{₦13,542,687,789}} \times 100$					

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p style="text-align: center;">= <u>40.27%</u></p> <p>The Annual nominal growth rate is 40.27%</p> <p>Source: (a) Year 2019 Audited Financial Statement Page 23 (Note 1 - Page 28) 2018 FS, Page 12 (2019 FS)</p> <p>Note: Additional work was done as follows, to confirm the significant increase in Direct Tax shown on the table above:</p> <p>An Issue report dated 11th September, 2020 was raised for the State to justify the direct tax figure as the Revenue seen in the IGR Consolidated Account was far below N3b.</p> <p>The State was also requested to clarify the increase in Direct Tax from N7,301,984,113.11 in 2018 to N16,526,797,759.02 in 2019 as reported on page 14 of the 2019 Audited Financial Statements</p> <p>3. The State responded that the Office of the Accountant-General of the Federation, Abuja made a refund of PAYE to the State in two (2) tranches in the year 2019 as follows:</p> <p>i. The sum of N7,748,218,953.83 Tax Refund was paid directly to TSA Access Bank Account No. 0697434238 as Federal MDA's PAYE 2012 - 2016 (Tax Audit) in 2019 and was utilised in the account without transferring the amount into the State Consolidated Revenue Fund Account.</p> <p>ii. That the second tranche of the refund amounting to N8,778,578,805.19 was also paid directly to TSA Access Bank Account No. 0697434238 as Federal MDA's PAYE 2017 - 2018 (Tax</p>		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>Audit) and was utilised in the account without transferring the amount into the State Consolidated Revenue Fund Account.</p> <p>The above claims were verified in the Bank Statements and we confirmed that the figure is accurate.</p> <p>Ordinarily, refunds from the Federal Government are not to be treated as IGR, however, in this instance as the refunds were specifically to do with tax, and as the state is on a cash accounting basis, we determined the amounts should be treated as IGR.</p>		
DLI 5: Biometric Registration and Bank Verification Number (BVN)				
Used to reduce Payroll Fraud				
DLR 5.1	Biometric capture of at least [75] percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll		Achieved	
1	Has the State used Biometrics to reduce payroll fraud through a completed biometric exercise for 75% of the current civil servants and pensioners on the State payroll?	<p>The State had commenced and continued the Biometric data capture of the Civil Servants and Pensioners in the State.</p> <p>a) The Biometric data capture exercise was outsourced to Mabeli Technologies Ltd</p> <p>b) The total no. of Civil Servants is 30,068</p> <p>c) The total no. of Pensioners is 6,395</p> <p>d) The total no. of staff on the State Nominal roll and payroll is 36,463 (Civil Servants and Pensioners)</p> <p>e) A total of 32,480 Biometric data of Civil Servants (27,406) and Pensioners (5,074) has been captured.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>f) The following documents were obtained and reviewed:</p> <ul style="list-style-type: none"> 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 v. Report of the Accountant-General and Financial Statement for the year ended 31st December, 2019 (page11) vi. Auditor General's report on payroll audit and physical verification exercise report $\frac{\text{No. of Biometric Data Captured}}{\text{Total No of Civil Servants + Pensioners}} \times 100$ $\frac{32,480}{36,463} \times 100$ $= 89.08\%$ <p>The State had captured 89.08% of the State's Civil Servants and Pensioners.</p>		
2	<p>Has the State linked the biometrics data to the State payroll to identify ghost workers?</p> <ul style="list-style-type: none"> a) The State commenced Biometric data linkages of both Civil Servants and Pensioners to the State payroll in 2017 and achieved 89.08% as at December, 2019. b) The total of 32,480 Biometric data of Civil Servants (27,406) and Pensioners (5,074) had been linked to the payroll as at 31st December, 2019. 	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>c) A total of 453 ghost workers were detected during the biometric validations.</p> <p>d) The sum of ₦154,188,592.26 monthly savings and consequential savings of ₦11,445,005.10 were saved from the ghost workers detected between October 2019 to December 2019 (page 4 of the reports submitted by Mabeli Technologies Ltd on Project Updates & Reports on Restructuring and Automation of Sokoto State Government's Payroll System).</p> <p>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.</p> <p>f) The State payroll system was designed in a way which automatically reflect any changes made immediately (within one month) after necessary approval and authorization has been received from the Hon. Commissioner for Finance to effect changes to the payroll due to leavers, retirement, deaths, etc.</p> <p>g) The following documents were obtained and reviewed to support the conclusion reached:</p> <ul style="list-style-type: none"> i. Files containing Hon. Commissioner for Finance approval on removal of ghost workers from State payroll. ii. State payroll and Nominal Roll iii. Samples of randomly selected 40 ghost workers from the list, tracing them to the payroll and discovered that they were being removed from payroll immediately (within one month). 		
3	Has the State removed confirmed ghost workers and ghost pensioners within three (3)	a) A total of 453 ghost workers were detected during the biometric linkage.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	months of each case being confirmed?	<p>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.</p> <p>c) The identified ghost workers detected in October 2019 to December 2019 were deleted immediately from the payroll in the month of detection i.e. October, November and December 2019.</p> <p>d) The payroll figure for the month of September 2019 prior the removal of the ghost workers from the payroll in October 2019 was ₦2,791,664,239.04 while that of October 2019 payroll figure was ₦2,691,857,640.36 (Note: there were recruitment of new Staff in October to December 2019 to replace the ghost workers on the payroll)</p> <p>e) The source of the above information was the page 5 report submitted by Mabeli Technologies Ltd (Payroll Consultant) on Project Updates and Reports on Restructuring and Automation of Sokoto State Government's Payroll System and interview conducted with the Director Salaries.</p>		
5.2	Link BVN data to at least [75] percent of current civil servants and pensioners on the payroll and payroll fraud addressed		Achieved	
1	Has the State linked the Bank Verification Number data to 75% of its current Civil Servants and pensioners on the State payroll?	<p>The State had commenced and continue the linkage of BVN data of the Civil Servants and Pensioners in the State.</p> <p>a) The BVN data linkage to payroll was outsourced to Mabeli Technologies Ltd</p> <p>b) The total no. of Civil Servants is 30,068</p> <p>c) The total no. of Pensioners is 6,395</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>d) The total no. of staff on the State Nominal roll and that of payroll is 36,463 (Civil Servants and Pensioners)</p> <p>e) A total of 34,746 BVN data of Civil Servants (29,366) and Pensioners (5,380) had been linked to payroll.</p> <p>f) The following documents were obtained and reviewed:</p> <ul style="list-style-type: none"> 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 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 which their BVN data were linked to payroll and were paid during the year under review v. Report of the Accountant-General and Financial Statement for the year ended 31st December, 2019 (page11) vi. Auditor General's report on payroll audit and physical verification exercise report. $\frac{\text{No. of BVN Data Linked}}{\text{Total No. Of Civil Servants + Pensioners}} \times 100$ $= \frac{34,746}{36,463} \times 100$ $= 95.25\%$ <p>The State had linked 95.25% of the State's Civil Servants and Pensioners to the payroll.</p>		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
2	Has the State taken steps to identify payroll fraud?	<p>The State had taken steps to identify payroll fraud through the linkage of payee BVN data to the State Payroll.</p> <p>a) 34,746 BVN data of Civil Servants (29,366) and Pensioners (5,380) had been linked to the State payroll, while 1,717 BVN data of Civil Servants (702) and Pensioners (1,015) were yet to be linked to payroll.</p> <p>b) Remita Payroll System generated the reports on identified ghost workers.</p> <p>c) The State identified 453 ghost workers detected in October 2019 to December 2019 which were deleted immediately from the payroll in the month of detection i.e. October, November and December 2019.</p> <p>d) The payroll figure for the month of September 2019 prior the removal of ghost workers from payroll in October 2019 was ₦2,791,664,239.04 while that of October 2019 payroll figure was ₦2,691,857,640.36 (Note: there were recruitment of new Staff in October to December 2019 to replace the ghost workers on the payroll)</p> <p>e) The sources of the above information were the page 5 reports submitted by Mabeli Technologies Ltd (Payroll Consultant) on Project Updates and Reports on Restructuring and Automation of Sokoto State Government's Payroll System and interview conducted with the Director Salaries.</p>	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		Achieved	This is a 2020 APA result assessed

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	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			early as requested by the programme.
1	Does the State have a public procurement legal framework which must be approved by the State legislature to have a legal basis, either as a law or a resolution?	<p>a) The State has an approved Public Procurement Legal framework known as:</p> <ul style="list-style-type: none"> i. Sokoto State Bureau of Public Procurement and Price Intelligence Law 2013 (Principal Law) assented to on 4th February, 2013. ii. Sokoto State Public Procurement and Public Partnership Law 2016 (amendment Law) assented to on 8th Dec. 2016 and iii. Bureau for Public procurement and Prize Intelligence (amendment No 2) Law 2020 approved by the State House of Assembly and assented to by the Governor on the 29th of August, 2020. <p>b) The Law was published online on 31st August, 2020</p> <p>c) The source of the online publication is https://mofsokoto.files.wordpress.com/2020/08/public-procurement-law-amended.pdf</p>	Satisfactory	
2	Does the law conform with the UNCITRAL Model Law which should provide for? 1) e-Procurement; 2) establishment of	The State Public Procurement Law is structured in line with the UNCITRAL Model and meets the requirements as shown below:	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations								
<p>an independent procurement regulatory agency; and 3) cover all MDAs receiving funds from the State budget.</p>	<p>1. E-Procurement - We noted the following during our review of legislation;</p> <ul style="list-style-type: none"> • The Board to approve changes in the procurement process to adapt to improvements in modern technology, S.5(b) of the Principal Law • The Bureau to introduce, develop, update and maintain related data base and technology, s.11(n) of the Principal Law. <p>The law therefore complies with the requirements for e-procurement.</p> <p>2. Establishment of an independent procurement regulatory agency - The results of our assessment of the legislation for independence are in the table below:</p> <table border="1" data-bbox="774 813 1346 1382"> <thead> <tr> <th data-bbox="779 813 1037 862">Required Provisions*</th> <th data-bbox="1037 813 1341 862">Result</th> </tr> </thead> <tbody> <tr> <td data-bbox="779 862 1037 951">The Functions and Powers of the Agency</td> <td data-bbox="1037 862 1341 951">Compliant; see sections 11 and 12</td> </tr> <tr> <td data-bbox="779 951 1037 1036">The composition of the board</td> <td data-bbox="1037 951 1341 1036">Compliant; See section 4(2)</td> </tr> <tr> <td data-bbox="779 1036 1037 1382">Membership of the Board/Council includes representatives from Professional bodies and associations.</td> <td data-bbox="1037 1036 1341 1382">Moderately Compliant; see sections 3 of the 2020 amendment law which amends section 4 of the Principal Law and Section 4 of the 2020 amendment law which amends Section 6 of the Principal Law. Though three professionals are to be appointed into the Board. They are said to represent</td> </tr> </tbody> </table>	Required Provisions*	Result	The Functions and Powers of the Agency	Compliant; see sections 11 and 12	The composition of the board	Compliant; See section 4(2)	Membership of the Board/Council includes representatives from Professional bodies and associations.	Moderately Compliant; see sections 3 of the 2020 amendment law which amends section 4 of the Principal Law and Section 4 of the 2020 amendment law which amends Section 6 of the Principal Law. Though three professionals are to be appointed into the Board. They are said to represent		
Required Provisions*	Result										
The Functions and Powers of the Agency	Compliant; see sections 11 and 12										
The composition of the board	Compliant; See section 4(2)										
Membership of the Board/Council includes representatives from Professional bodies and associations.	Moderately Compliant; see sections 3 of the 2020 amendment law which amends section 4 of the Principal Law and Section 4 of the 2020 amendment law which amends Section 6 of the Principal Law. Though three professionals are to be appointed into the Board. They are said to represent										

Disbursement Linked Indicators (DLIs) and Tests		Findings			Conclusion	Recommendations
				different senatorial zones. However, section 4 of the 2020 amendment law amends section 6 of the Principal law to require that each of these professionals are first nominated by their professional bodies. This in effect means they will have a dual loyalty to both their professional and senatorial zones. This will at a minimum satisfy this benchmark.		
			The grounds for removal of the Chief Executive of the agency.	Compliant; see section 13(3)c.		
			Regarding 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 with the State High court.		
		<p>*Provided by the World Bank</p> <p>3. Covering all MDAs receiving funds from the State budget - Compliant</p> <p>a) The provision of the Law applies to all procurement of goods, works and services carried out by the Government of Sokoto State, Local government and all procurement entities. Section 25 of the Principal law.</p>				

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
3	Has the State instituted an independent procurement regulatory function, which may be performed through one or a combination of the following: bureau, commission, council, agency or any other type of entity set up for the statutory purpose?	<p>a) The state has instituted an independent procurement regulatory function being performed by a bureau called the Sokoto State Bureau of Public Procurement and Public Private Partnership.</p> <p>b) The agency is responsible for prescribing regulations and procedures in accordance with legal framework through the Board. The Agency draws up the regulations but it has to be approved by the Board.</p> <p>c) An interview was conducted with the Director General of the bureau and other members of the management team. The Director General stated that the bureau is effective in the sense that procuring entities have no choice but to follow due process in their activities.</p> <p>d) A physical inspection of the office was conducted and random staff members were interviewed. They all attested to the effectiveness of the bureau and stated that their involvement in the procurement process enabled transparency and due process being followed. They also noted that their activities led to cost effectiveness, compliance to specification, ensured quality control and completion of project within time.</p> <p>e) The agency handled 38 cases in the year under review. A walk through of 5 procurement and contracting transactions handled by the bureau was used to reach a conclusion on the effectiveness of the bureau.</p>	Satisfactory	
DLR 6.2	Publish contract award information above a threshold set out in the Operations Manual for 2019 on a monthly basis in OCDS		Achieved	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	format on [the State website/on the online portal]			
1	Has the State achieved open contracting component of the DLI by publishing online, contract award information for all contracts awarded during the fiscal year(2019) that are above the threshold (as defined in the State procurement law or in the State procurement regulation(s), in line with the Open Contracting Data Standards (OCDS).	<ul style="list-style-type: none"> a) The schedule of all contracts awarded during 2019 above the threshold published online (as defined in the State procurement law) was obtained by the IVA from the State. b) The contract award data published on the State’s website was in line with the Open Contracting Data Standards (OCDS). c) The data was published on 6th December, 2019 and was assessed on the 6th September, 2020. Back end date of publication was obtained and retained in the assessment file. d) The source of the publication is: https://procurement.sokotostate.gov.ng/csvtable/ 	Satisfactory	
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.		Achieved	This is a 2020 APA result assessed early as requested by the programme.
1	Is there an Approved state-level public debt legislation through the passage of a State Fiscal Responsibility Law, OR the passage	a) The State has provided copies of their approved State-level Public Debt Legislation known as the “Fiscal Responsibility Law 2019 and this was amended in 2020.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
<p>of the State Public Debt Management Law, OR the inclusion of the provisions of the Fiscal Responsibility Act (FRA) in the organic PFM Law?</p>	<p>b) The date(s) of approval/assent are 31st December, 2019 and 29th August, 2020 by the Governor.</p>		
<p>2 Does the legislation include provisions which establish the following?</p> <p>1) Responsibilities for contracting state debt; 2) Responsibilities for recording/reporting state debt; and</p> <p>3) Fiscal and debt rules/limits for the state.</p>	<p>The IVA reviewed the Law against the 3 Criteria and noted the following:</p> <p>a) Requirement (i) establishing responsibilities for contracting state debt: Part - IX – (Debt, Indebtedness and Borrowing) of the Fiscal Responsibility Law provide that (a) the State Government and the Local Governments shall only borrow for capital expenditure and human development, provided that such borrowing shall be on concessional terms with low interest rate and with a reasonably long amortization period subject to the resolution of the House of Assembly. In section (e) the law added that notwithstanding the provisions of paragraph (a) and subject to the approval of the House of Assembly, the State Government may borrow from the capital market. Section 40 sub-section 1, of the amended law provided that the State Government shall, through the Debt Management Department of the State Ministry of Finance be responsible for contracting State debt.</p> <p>b) Requirement for (ii) establishing responsibilities for recording and reporting state debt: Section 40 sub-section (ii) mandated the office to maintaining a reliable database of all loans taken or guaranteed by it, its application, contractual and supplier debts obligations, pension liabilities and other contingent liabilities. In addition to publishing the information including the level of indebtedness, including the names of persons or corporations</p>	<p>Satisfactory</p>	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>the Government is indebted at the website. In section 40 of the amended law sub-section (g) also mandate the Debt Management Department to publish the State Government's Budgetary provision for each Fiscal Year as it affects its consideration for settling its indebtedness in relation to all outlined areas mentioned in paragraph (9 of this subsection.</p> <p>c) Requirement for (iii) establishing fiscal and debt rules or /limits: Part XIV of 2019 law: under Miscellaneous Provisions section 57 state that State law may set a limit for consolidated debt securities, borrowing and granting of guarantees lower than the one provided for pursuant to this Law. Section 40 sub-section (iii) stipulates setting rules and limits for securing State debt in accordance with the enabling laws.</p>		
3	<p>Has the State Debt Management Department (or Unit, Committee, Agency, Board, Bureau, Commission, Council) has been operational during the APA year and performing the core function of recording and reporting state debt.</p> <p>a) The State Debt Management Department (or Unit, Committee, Agency, Board, Bureau, Commission, Council) has been operational during the APA year and performing the core function of recording and reporting state debt.</p> <p>b) The work done in line with the Test program, is as follows:</p> <ol style="list-style-type: none"> i. An interview with the Head of Department and Management was conducted, ii. The Head of Department was of the opinion that the Unit was active and effective since 2009. iii. A physical inspection of the Department was conducted and it was observed that the Office was active and befitting. Pictures of the premises were obtained, iv. An interview with a random operational staff was conducted and the persons view states that the department is active and fully operational. 	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		c) The documents reviewed include: On-lending from FGN files, Domestic Debt Data Reconstruction, External Debt Service, etc.		
DLR 7.2	Quarterly State debt reports accepted by the DMO on average two months or less after the end of the quarters in 2019		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 2019?	<p>The State produced quarterly domestic debt reports approved by the DMO on average of two months after the end of the quarter:</p> <p>We obtained evidence that the State produced quarterly SDDRs, which were submitted and received by the DMO as follows:</p> <ul style="list-style-type: none"> • Q1 submitted on 23/05/2019 7.6 weeks (53 days), • Q2 submitted on 22/08/2019 7.6 weeks (53 days), • Q3 submitted on 29/11/2019 8.6 weeks (60 days) and • Q4 submitted on 17/02/2019 6.9 weeks (48 days). $\frac{7.6+7.6+8.6+6.9}{4}$ <p>=7.7 weeks</p> <p>The SDDRs were submitted in an average of less than two months (54 days).</p>	Satisfactory	
2	<p>Note: Have you reviewed for accuracy and completeness from the DMO:</p> <p>The State Domestic and External Debt Report (SDEDR) along with all</p>	We reviewed the DMO's Report on State Domestic and External Debt Report (SDEDR) with the Sokoto State Debt Domestic Report and both showed a difference amount of ₦5,508,655,001.39 (Five Billion, Five Hundred and Eight Million, Six Hundred and Fifty Five Thousand, One Naira, Thirty Nine Kobo), only in Total Debt Stock	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	underlying data and supporting documents including the DMO templates and guidelines and standard internal protocols and data from CBN, DMO and FMOF Home Finance used by the DMO to cross-check the state's domestic debt figures.	<p>figure reported by the State on notes 19 and 24 of the 2019 Audited Financial Statement (₦61,699,938,219.61) and the 2019 figure reported by the Federal Debt Management Office and the Central Bank of Nigeria (₦67,208,593,221.00). The report was supported with the DMO's templates and guidelines.</p> <p>We reviewed the DMO report and the DMO report confirmed the accuracy and completeness of the State Domestic Debt Report.</p> <p>A wider review was undertaken of the information and supporting schedules submitted by the DMO, and several clarifications and adjustments were made to correct errors and omissions in the state's submission to the DMO. Conclusions reached in this report are based on the amended DMO data.</p>		
DLI 8: Improved Clearance/Reduction of Stock of Domestic Expenditure Arrears				
DLR 8.0	<p>Domestic arrears as of end 2019 reported in an online publicly accessible database, with a verification process in place and an arrears clearance framework established.</p> <p>AND</p> <p>Percentage decline in the verified stock of domestic arrears at end 2019 compared to end 2018 meets target and is consistent</p>	The State submitted to the IVA the annual state arrears recording, verification, and clearance report (SARVCR)	Achieved Basic target met	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	<p>with the state's arrears clearance framework.</p> <p>-Basic target: At least a 5% decline or maintain stock below N5 billion</p> <p>-Stretch target: More than 20% decline</p>			
1	Has the State established an Arrears Clearance Framework (ACF)?	<p>a) The State has established an Arrears Clearance Framework (ACF)</p> <p>b) We obtained a copy of the ACF from the State</p> <p>c) The establishment of the ACF occurred by the 31st December, 2019.</p>	Satisfactory	
2	Does the ACF contain: 1) the planned actions to settle arrears; and 2) an explicit prioritization of expenditure arrears to be settled.	<p>a) The ACF contains planned actions to settle arrears and an explicit prioritization of expenditure arrears to be settled.</p> <p>b) The evidence seen when reviewing the ACF that shows the ACF contains the two stated requirements are contained in the Section of Major Sources of funds and Prioritization Criteria as stated below:</p> <p>i. Planned actions to settle expenditure arrears were detailed in pages 2 - 3 of the State's ACF and</p> <p>ii. Prioritization of domestic expenditure arrears to be settled is to be as detailed in pages 3 - 4 of the State's ACF. We however noted that the text below from the ACF does not set out the actual prioritization.</p> <p><i>"The clearance and settlement of domestic arrears shall be prioritised and sequential based on size and vintage. However a combination of criteria may be adopted depending on the situation,</i></p>	Satisfactory – in view of the total domestic arrears being less than the N5bn threshold	<p>The prioritization criteria under the ACF established at the end of 31 December 2019 was unclear</p> <p>The State is therefore advised to revise the ACF as it may lead to non-achievement of the result in the future, if arrears exceed N5bn and it is not</p>

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p><i>but there is need to ensure an open and transparent mechanism to fair all the beneficiaries”.</i></p> <p>The clearance of domestic arrears could not therefore be shown to be consistent with the established ACF, as the ACF was not clear on prioritization. However, as the entire arrears balance was below the N5bn threshold, we have deemed the ACF adequate.</p> <p>c) Other documents submitted by the State to confirm the ACF exists include the Debt Sustainability Analysis Report. The SARVCR was also reviewed to confirm the existence of the ACF.</p>		possible to ascertain the alignment of the arrears reduction with the ACF.
3	Has the ACF been published on a State official website?	<p>a) We confirmed that the ACF has been published on a State official website</p> <p>b) We have downloaded a copy for validation</p> <p>c) The Source of publication is: https://finance.sokotostate.gov.ng/sftas/</p> <p>d) A screenshot evidence was obtained which showed that it was published 6th December, 2019</p>	Satisfactory	
4.	Is the clearance of domestic expenditure arrears consistent with the ACF, once the ACF has been established?	<p>The clearance of domestic expenditure arrears is consistent with the ACF. We noted that the text below from the ACF does not set out the actual prioritization. “The clearance and settlement of domestic arrears shall be prioritized and sequential based on size and vintage. However, a combination of criteria may be adopted depending on the situation, but there is need to ensure an open and transparent mechanism to fair all the beneficiaries”. The clearance of domestic arrears could not therefore be shown to be consistent with the established ACF, as the ACF was not clear on</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		prioritization. However, as the entire arrears balance was below the N5bn threshold, we have deemed the ACF adequate.		
5.	Has the State established an Internal Domestic Arrears Database?	<ul style="list-style-type: none"> a) The State has established an Internal Domestic Arrears Database b) The Internal Domestic Arrears Database includes the following: <ul style="list-style-type: none"> i. The aggregate amount of individual contractors' arrears is N4,402,024,465.25 ii. The aggregate amount of pension and gratuity is nil. iii. The aggregate amount of Salary arrears and other staff claims is nil. iv. The aggregate amount of other types of domestic expenditure arrears is nil. c) A verification process is in place for the arrears in the database through a feedback mechanism d) We confirmed through the evidence provided by the State that the State has conducted verification of arrears balances. e) We conducted tests to ascertain the accuracy of the figure in the internal domestic arrears database, including cross-checking with State account balances, underlying contract data etc. 	Satisfactory	
6	Has the State published online elements of the internal domestic arrears database for the FY 2018 and FY 2019 reported on a State official website, which constitutes the online publicly accessible arrears database?	<ul style="list-style-type: none"> a) The State has published online (https://finance.sokotostate.gov.ng/sftas/) the required elements of Internal Domestic Arrears Database as at end of 2018 and 2019. b) We compared the aggregate and individual information available on the online publicly-accessible arrears database with the information in the internal domestic arrears database 	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>and verify the consistency and accuracy of the information on the online publicly-accessible arrears database.</p> <p>c) The website supporting the online publicly-accessible arrears database contains an electronic link that permits any potential contractor creditor whose individual claim is not listed in the database to communicate this exclusion to the State Ministry of Finance, by filling a confidential form online and attaching supportive evidence of her claim. The State Ministry of Finance can confirm the validity of any claim through the feedback mechanism in the online publicly accessible arrears database.</p> <p>d) We confirmed that the online web page includes a facility for contractor with arrears (creditors) to report any omissions to the State.</p> <p>e) The result of the test of the facility for contractors with arrears (creditors) to report any omissions to the State was satisfactory</p> <p>f) We confirmed that there no omissions were identified through the portal in 2019.</p> <p>g) The electronic link to the online publicly accessible arrears database is: https://finance.sokotostate.gov.ng/contractors/</p>		

Disbursement Linked Indicators (DLIs) and Tests		Findings			Conclusion	Recommendations												
7. New	<p>Does the online publication include?</p> <p>1) the aggregate amount of contractors' arrears;</p> <p>2) the aggregate amount of pension and gratuity arrears;</p> <p>3) the aggregate amount of salary arrears and other staff claims;</p> <p>4) other types of domestic arrears and</p> <p>5) a list of names of contractors with recognized arrears exceeding N20million and information for contractors to be able to verify that their claims are being accurately reported in the database.</p>	<p>a) The online (https://finance.sokotostate.gov.ng/sftas/) publication includes only the aggregates amounts of Contractors Arrears as they do not have other arrears.</p> <p>b) The online publication contains the names of contractors owed N20m in arrears and above.</p>			Satisfactory													
New	<p>Has the State met the following:</p> <p>(ii) Percentage decline in the verified stock of domestic arrears at end 2019 compared to end 2018 meets target and is</p>	<table border="1"> <thead> <tr> <th>Aggregate Amount of:</th> <th>2019</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>Contractors Arrears</td> <td>₦4,402,024,465.25</td> <td>₦3,828,655,425.68</td> </tr> <tr> <td>Pension and Gratuity arrears</td> <td>-</td> <td>-</td> </tr> <tr> <td>Salary arrears and Staff claims</td> <td>-</td> <td>-</td> </tr> </tbody> </table>			Aggregate Amount of:	2019	2018	Contractors Arrears	₦4,402,024,465.25	₦3,828,655,425.68	Pension and Gratuity arrears	-	-	Salary arrears and Staff claims	-	-	Satisfactory	Basic target met
Aggregate Amount of:	2019	2018																
Contractors Arrears	₦4,402,024,465.25	₦3,828,655,425.68																
Pension and Gratuity arrears	-	-																
Salary arrears and Staff claims	-	-																

Disbursement Linked Indicators (DLIs) and Tests		Findings		Conclusion	Recommendations						
	<p>consistent with the state's arrears clearance framework.</p> <p>-Basic target: At least a 5% year-on-year decline or maintain stock or arrears below N5billion.</p> <p>-Stretch target: More than 20% year-on-year decline.</p> <p><i>The clearance/reduction of domestic expenditure arrears (contractors, pension and gratuity arrears, salary arrears and other staff claims) is defined as the decline in the nominal stock of total domestic expenditure arrears at the end of year, compared to the previous year, expressed in percentage terms.</i></p>	<table border="1"> <tr> <td>Other types of domestic expenditure arrears</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total Domestic Arrears</td> <td>N4,402,024,465.25</td> <td>N3,828,655,425.68</td> </tr> </table>	Other types of domestic expenditure arrears	-	-	Total Domestic Arrears	N 4,402,024,465.25	N 3,828,655,425.68			
Other types of domestic expenditure arrears	-	-									
Total Domestic Arrears	N 4,402,024,465.25	N 3,828,655,425.68									
		<p>a. We obtained the Domestic arrears figure from the State Internal Domestic Arrears (SIDA) database.</p> <p style="text-align: center;"><u>2019 Figure – 2018 Figure X 100</u> 2018 Figure</p> <p style="text-align: center;"><u>N4,402,024,465.25 - N3,828,655,425.68 X 100</u> N3,828,655,425.68 = <u>15%</u></p> <p>The percentage increase is 15%</p> <p>Basic Target achieved as the State maintained Stock or arrears below N5billion (N4,402,024,465.25).</p> <p>Source: State internal domestic expenditure arrears database</p>									
DLI 9: Improved Debt Sustainability											
DLR 9.0	<p>Average monthly debt service deduction is < 40% of gross FAAC allocation for FY [2019]</p> <p>AND</p>			Achieved Stretch target met							

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations												
<p>Total debt stock at end Dec [2019] as a share of total revenue for FY [2019] meets target:</p> <p>-Basic target: < [140%]</p> <p>-Stretch target: < [115%]</p>															
<p>Has the State met:</p> <p>(i) the ratio of total monthly debt service (principal and interest) deductions from FAAC allocation during the calendar year of the year of assessment (1st January to 31st December 2019) to the gross FAAC allocation for the same calendar year?</p> <p>Less than :< [40%]</p>	<p>The IVA computed the percentage of total monthly service deductions/Gross FAAC Allocation for this year APA.</p> <p><u>Total Service Deduction</u> ₦4,588,370,505.00 X 100 <u>Gross FAAC</u> ₦60,255,431,340.00 = <u>7.6%</u></p> <p>Source: FMOF (FAAC)</p>	Satisfactory													
<p>Has the State met:</p> <p>(ii) the ratio of total debt stock at end-of-year (31st December 2019) of the year of assessment to the total revenue collected during the calendar year of the year of assessment (1st January to 31st December 2019)?</p> <p>-Basic target:< [140%]</p> <p>-Stretch target: < [115%]</p>	<p>The following tables show the calculations and adjustments made to arrive at the appropriate figures for this comparison.</p> <p><u>Total Public Debt</u></p> <table border="1" data-bbox="674 1101 1444 1321"> <thead> <tr> <th></th> <th>Financial Statements</th> <th>DMO figures (Adj)</th> </tr> </thead> <tbody> <tr> <td>Total Domestic Debts</td> <td>₦48,089,793,083.01</td> <td>₦55,639,969,841.00</td> </tr> <tr> <td>Total External Debts</td> <td>₦13,610,145,136.60</td> <td>₦11,568,623,381.00</td> </tr> <tr> <td>Total Public Debts</td> <td>₦61,699,938,219.61</td> <td>₦67,208,593,221.00</td> </tr> </tbody> </table>		Financial Statements	DMO figures (Adj)	Total Domestic Debts	₦48,089,793,083.01	₦55,639,969,841.00	Total External Debts	₦13,610,145,136.60	₦11,568,623,381.00	Total Public Debts	₦61,699,938,219.61	₦67,208,593,221.00	Satisfactory	
	Financial Statements	DMO figures (Adj)													
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Total Public Debts	₦61,699,938,219.61	₦67,208,593,221.00													

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations										
	<p><u>Total annual revenue</u></p> <table border="1" data-bbox="657 362 1224 662"> <tr> <td>2019 Adjusted IGR (see DLI 4.2)</td> <td>₦18,996,878,204.00</td> </tr> <tr> <td>Gross FAAC Allocation</td> <td>₦60,255,431,340.00</td> </tr> <tr> <td>Grants</td> <td>-</td> </tr> <tr> <td>Other Revenues</td> <td>₦24,443,802.00</td> </tr> <tr> <td>Total Revenue**</td> <td>₦79,276,753,346</td> </tr> </table> <p>a) The State’s domestic debt stock figure in the Federal DMO State Domestic and External Debt Report for 2019 is as at the end of Q4 2019.</p> <p>We have computed the total debts stock / Revenue percentage for the 2019 year, as follows:</p> $\frac{\text{₦67,208,593,221.00}^*}{\text{₦79,276,753,346}} \times 100 = 84.8\%$ <p>Sources: For Total Revenue 2019 Audited Financial Statement (page 12). For Total Public Debt from DMO* as at December 31,2019</p> <p>*Table 3 (i) below holds a breakdown of the Total Debt.</p> <p>**Table 3 (ii) holds the breakdown of Revenue</p>	2019 Adjusted IGR (see DLI 4.2)	₦18,996,878,204.00	Gross FAAC Allocation	₦60,255,431,340.00	Grants	-	Other Revenues	₦24,443,802.00	Total Revenue**	₦79,276,753,346		
2019 Adjusted IGR (see DLI 4.2)	₦18,996,878,204.00												
Gross FAAC Allocation	₦60,255,431,340.00												
Grants	-												
Other Revenues	₦24,443,802.00												
Total Revenue**	₦79,276,753,346												

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>b) There is a discrepancy in the debt stock figures stated in the Federal DMO State Domestic and External Debt Report and the debt stock stated in the Audited Financial Statement.</p> <p>c) There was a difference of ₦5,508,655,001.39 between the value stated in the Federal DMO State Domestic and External Debt Report (SDEDR) of ₦67,208,593,221.00 and the Audited Financial Statement of ₦61,699,938,219.61.</p> <p>d) The difference has been communicated to the State for explanation.</p> <p>e) The difference has been calculated in value as ₦5,508,655,001.39 (₦67,208,593,221.00 - ₦61,699,938,219.61) and in percentage terms as 8.93% (₦67,208,593,221.00 - ₦61,699,938,219.61 / ₦61,699,938,219.61 *100).</p> <p>f) The SDEDR has been amended and resubmitted to the IVA along with explanations for any changes.</p>		

TABLE 3 (i): DLI 9 31 DECEMBER 2019 STATE DEBT STOCK TABLE FOR SOKOTO STATE

SOKOTO STATE	AMOUNT (₦)
BUDGET SUPPORT LOAN (SOURCE FMOF)	21,081,217,713
BAIL OUT (SALARIES) (SOURCE CBN)	12,809,997,253
RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	-
EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	9,222,909,477
STATE BONDS	-
COMMERCIAL BANK LOANS	6,001,870,350
CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	826,712,252
INFRASTRUCTURE LOAN (CBN FACILITY)	-
MICRO SMALL MEDIUM ENTERPRISES DEVELOPMENT FUND (MSMEDF) SOURCE CBN)	200,007,236
JUDGEMENT DEBTS	-
GOVT - GOVT DEBTS	-
CONTRACTORS' ARREARS	5,497,255,561
PENSION AND GRATUITY ARREARS	-
SALARY ARREARS AND OTHER CLAIMS	-
OTHER DEBTS	-
TOTAL DOMESTIC DEBT (TDD)	55,639,969,841
TOTAL EXTERNAL DEBT (TED)	11,568,623,381
TOTAL PUBLIC DEBT (TED+TDD)	67,208,593,221

TABLE 3 (ii): DLI 9 31 DECEMBER, 2019- ADJUSTED TOTAL REVENUE FOR SOKOTO STATE

	NGN
Item	2019
1. Total Gross FAAC allocation: Statutory Transfers and VAT (1.1 + 1.2)	60,255,431,340
1.1 Statutory transfers (1.1.1 + 1.1.2 + 1.1.3)	47,632,889,787
1.1.1 Gross statutory allocation	45,618,236,213.17
1.1.2 Derivation	-
1.1.3 Other FAAC transfers (also known as Distribution) such excess PPT savings account, Forex equalization, excess bank charges, exchange rate gain, augmentation, others	2,014,653,574
1.2 VAT	12,622,541,553
2. Internally Generated Revenues (IGR) - Adjusted	18,996,878,204.00
3. Grants (internal and external)	-
4A. Other revenues (4.1 + 4.2 + 4.3)	24,443,802
4.1 Investment Income (e.g. dividends)	24,443,802
4.2 Interest Earned	-
4.3 Miscellaneous	-
Total Revenues and Grants Calculations	
A) Total Revenues and Grants is (1+2+3+4A)	79,276,753,346

4. Response from the State

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

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

Appendix A

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

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

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

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

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

Information Source(s)	Initial checks	Initial Comments / Observations	Follow up	Final Assessment
http://finance.sokotostate.gov.ng/#	A search was done on the Sokoto State website	The 2020 Budget was published on the State Official website, a copy was downloaded.	A request was made on 09/01/2020 to the focal persons to provide evidence of the Governor's assent	EC met A weblink was received from the focal person on 27/01/2020 which provided evidence of Governor's assent

Tests/checks performed	Results	Areas for improvement
Is the approved budget for 2020 available on any of the State Government Websites?	Yes	None
Was the approved budget published online before 31 January 2020?	Yes	None
Is the published budget clear and legible?	Yes	None
Can the budget be downloaded?	Yes	None
Do we have evidence of assent by the Governor?	Yes	None

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

Source(s)	Initial Work Done	Initial Comments / Observation	Follow up	Final Assessment
https://mofsokoto.finance/resources	A search was done on the Sokoto State Website and the Audited Financial Statements were downloaded.	The Audited Financial Statements were easily accessed and downloaded ¹ .	N/A	EC met

Tests/checks performed	Results	Areas for improvement
Were the Financial Statements (FS) for 2018 available on any of the State Government Websites? (and were the FS straightforward or difficult to find?)	Yes	None
Were the Financial Statement for 2018 available published online before 30th September 2019?	Yes	None
Are the published financial statements clear and legible?	No	The audited financial statements published online should be legible
Can the Financial Statements be downloaded?	Yes	None
Do we have evidence of audit by the State Auditor-General?	Yes	None
Are the financial statements complete, including primary statements and disclosure notes?	No ²	The published audited financial statements should contain disclosure notes.
Are there any indications that balances within the financial statements are not credible	n/a	Please see the 2018 APA Report

¹ The Financial Statements were not adequately legible.

² The published Financial Statement is without the Notes to the Account.