



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

2021 Annual Performance Assessment (APA) Report

KANO STATE

By:

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



FINAL REPORT

DECEMBER 2022

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1. Executive Summary

This report details the outcome of the Annual Performance Assessment (APA) conducted on Kano State for the 2021 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 2021 APA for Kano State and shows areas where the State was able to achieve results. In total, Kano State achieved 13 (thirteen) DLRs out of 15 DLRs applicable to the 2021 APA of which 1 (One) DLR was achieved in the 2020 APA.

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: FY21 quarterly budget implementation reports for Q1, Q2, Q3 and Q4 published on average within 4 weeks of quarter-end to enable timely budget management		
	DLR 1.2: FY21 deviation for total approved original budget expenditure is < 15%		
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 FY2022 budget and citizens' budget based on approved FY21 state budget published online by end April 2021 with functional online feedback mechanisms.		
	DLR 2.2: Citizen's Accountability Reports based on audited financial statements /reports are summarized and comprehensible versions of the audited statements and details of State government public consultations with citizens presenting the annual financial statements should be made available on the state official website (s) by 30th September of each subsequent financial year.		
DLI 3: Improved cash management and reduced revenue leakages through the implementation of State TSA	DLR 3: TSA, based on a formally approved cash management strategy, established and functional, and covering a minimum of 80 percent of state government finances.		
DLI 4: Strengthened Internally Generated Revenue (IGR) collection	DLR 4.1: State implementing a consolidated state revenue code covering all state IGR sources and stipulating that the state bureau of internal revenue is the sole agency responsible for state revenue collection and accounting. Code must be approved by the state legislature and published		The State's amended law was approved after the deadline

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
	DLR 4.2: 2020-2021 annual nominal IGR growth rate meets target - Basic target: 20%-39% - Stretch target: 40% or more	Basic target	
DLI 5: Biometric registration and Bank Verification Number (BVN) used to reduce payroll fraud	DLR 5.1: Biometric capture of at least 95 percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll		
	DLR 5.2: Link BVN data to at least 95 percent of current civil servants and pensioners on the payroll and payroll fraud addressed		
DLI 6: Improved procurement practices for increased transparency and value for money	DLR 6.1: Existence of public procurement legal framework and procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) E-Procurement; 2) Establishment of an independent procurement regulatory agency; and 3) Cover all MDAs receiving funds from the state budget		The 2020 APA found this to be Not Achieved, but following an appeal, the WB found this to be Achieved subsequent to the final 2020 APA disbursement. Accordingly, this is marked as Achieved here.
	6.2 No later than June 30, 2022, implement e-procurement in at least 4 MDAs (incl. Education, Health and Public Works) publish all contract award information in OCDS format on the online portal for the 4 MDAs AND For those MDAs without e-procurement: Publish contract award information above a threshold set out in the State's procurement law/regulation every month in OCDS format on the state website or online portal if available		
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.	2020	
	DLR 7.2: Quarterly state debt reports accepted by the DMO on average two months or less after the end of the quarter in 2021 AND Annual state debt sustainability analysis and Medium-term debt management strategy published by end of December 2021.		

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
<p>DLI 8: Improved clearance/reduction of the stock of domestic expenditure arrears</p>	<p>DLR 8: Domestic arrears as of end 2020 and end 2021 reported in an online publicly-accessible database, with verification process in place.</p> <p>AND</p> <p>Percentage decline in the verified stock of domestic arrears at end 2021 compared to end 2020 meets target and is consistent with the state’s arrears clearance framework.</p> <p>Basic target: At least a 5 percent decline or maintain stock below 5 billion naira</p> <p>Stretch target: More than 20 percent decline</p>		<ul style="list-style-type: none"> State has not established Internal Domestic Arrears Database [or it does not include the required information] The percentage decline in the verified stock of domestic arrears was less than 5% [or the stock of arrears was above 5 billion]
<p>DLI 9: Improved debt sustainability</p>	<p>Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2021</p> <p>AND</p> <p>Total debt stock at end of December 2021 as a share of total revenue for FY2021 meets target: Basic target: < 120%, Stretch target: < 95%.</p>	<p>Basic Target Met</p>	

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

- DLR 4.1: Review for amendments, the Revenue Law (alongside with the revenue code). The revenue law should clearly state the revenues’ sources (including the Local Governments sources). The amended revenue law and code should be published online.
- DLR 8: A Domestic Arrears Clearance Framework (ACF) is established and an internal domestic arrears database with relevant balances is placed online through a publicly accessible portal. Domestic arrears are cleared year on year to achieve total arrears of less than N5bn or a year-on-year decline of at least 20%.

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

2. Introduction

2.1 Overview

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

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

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

The Auditor-General for the Federation was appointed as the Independent Verification Agent (IVA) for the SFTAS Programme and PricewaterhouseCoopers (PwC) was subsequently engaged to support the IVA. Both parties have worked together to assess the performance of the State against the Disbursement Linked Results (DLRs) for 2021. To ensure a high-quality assessment, the IVA had some input/ support from Debt Management Office (DMO) to review the legislation in place in the State.

2.2 Scope

This Annual Performance Assessment (APA) Report covers the State’s performance in 2021 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 2021 APA.

The verification protocol was set early in the preparation for the Program and all States, implementing agencies and other key stakeholders have been continuously sensitized on the requirements of the program and the protocol for 2021. 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 (18/7/2022 and 22/7/2022) with a team of 6(six) persons, starting with an opening meeting where all the information requested was to be handed over. The visits were concluded with an exit meeting where initial findings were discussed, and each state was given a further opportunity to provide clarifications and/or additional information.

The draft conclusions from the work done are set out in this Report and the State is expected to revert within five working days with any comments on the results by using the free text box in Section 4.

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

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

3. Assessment Results

3.1 Findings

Table 2: Findings

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
DLI 1: Improved Financial Reporting and Budgeting Reliability				
DLR 1.1	Financial Year [2021] quarterly budget implementation reports published on average within [4 weeks] of quarter end to enable timely budget management		Achieved	
1	Has the State published its quarterly budget implementation report to the State official website on average within four weeks of the end of each quarter?	<p>The Quarterly budget implementation reports were posted online on</p> <p>Q1 - 2021 https://kanobudget.files.wordpress.com/2021/04/kan-o-state-2021-budget-performance-report-fq.pdf</p> <p>Q2 - 2021: https://kanobudget.files.wordpress.com/2021/07/kan-o-state-second-quarter-budget-performance-report.pdf</p> <p>Q3 - 2021: https://kanobudget.files.wordpress.com/2021/10/kan-o-state-2021-budget-performance-report-3rd-fq.pdf</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>Q4 - 2021: https://kanobudget.files.wordpress.com/2022/01/kan-o-state-2021-fouth-quater-performance.pdf accessed on (19/07/2022)</p> <p>Dates of online publication are as follows:</p> <ul style="list-style-type: none"> ● Q1 - (28/04/2021) - 4 weeks (28 days) ● Q2 - (26/07/2021) - 3.71 weeks (26 days) ● Q3 - (24/10/2021) - 3.43weeks (24 days) ● Q4 - (28/01/2022) - 4 weeks (28 days) <p>Average days (weeks) for the online publication was computed based on the last 4 quarters, as below:</p> $\frac{28+26+24+28}{4}$ <p>Average = 26.5 days (3.789 weeks)</p> <p>We downloaded the quarterly budget Implementation Reports for all four quarters for the year 2021, obtained and retained evidence of the timestamp of the publications.</p>		
2	<p>Do the reports each include, at a minimum, the approved original AND revised (if applicable) budget appropriation for the year against each organizational units (MDAs) for each of the core economic classifications of expenditures (Personnel,</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	Overheads, Capital, and others), the actual expenditures for the quarter attributed to each MDA as well as the actual cumulative expenditures for the year to date, and balances against each of the revenue and expenditure appropriations.	<p>b) The Budget Implementation Reports included the actual expenditures for the quarter attributed to each MDA as well as the actual cumulative expenditures for the year to date</p> <p>c) The Budget Implementation Reports included the balances against each of the revenue and expenditure appropriations.</p> <p>d) The State has passed a supplementary budget.</p> <p>e) The Fourth Quarter 2021 Budget Implementation Reports showed both the approved original budget AND the approved supplementary budget.</p> <p>The reports included the approved budget appropriation for the year for each of the core economic classifications of expenditures (Personnel, Overheads, Capital, and others); the actual expenditures for the quarter, and the balances against each of the revenue and expenditure appropriations.</p>		
3	Does the report state the actual expenditures for the quarter attributed to each MDA and each expenditure classification as well as the actual cumulative expenditures for the year to date?	The IVA reviewed the State's Budget Performance/implementation reports and confirmed that the report included the actual expenditures for each quarter attributed to each MDA, each expenditure classification, as well as the actual 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	The State's Budget Performance reports showed 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 includes debt servicing, and transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations												
	other expenditures not attributable to any of the other three (3) expenditure classifications?															
DLR 1.2	FY [2021] deviation from total approved budget expenditure is less than 15%		Achieved													
1	<p>Has the State computed the difference between the Original/Approved total budgeted expenditure for the fiscal/calendar year 2021 and the actual total expenditure in the fiscal/calendar year 2021, divided by the Original approved total budgeted expenditure and expressed in positive percentage terms?</p> <p>Is the expenditure outturn deviation computed less than 15%</p>	<p>The State computed the budget deviation for 2021 to be - 4.5%</p> <p>The IVA computed the budget deviation for this APA year. See the computation below:</p> <table border="1"> <thead> <tr> <th></th> <th>Total Approved Budget (₦)</th> <th>Actual Outturn (₦)</th> </tr> </thead> <tbody> <tr> <td>Capital Exp. (Page 10)</td> <td>94,449,898,770.40</td> <td>90,047,133,000</td> </tr> <tr> <td>Rec. Exp. (Page 10)</td> <td>83,486,831,769.59</td> <td>95,932,811,000</td> </tr> <tr> <td>Total</td> <td>177,936,730,540.00</td> <td>185,979,944,000</td> </tr> </tbody> </table> $\frac{\text{₦}177,936,730,540 - \text{₦}185,979,944,000}{\text{₦}177,936,730,540} \times 100 = -4.5\%$ <p>The budget performance deviation is 4.5%</p> <p>Note:</p>		Total Approved Budget (₦)	Actual Outturn (₦)	Capital Exp. (Page 10)	94,449,898,770.40	90,047,133,000	Rec. Exp. (Page 10)	83,486,831,769.59	95,932,811,000	Total	177,936,730,540.00	185,979,944,000	Satisfactory	
	Total Approved Budget (₦)	Actual Outturn (₦)														
Capital Exp. (Page 10)	94,449,898,770.40	90,047,133,000														
Rec. Exp. (Page 10)	83,486,831,769.59	95,932,811,000														
Total	177,936,730,540.00	185,979,944,000														

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>From the computation above, it should be noted that the 2021 actual expenditure figure is greater than the Original Approved budget figure with (₦8,043,213,460.00), hence giving rise to a negative percentage deviation</p> <p>Source: 2021 Audited Financial Statement (Cash flow) Page 10 (Recurrent, Capital plus loan repayment, add payment of aids and grant) and Approved Budget and Actual Expenditure Page 1 (Summary table)</p>		
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 [2022] budget AND Citizens' budget based on approved FY21 state budget published online by end April 2021 with functional online feedback mechanisms		Achieved	
1	Did the State conduct at least one "town-hall" consultation before the proposed budget is drafted with the participation of local government authorities and State-based CSOs?	<p>The documents obtained and reviewed included the Minutes, attendance register and budgets.</p> <p>a) The LGAs in attendance are (i) Rano LGA - Hafsat khamis (ii) Kibiya LGA -Bakiru Adamu K (iii) Gwale LGA - Habibi Ahmed Musa (iv) Nassarawa LGA - Sani Shehu (v) Gaya LGA - Garba Hamza Jajaye</p> <p>b) The CBOs representatives in attendance are: (i) Babawa Youth Development Association - Hassan Umar Ado (ii) Rano Emancipation Network (RAEN) - Auwalu Isah Ahmed (iii) Youth Awareness on Drug abuses - Aminu Tijani Rano (iv) Dala Social</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>Community Development- Khalid S. Atete (v) Abino Foundation - Salmatu Bulhman Ume while The CSOs representatives in attendance are: (i) Kano Budget group - Malam Najib Ado (ii) Budget Tracking Group - Abdullahi Saad Ahmed (iii) OGP- Ibrahim Gaba Maryam (iv) GPP- Bashir Abdullahi Maikanoc</p> <p>c) The source of the information from which the conclusion was drawn was the Reports of Public Consultation</p> <p>d) The date of the consultations was 3rd October, 2021 and the venues are i) Bichi Emirate, Islamic Centre Bichi LGA ii) Karaye Islamic Centre, Karaye iii) State Library, Ahmadu Bello Way, Kano and iv) Atgaya Emirate, Islamic Centre, Gaya LGA</p> <p>e) Ten (10) attendees were called to confirm their attendance.</p> <p>f) The date of the draft budget was 28th October, 2021. A copy of the Governor's speech has been retained.</p> <p>g) A comparison of the dates of the consultation dated 3rd October 2021 and the date of the draft budget dated 28th October, 2021 has been done. The date of the consultation came first before the draft budget.</p> <p>h) The date of publication of the Proposed Annual budget 2022 was 11th November 2021.</p> <p>i) It was published before the deadline of 31st January 2022</p> <p>j) The web link for publication of the of the proposed budget is: https://kanobudget.files.wordpress.com/2021/11/2022-kano-state-proposed-budget.pdf. This was accessed on (19/7/2022).</p>		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
2	Were the minutes of the public consultations jointly prepared with CSO representatives (shown by their signature to the minutes) and posted on the official State website, alongside the proposed annual budget on or before 31 January 2022 to enable citizens to find the inputs easily?	<ul style="list-style-type: none"> a) The CSO that co-signed the Minutes is Akibu Hamisu and a copy of the signed minutes has been retained on file. b) The title of the Minutes is “Report for Town Hall Citizens Consultative meeting on Kano State proposed 2022 Budget conducted at Gaya Emirate Council, Kano and dated 3rd October 2021” c) The organization the signatory represents is: KBWG (Kano Budget Working Group) d) The weblink is: https://kanobudget.files.wordpress.com/2021/10/twm-gaya-emirate.pdf and date of publication was 8/10/2021. This was accessed on (20/07/2022). e) The published minutes were adequately sign-posted on the website 	Satisfactory	
3	Has the State published online, on the State website(s) a Citizens Budget based on the Approved Budget (2021) not later than 30 April 2021?	<ul style="list-style-type: none"> a) The Citizens budget based on the Approved Budget (2021) was published on 30th April 2021 before the due date via https://kanobudget.files.wordpress.com/2021/04/citizens-budget-kano-backup.pdf This was accessed on 20/7/2022. b) A comparison of the Approved Budget 2021 with the Citizens Budget was done and found no areas of discrepancies. c) IVA confirms that the Citizen’s budget was prepared in the format suggested to the States in the Citizen Budget User Manual and Excel Template and confirms that no discrepancies exist among the following: <ul style="list-style-type: none"> i. Simple explanation of the annual budget/citizens budget in pages 2 and 3 , 	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<ul style="list-style-type: none"> ii. The sources of revenues on page 5 iii. Sources of domestic and foreign grants, domestic loans, and other financing sources in pages 6 and 7, 8 and 13 iv. Total expenditure by economic classifications in pages 15 and 16 v. The total revenue and grants, total expenditures, budget financing and financing gap in pages 10 and 11. vi. Disclosure of Budget deficit - The State has no budget deficit (see page 5) vii. Sectoral Allocation (by MDAs) on page 19 viii. Top Projects to be financed (at least 5) in pages 21 and 22 <p>d) The minimum required budget information outlined above (extracted from the Citizen Budget User Manual and Template) has been included.</p> <p>e) The format used when compared with the suggested format indicate no differences identified.</p>		
4	Is the Citizens Budget a comprehensible (to citizens) summary of the approved FY21 state budget?	<ul style="list-style-type: none"> a) The Citizens Budget included an explanation of the key components /information in the Approved FY21 Budget. b) The IVA confirmed that the approved FY21 state budget was summarized in a comprehensible manner to the Citizens in the Citizens budget. 	Satisfactory	
5	Does the State website have functional feedback and response online mechanisms?	<ul style="list-style-type: none"> a) The State has established functional feedback and response online mechanisms on its website b) The type of feedback mechanism established on the State website is "Contact Form 7 Plugin" c) The State's feedback mechanism provides at a minimum: 	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<ul style="list-style-type: none"> i. Acknowledgement of receipt of comments/feedbacks from citizens ii. State's responses to comments/feedbacks iii. Display of timeframe and the State's government contact details. <p>Evidence of all the above e.g., screenshot of items i to iii) has been obtained</p> <ul style="list-style-type: none"> d) To ascertain the functionality of the feedback mechanism, the IVA tested the Contact Online form. This involved filling out an online form by inquiring, and the state responded. e) IVA carried out a walkthrough test on the feedback mechanism and can confirm its functionality. IVA requested the guidance of State personnel to understand the procedure and steps to follow. For example, the Form was filled in and the State acknowledged receipt of the enquiry made and finally, a response was given by the State to the comment made. All evidence obtained. f) The State's feedback mechanism is functional The web link is: https://kanostate.gov.ng/contact-us/ 		
DLR 2.2	Citizen's Accountability Report based on audited financial statements/report published online for FY2020 not later than 30th September 2021.		Achieved	
1	Did the State prepare the Citizens Accountability Report to explain the full Annual Audit Report in a summarized form?		Satisfactory	
2	Has the State published a Citizens Accountability Report	a) The Citizens Accountability Report based on the Annual Audit Report (2020) was published before	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	based on the Annual Financial statements/ Audit Report for FY 2020 not later than 30 September 2021?	<p>the date on 29/9/2021 via http://audit.kn.gov.ng/wp-content/uploads/2021/09/CITIZENS-Accountability-Report.pdf This was accessed by IVA on 20/7/2022.</p> <p>b) A comparison of the Annual Audit Report FY20 with the Citizens Accountability Report 2020 was done and found no areas of discrepancies.</p> <p>c) IVA has confirmed that the Citizen's Accountability Report was prepared according to the Template provided to the State and confirmed that no discrepancies exist among the following:</p> <ul style="list-style-type: none"> i. Simple explanation of the annual Citizens Accountability Report and the Executive Summary in pages 1 -2 ii. The Budget Outturn in pages 3-6 iii. The Revenue Outturn in pages 7-10 iv. The Expenditure Outturn in pages 11-15 v. The Audit Findings in pages 15-16 vi. The Audited Financial Statements in pages 17-20 vii. Top Sectoral Allocations in pages 21-26 viii. Top Value Capital Projects in pages 27-28 ix. Citizens-Nominated Projects Implementation Status Report in pages 29-31 <p>d) The minimum required citizen's accountability report information outlined above (extracted from the Template) has been included.</p> <p>e) IVA compared the format used with the suggested format, and state that no discrepancies identified</p>		
3	Is the Citizens Accountability Report a comprehensible (to citizens) summary of the FY20 Annual Audit Report?	a) The Citizen's Accountability Report presented in a summarized manner the Audited Financial Statement or Annual Audit Report FY2020.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>b) The Citizens Accountability Report included a concise explanation of the key components of the FY2020 Audited Financial Statements.</p> <p>c) The evidence and details of the public consultation which was held at the Afficent Event Centre on the 24th of September, 2021 has been obtained. It included a presentation of the annual financial statements (i.e. the Citizen’s Accountability Report for 2020) and copies of the evidence has been obtained and retained.</p> <p>We confirmed that the FY20 Annual Audit Report or Audited Financial Statement was summarized in a comprehensible manner to the Citizens in the Citizens Accountability Report. We further confirmed that the CAR was published online by the deadline and presented at a public consultation held on 24th September 2021.</p>		
DLI 3: Improved Cash Management and reduced Revenue Leakages through Implementation of State TSA				
DLR 3.0	Improved cash management and reduced revenue leakages through the implementation of State TSA		Achieved	
1	Has the State established a functional State-level TSA?	<p>a. The State has established a functional state-level TSA.</p> <p>b. The State operates one account. Bank: FCMB Account name: Federal Allocation Account Kano State (FAAC) Account number: 4968083012.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
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 can forecast cash commitments and requirements and provide reliable information on the availability of funds.</p>	<p>The State has a Cash Management Strategy.</p> <p>a) The Documents name is “Cash Management Strategy”.</p> <p>b) The document was produced in 2020 and was signed by the Accountant General of the State.</p> <p>c) The Strategy includes the processes through which the State Ministry of Finance can forecast cash commitments and requirements and provide reliable information on the availability of funds. See Page 8 of the strategy</p> <p>d) In terms of cash sweeping, the cash management strategy stipulates that, “Remittance of revenues by each of the collecting agents is to be done within the period stipulated by law. MDAs are to remit revenue to the designated banks on a daily basis, while the latter are to transfer to the lead bank all revenues within five working days.” See Page 16.</p> <p>e) The State provided a cash plan (prepared every quarter) and cash release for the year 2021, as evidence for implementation of processes described in the cash management strategy to forecast cash commitments and requirements and provide reliable information on the availability of funds. The State applied its strategy to its forecasting of cash commitments.</p>	Satisfactory	
3	<p>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>	<p>The State has a computer application where the State can view the cash balances in the Bank account(s).</p> <p>a) The computer application name is Corporate Autopay, the producer of the application is Interswitch.</p> <p>b) The system is in line with the cash management strategy. See Page 9 (Digitalization of Financial Transaction)</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>c) A letter to the bank for integrating Kano into Autopay was sent on 15/10/2020 and a response was sent to the State on 22/10/2020 by the bank informing the State that the bank has started the process.</p>		
4	<p>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> <p>a) IVA visited three Ministries and carried out a test on these Ministries (Ministry of Works, Health and Education). The Directors of revenue were interviewed on the sources of revenue and how revenue collections are carried out in their respective Ministries. All three Ministries have the same process of revenue collection from the information received from the interviews i.e collections are done by the revenue officers who are staff of BIRS stationed in each of the ministries. A questionnaire was issued to each of the Directors which they all filled and returned to IVA.</p> <p>b) The TSA of the State. Bank: FCMB Account name: Federal Allocation Account Kano State (FAAC) Account number: 4968083012.</p> <p>c) All Government monies go through this account</p> <p>d) All Government monies do not sit in the other revenue collecting banks</p> <p>e) The TSA bank Statement was obtained.</p>	Satisfactory	
5	<p>Does the TSA cover a minimum of 80% of the State Government's finances?</p> <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 Cash flow Statement for the year ended 2021.</p> <p>See the computation below:</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations																								
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Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>The average is percentage computation is:</p> $\frac{77\% + 84\%}{2}$ <p>= 80.48%</p> <p>The TSA covered 80.49 % of the State's finances. *Sources: 2021 Audited Financial Statement (Cash flow Statement) Pg.9 & 10 and the TSA Statement from FCMB for the period Jan - Dec 2021.</p>		
DLI 4: Strengthened Internally Generated Revenue (IGR) Collection				
DLR 4.1	State implementing a consolidated state revenue code covering all state IGR sources and stipulating that the state bureau of internal revenue is the sole agency responsible for state revenue collection and accounting. Code must be approved by the state legislature and published		Not Achieved	
1	Does the State have an up-to-date consolidated revenue code that includes all the State's IGR sources and rates and all the local governments (falling under that State) IGR sources and rates?	<p>The full name of the extant Revenue Law is Kano State & Local Government Revenue Administration (Consolidated & codification) Law, 2021 (1443 A.H.). The date of assent of Law is, 21/12/2021</p> <p>a) The Revenue Code & rates are not separate from the Revenue law.</p> <p>b) The State's revenue code is in one law.</p> <p>c) The revenue code was approved on 21/12/2021</p> <p>d) The weblinks where the Revenue law, Code, and rates were posted is, https://financekanostate.files.wordpress.com/2021/12/revenue-codification-law.pdf</p>	Unsatisfactory	The State should amend its current harmonized law to include all sources of revenue for local governments

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>e) The code does not include all State IGR sources and the LGs IGR sources falling under the State. See Repeal and Saving CAP 64 Section 114 page 64 & Third Schedule Page 71 of Kano State & Local Government Revenue Administration (Consolidated & Codification Law, 2021 (1443 AH))</p> <p>f) The consolidated revenue code does not include all the rates chargeable for each IGR source. See the fourth schedule on pages 73,74 & 81 of the Kano State & Local Government Revenue Administration (Consolidated & Codification Law, 2021 (1443 AH))</p> <p>Given the above, the State should amend its Revenue Law to include all sources of revenue and rate chargeable and present evidence of compliance while responding to this report. The State responded and provided evidence of the amended law which was assented to by the Governor on 25th May 2022. A copy has been retained. However, this does not meet the requirement of SFTAS VP version 9.0, therefore, this DLR is not achieved.</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) The Consolidated Revenue Law stipulates that the state bureau of internal revenues (SBIR) is the sole agency responsible for state revenue. Sections 4, Subsections 1.</p> <p>b) The expert reviews. S4 (1) The service shall be the sole authority responsible for assessment, collection, and accounting of all revenues (tax and non-tax due to the state government as specified in the schedules of the law.) S25. The Kano State Internal Revenue Service shall be the SOLE authority to collect and account for</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>all taxes, levies, fees, charges, and rates in the state in this law (or any other law)</p> <p>c) Both conclusions aligned</p> <p>d) Not Applicable</p>		
3	<p>Is the collection of revenues made into account(s) nominated by the SBIR OR SIRS have full oversight of the accounts and is responsible for reporting and accounting for the revenues?</p>	<p>a) The SBIR confirmed that the collection of revenues was made into accounts nominated by them. Documentary evidence could not be obtained from the State as they were unable to provide the required document (letters to the Banks and/or to the State Accountant-General requesting for such accounts to be opened).</p> <p>b) The SBIR has full oversight of accounts and is responsible for reporting and accounting for the revenues. Given the above, the State should provide evidence that none of the bank accounts for the receipts of revenue are nominated by any other entity apart from the SBIRS while responding to this report. The State responded and provided evidence that the SBIRS nominated the revenue account. A copy has been retained.</p>	Satisfactory	
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 2021.</p>	<p>a) The date the revenue code was approved by the State Legislature is 21/12/2021.</p> <p>b) The date of assent by the Governor is 21/12/2021</p>	Satisfactory	
5	<p>Is the Publication published online, so it is automatically</p>	<p>a) IVA was able to download and keep in a file copy of the law, Code, and rates.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations																
	available to the public/all taxpayers?	<p>b) The date and time IVA accessed and downloaded the document is 14th February 2022 by 10:16 am</p> <p>c) The weblink of the publication (using Mozilla) is https://financekanostate.files.wordpress.com/2021/12/rev-enue-codification-law.pdf</p>																		
DLR 4.2	Annual nominal IGR growth rate meets target		Achieved (Basic target met)																	
1	<p>Has the 2021-2020 annual nominal IGR growth rate met the basic or stretch targets? Basic Target: 20% - 39% Stretch Target: 40%</p>	<p>a. The accounting basis used for revenue reporting in 2020 and 2021 from the Audited Financial Statement is IPSAS accrual.</p> <p>b. The IVA computed the annual nominal IGR growth rate for this year APA. See the computation below:</p> <table border="1" data-bbox="709 808 1369 1393"> <thead> <tr> <th>REPORTING TEMPLATE: OPTION B</th> <th>₦</th> <th>₦</th> <th>% GROWTH</th> </tr> <tr> <th>Item</th> <th>2020</th> <th>2021</th> <th></th> </tr> </thead> <tbody> <tr> <td>1. Reported IGR in AFS (Before Adjustments)</td> <td>33,021,878,000</td> <td>41,842,210,000</td> <td>26</td> </tr> <tr> <td>2. INVALID items to be deducted IF reported as part of IGR</td> <td>1,197,976,000</td> <td>1,080,558,000</td> <td></td> </tr> </tbody> </table>	REPORTING TEMPLATE: OPTION B	₦	₦	% GROWTH	Item	2020	2021		1. Reported IGR in AFS (Before Adjustments)	33,021,878,000	41,842,210,000	26	2. INVALID items to be deducted IF reported as part of IGR	1,197,976,000	1,080,558,000		Satisfactory	
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Disbursement Linked Indicators (DLIs) and Tests		Findings			Conclusion	Recommendations
		Paris club refund				
		Reimbursements/refunds related to expenditures (e.g., from FGN for Federal roads)	291,605,000	255,135,000		
		Sale of govt property, privatization proceeds	898,967,000	325,358,000		
		Interest Earned	7,404,000	499,065,000		
		3. "Adjusted IGR" for DLI 4.2 Calculation (A OR B)				
		Take reported total IGR and deduct any INVALID items i.e. (1) minus (2)	31,823,907,000	40,401,652,000		27

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>*Please Unpack the Miscellaneous from the notes to the Account</p> $\frac{\text{₦}40,401,652,000 - \text{₦}31,823,907,000}{\text{₦}31,823,907,000} \times 100$ <p>=27%</p> <p>The annual nominal growth was 27%</p> <p>Source: 2021 Audited Financial Statement Pages 9 & 10</p>		
DLI 5: Biometric Registration and Bank Verification Number (BVN) Used to reduce Payroll Fraud				
DLR 5.1	Biometric capture of at least [95] 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 95% of the current civil servants and pensioners on the State payroll?	<p>The State commenced the Biometric data capture of the civil servants and pensioners on 17th February, 2020 and completed it on 31st December, 2020 and it is updated every year.</p> <ul style="list-style-type: none"> a) The biometric exercise was not outsourced to a Consultant. b) The total number of civil servants is 55,159 c) The total number of pensioners is 31,596 d) The total number of civil servants and pensioners on the State Nominal roll is 86,775 and on the Payroll is 84,904 e) The changes in the total number of civil servants and pensioners on the Nominal roll and payroll in comparison with the previous year is not up to 10% see calculation below: <p>Percentage change in Nominal roll</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations								
	<p>$\frac{2020 - 2021}{2020} \times 100$</p> <p>2020</p> <table border="1" data-bbox="711 402 1323 529"> <tr> <td>Total No. of Civil Servants and Pensioners 2020</td> <td>85,372</td> </tr> <tr> <td>Total No. of Civil Servants and Pensioners 2021</td> <td>86,775</td> </tr> </table> <p>$\frac{85,372 - 86,775}{85,372} \times 100 = 1.64\%$</p> <p>Percentage change in Payroll</p> <p>$\frac{2020 - 2021}{2020} \times 100$</p> <p>2020</p> <table border="1" data-bbox="711 938 1323 1065"> <tr> <td>Total No. of Civil Servants and Pensioners 2020</td> <td>87,612</td> </tr> <tr> <td>Total No. of Civil Servants and Pensioners 2021</td> <td>84,904</td> </tr> </table> <p>$\frac{87,612 - 84,904}{87,612} \times 100 = 3.1\%$</p> <p>f) The biometrics data that has been captured is 83,842</p> <p>g) The documents obtained for this conclusion are:</p>	Total No. of Civil Servants and Pensioners 2020	85,372	Total No. of Civil Servants and Pensioners 2021	86,775	Total No. of Civil Servants and Pensioners 2020	87,612	Total No. of Civil Servants and Pensioners 2021	84,904		
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Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>i) A copy of the Nominal Roll for all State civil servants.</p> <p>ii). A copy of the Nominal Roll for all State pensioners.</p> <p>iii) The State Biometric and BVN Report, 2021 produced by the Salary and wages Directorate, Office of the Head of Civil Service page 2.</p> <p>iv) Audit report on Validation for 2021 Biometric data in respect of civil servants and pensioners in the State, page 2 and Screenshot of 20 Samples each for civil servants and pensioners on the database were taken and kept in the assessment file.</p> <p>$\frac{83,842}{84,904} \times 100$ 84,904 = 98.74%</p> <p>The State had captured 98.74% biometrics of the State's civil servants and pensioners on its payroll</p>		
2	Has the State linked the biometrics data to the State payroll to identify ghost workers?	<p>a) The State commenced the linkage of the biometric data to the payroll on 17th February 2020 and finished it on 30th December, 2020 and it is updated every year.</p> <p>b) A total number of 83,842 instances of biometrics data have been linked to the payroll.</p> <p>c) A total of 1,066 ghost workers were detected during the biometric validations</p> <p>d) The amount of money saved from the ghost workers detected is ₦27,233,901.04</p> <p>e) The in-year changes to the civil servant and pensioner payrolls (as a result of starters, leavers, deaths, etc.) were captured by the biometric exercise.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>f) There are procedures in place for ensuring timely (within 3 months of the event) updates to the payroll to reflect leavers, retirees, and deaths. The documents obtained to support this conclusion are: (i) Biometric and BVN Report, 2021 page 1,2 and (ii) Audit report on Validation for 2021 Biometric data in respect of civil servants and pensioners in the State page 2</p> <p>g) There were changes to the civil servant and pensioner payrolls during the fiscal year (as a result of starters, leavers, deaths, etc.).</p> <p>h) The changes were captured by the biometric exercise.</p> <p>i) The procedure in place to identify and remove ghost workers is Salary update, i.e where the payment of staff and pensioners that fail to turn up for the exercise are suspended and request the respective MDA to report on their status, if found to be ghost, their names will be removed from the payroll and salary return to the State Treasury.</p>		
3	Has the State removed confirmed ghost workers and ghost pensioners within three (3) months of each case being confirmed?	<p>a) The ghost workers that were detected during the linkage is 1,066</p> <p>b) The record that was kept for the identified ghost workers is the Biometric and BVN report, 2021 page 2 and a comprehensive List of suspected ghost workers and pensioners.</p> <p>c) These identified ghost workers were removed from the payroll on 30th May 2021</p> <p>d) The total payments (emoluments of employee and pensioners) before their removal from payroll is ₦6,279,963,497.04</p> <p>e) The total payments (emoluments of employee and pensioners) after they have been removed is ₦6,252,729,596</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		f) The source of this information is the Biometric and BVN report 2021 -page 3.		
5.2	Link BVN data to at least [95] 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 95% of its current Civil Servants and pensioners on the State payroll?	<p>The State commenced the linkage of BVN data of the civil servants and pensioners on 17th February 2020 and completed it on 30th December 2020. It is updated every year</p> <p>a) The linkage of BVN data was not outsourced to a consultant.</p> <p>b) The total number of civil servants is 55,159 and the number of pensioners is 31,596</p> <p>c) The total number of civil servants and number of pensioners on the State Nominal roll 86,775</p> <p>d) The BVN data that has been linked to the payroll is 83,842</p> <p>e) The document obtained for this conclusion is the Biometric and BVN report, 2021-page 2 and sampled number of civil servants and pensioners</p> $\frac{83,842}{54,080 + 29,762} \times 100 = 100\%$ <p>The State has linked 100 % of the State's civil servants and pensioners' BVN data to the payroll.</p>	Satisfactory	
2	Has the State taken steps to identify payroll fraud?	a) A total number of 83,842 civil servants and pensioners are with BVN data and none without	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>BVN data. i.e all the Staff and pensioners have BVN data.</p> <p>b) The record kept for the identified payroll fraud is a comprehensive list of suspected ghost workers and ghost pensioners and the Biometric and BVN report 2021</p> <p>c) The date these payroll frauds were identified is 30th April, 2021</p> <p>d) The total payments (emoluments of employee and pensioners) before the fraud identification is ₦6,279,963,497.04</p> <p>e) The (emoluments of employee and pensioners) after the fraud has been dealt with and removed from further payment is ₦6,252,729,596</p> <p>f) The source of this information is the Biometric and BVN report 2021 -page 3 and sampled number of civil servants and pensioners</p>		
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) e-Procurement; 2) establishment of an independent procurement regulatory agency and 3) cover all MDAs receiving funds from the State budget		Achieved	
1	Does the State have a public procurement legal framework that must be approved by the State legislature to have a legal	<p>a) The state has a public procurement legal framework.</p> <p>b) It has been approved by the State legislature as a law.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	basis, either as a law or a resolution?	<p>c) The Kano State Public Procurement Law 2021 (1442 A.H) was passed and assented by the Governor 30th June 2021, while The Kano State Public Procurement (Amendment) Law 2021 (1442 A.H) was amended and assented by the Governor on 25th May 2022.</p> <p>d) The Procurement Law has been passed.</p> <p>e) The authorizing body is the Kano State House of Assembly.</p> <p>f) The date of approval of the law and the approval of its amendment is on 30th June 2021 and 25th May 2022 respectively.</p>		
2	Does the law conform with the UNCITRAL Model Law which should provide for? 1) e-Procurement; 2) establishment of an independent procurement regulatory agency; and 3) cover all MDAs receiving funds from the State budget.	<p>The Kano State Public Procurement Law is to a reasonable extent structured in line with the UNCITRAL Model and meets the requirements as shown below:</p> <p>a) The results of the team’s review of the Procurement Law:</p> <p>1. E-Procurement - We noted the following during our review of legislation;</p> <ul style="list-style-type: none"> ● Not later than twelve (12) months from the enactment of this Law or at such other time the Bureau shall design and set up a secure electronic portal to be known as the Kano State Government Electronic Procurement System which shall be the primary source of information for all public procurement matters and opportunities within the purview of this Law and regulations made under this Law. See Section 41(1) Page 24 ● Subject to the provision of this Law and its regulations, it shall be lawful for a procuring entity 	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations										
	<p>to consider any or all its bids by electronic auction or simulation on its electronic portal, provided that the use of the electronic system shall be transparent, efficient and economical. See Section 41(2) Page 24</p> <ul style="list-style-type: none"> • The Bureau shall issue e-procurement and portal guidelines in accordance with the provisions of this Law or any other regulations made there under to all MDAs and local Government Councils in the State. See Section 41(3) Page 24. <p>The law, therefore, complies with the requirements for e-procurement.</p> <p>2. Independence - The results of our assessment of the legislation for independence are in the table below:</p> <table border="1" data-bbox="711 831 1327 1442"> <thead> <tr> <th>Required Provisions*</th> <th>Result</th> </tr> </thead> <tbody> <tr> <td>The Functions and Powers of the Agency</td> <td>Compliant; see sections 12 and 13</td> </tr> <tr> <td>The composition of the board</td> <td>Compliant; See section 6(1)</td> </tr> <tr> <td>Membership of the Board/Council includes representatives from professional bodies and associations.</td> <td>Compliant; see sections 6(1)e</td> </tr> <tr> <td>The grounds for removal of the Chief Executive of the</td> <td>Compliant; see section 9(e) as Amended.</td> </tr> </tbody> </table>	Required Provisions*	Result	The Functions and Powers of the Agency	Compliant; see sections 12 and 13	The composition of the board	Compliant; See section 6(1)	Membership of the Board/Council includes representatives from professional bodies and associations.	Compliant; see sections 6(1)e	The grounds for removal of the Chief Executive of the	Compliant; see section 9(e) as Amended.		
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Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>for Kano State 2021 Procurement Law and was found not to meet the criteria.</p> <p>The 2020 APA found this to be Not Achieved, but following an appeal, the WB found this to be Achieved subsequent to the final 2020 APA disbursement. Accordingly, this is marked as Achieved here.</p>		
3	<p>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> <p>a) The State has instituted an independent procurement regulatory function.</p> <p>b) It is being performed through Kano State Bureau of Public Procurement set up for the statutory purpose.</p> <p>c) Kano State Bureau of Public Procurement is responsible for prescribing regulations and procedures for public procurements by the legal framework.</p> <p>d) The evidence we obtained to demonstrate that the Kano State Bureau of public procurement is active and effective;</p> <p>i. Interview with the bureau chief executive.</p> <p>ii. physical inspection of the bureau was done and it was observed that:</p> <p>The Kano State bureau of public procurement head office is at No 21 Magajin Rumfa road, Nassarawa G.R.A,Kano State.</p> <p>The Bureau is headed by a Permanent Secretary, who is currently the acting Director General of the bureau.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>The Bureau has Directors and Staff saddled with different responsibilities/functions.</p> <p>e) 5 cases handled by the bureau were used in performing the walkthrough to confirm the effective handling of the selected cases.</p> <p>All work done/tests carried out and findings reached:</p> <ul style="list-style-type: none"> -IVA verified files of the 5 cases by calling for the files. - IVA performed a walkthrough to confirm they passed through the procurement cycle. - IVA confirmed the effectiveness of the bureau handling the selected cases. 		
DLR 6.2	<p>No later than June 30, 2022, implement e-procurement in at least 4 MDAs (incl. Education, Health and Public Works) publish all contract award information in OCDS format on the online portal for the 4 MDAs</p> <p>AND</p> <p>For those MDAs without e-procurement: Publish contract award information above a threshold set out in the State's procurement law/regulation every month in OCDS format</p>		Achieved	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	on the state website or online portal if available.			
1	Has the State achieved open contracting component of the DLI by publishing online, contract award information for all contracts awarded during the fiscal year (2021) that are above the threshold (as defined in the State procurement law or the State procurement regulation(s), in line with the Open Contracting Data Standards (OCDS)?	<p>a) IVA obtained a schedule of all contracts awarded during the year under assessment.</p> <p>b) IVA carried out the following check to confirm if the schedule is indeed complete and comprehensive:</p> <p>i) Minimal contracts or no contracts shown for traditionally large spending MDA's</p> <p>ii) Minimal/limited awards in some or several months of the year.</p> <p>iii) No contracts shown for several MDAs in the period, meaning they did not award any contracts.</p> <p>iv) Total contracts awarded per the schedule provided by the State are not in line with the approved capital budget for the year or the actual capital expenditure outturn for the year etc.]</p> <p>The Discrepancies identified are:</p> <p>i) No contracts shown for several MDAs in the period, meaning they did not award any contracts.</p> <p>ii) Aggregate amount of contracts awarded as per the schedule provided by the State was not the same as the actual capital expenditure outturn for the year.</p> <p>However, an APA issue was raised and the state responded by, justifying the discrepancies as follows:</p> <p>(i) The State has publication threshold of N10m and only contract above the threshold are published.</p> <p>(ii) Some MDAs and MDAs under Governance e.g Ministry of Planning and Budget, Finance, Public</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>Procurement Bureau, Bureau of Statistics, Civil Service Commission, Ministry for Local Government, Pilgrim Welfare Board, Council Affair Directorate, State Film and Video Censorship Board, etc. don't have capital project/expenditure in the State appropriation for the year under review.</p> <p>(iii) The capital expenditure reported in the State Audited financial statement includes payment of current year awarded capital expenditure, payment of contractors' arrears from the previous years, principal loan repayments, expenditure on capital receipt (Aids and Grants) from MDAs. However, note that, some projects span for the period of 2 to 3 years and all payment are based on measurement and valuation.</p> <p>(iv) Based on the published contract award information for the year 2021 above threshold of N10Million as approved in the State procurement Manual, the State have awarded contract amounting to N32,579,546,967.46 (in other words contract below threshold were not published as allowed by the Kano State Public Procurement Manual), however note that some of the contracts are still on-going while others have been completed and paid for by the Office of the Accountant General.</p> <p>c) The State published the information on all contracts awarded for the year under assessment above the threshold of (N10,000,000:00) Ten million naira online.</p> <p>d) The list of contracts published online is complete based on a review against the schedule of all contracts provided.</p>		

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>e) The data published is in line with the Open Contracting Data Standards (OCDS).</p> <p>f) The source of the publication: https://kanostate.gov.ng/wp-content/uploads/2022/07/Data-Collection-Template-for-All-MDAs-January-2021-to-December-2021-.pdf</p> <p>(i) IVA compared what the state published with the sample template provided and there was no difference in content.</p> <p>(ii) IVA downloaded and retained a copy of the online publication.</p> <p>(iii) IVA retained a screenshot of the webpage from where the publication was downloaded.</p> <p>g) The minimum contract award information that was published are:</p> <p>(i) Project name, (ii) Awarding institution, (iii) Award date, (iv) Name of contractor, and (v) The contract amount</p> <p>h) All the items from (g) above were published.</p> <p>i) The web link where data was published: https://kanostate.gov.ng/wp-content/uploads/2022/07/Data-Collection-Template-for-All-MDAs-January-2021-to-December-2021-.pdf</p> <p>j) The contract award information published on the state official website is accessible to the public.</p>		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
2	Has the State implemented e-Procurement in at least 4 MDAs (including Education, Health, and Public Works) by June 30, 2022. The e-Procurement for the 2021 results DLI is the implementation of at least five modules: e-Registration, e-Publishing/Notification, e-Procurement Plan, e-Tendering and e-Evaluation/e-Awarding?	<p>a) The State has implemented e-procurement in five (5) MDAs (including Education, Health, Public Works, SUBEB and PHCMB) by 30 June 2022.</p> <p>b) A report on all transactions for the five MDAs during the period of 1st January 2022 to 30 June 2022 directly from the e-procurement system was obtained.</p> <p>c) A separate report of procurements for all five MDAs for the period of 1st January 2022 to 30 June 2022 from the Accountant General was obtained.</p> <p>d) The go-live date for e-procurement at the 4 MDAs was on the 30th September 2021, and the evidence obtained to prove the go-live date for each of the five expected minimum functionalities is the web link (https://kano-eproc.eurodyn.com/epps/home.do) of the state e-procurement portal where the functionalities would be found and screenshot webpage showing the functionalities. These are other alternative weblinks; http://kanoppb.org.ng/ https://kano-eproc.eurodyn.com/epps/home.do</p> <p>e) A comparison with the system generated report for all five MDAs after go-live was done and all transactions after go-live stated in the Accountant General's report for the period of 1st January 2022 to 30th June 2022 were conducted through the e-procurement system.</p> <p>f) A sample of five (5) transactions at random for each of the 5 MDAs was selected and a walkthrough test of the procurement lifecycle was conducted.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>g) The selected transactions followed the procurement lifecycle.</p> <p>h) No parts of the transaction were conducted outside of the e-procurement system.</p> <p>i) The e-Registration, e-Publishing/Notification, e-Tendering and e-Evaluation/e-Awarding modules have been implemented and transactions processed through them for the period 1 January 2022 to 30 June 2022.</p> <p>j) The State processed all of its procurement transactions at the 5 MDAs through the five minimum required modules after go-live for the period of 1st January 2022 to 30th June 2022.</p> <p>k) The evidence obtained for the selected sample transactions is screenshots of the transactions procurement process in the state e-procurement system.</p> <p>On IVA's request for further evidence on the functionality of the e-procurement system, the State provided detail 5-eGP module, screenshot and related URLs (links) for each module of the system as follows:</p> <p>Procurement Plan publication https://kano-eproc.eurodyn.com/epps/app/viewPublication.do</p> <p>Contract awards https://kano-eproc.eurodyn.com/epps/viewAllAwardedContracts.do</p> <p>Vendor registration https://kano-eproc.eurodyn.com/epps/selectCompanyTypeEO.do?r</p>		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>egisterEO=true&selectedItem=selectCompanyTypeEO.do%3FregisterEO%3Dtrue and;</p> <p>e-tendering and evaluation link https://kano-eproc.eurodyn.com/epps/common/viewOpenedTenders.do?d-3680181-p=&T01_ps=100</p>		
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.		Previously Achieved in 2020 APA	
1	Is there an Approved state-level public debt legislation through the passage of a State Fiscal Responsibility Law, OR the passage of the State Public Debt Management Law, OR the inclusion of the provisions of the Fiscal Responsibility Act (FRA) in the organic Public Financial Management Law?	Previously Achieved in 2020 APA		
2	Does the legislation include provisions that establish the following?	Previously Achieved in 2020 APA		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	1) Responsibilities for contracting state debt; 2) Responsibilities for recording/reporting state debt; and 3) Fiscal and debt rules/limits for the state.			
3	Has the State Debt Management Department (or Unit, Committee, Agency, Board, Bureau, Commission, Council) been operational during the APA year and performing the core function of recording and reporting state debt?	Previously Achieved in 2020 APA		
DLR 7.2	Quarterly state debt reports accepted by the DMO on average two months or less after the end of the quarter in 2021 AND Annual state debt sustainability analysis and Medium-term debt management strategy published by end of December 2021		Achieved	
1	Has the State produced quarterly State Domestic Debt Reports (SDDR), which are approved by the DMO on average two months after the end of the quarter in 2021?	a) On average, the state submitted the quarterly State Domestic Debt Reports (SDDR) (final versions) to the DMO on average within 2 months (47.75 days or 6 weeks and 5 days) after the end of each quarter.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>IVA obtained evidence that the State produced approved quarterly SDDR, which were submitted and received by the DMO as follows:</p> <ul style="list-style-type: none"> ● Q1 was submitted on 17th May 2021, 47 days after the end of the quarter, ● Q2 was submitted on 12th of August 2021, 43 days after the end of the quarter, ● Q3 was submitted on the 16th of November 2021, 47 days after the quarter end and ● Q4 was submitted on 6th April, 2022, 96 days after the end of the quarter. $\frac{47+43+47+96}{4}$ <p>Average = 58.25 days (8.3 weeks).</p> <p>The SDDRs were submitted within an average of 2.08 months (58.25 days).</p>		
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 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</p> <p>a) The Quarterly State Domestic Debt Reports (SDDR) from the Federal DMO, CBN, and FMOF, along with all underlying data and supporting documents were obtained</p> <p>b) The State Domestic and External Debt Report (SDEDR) from the Federal DMO, CBN, and FMOF, along with all underlying data has been compared with the supporting documents</p> <p>We reviewed the DMO's Report on State Domestic and External Debt Report (SDEDR) with Kano State Debt Domestic Report along with all underlying data. The</p>	n/a	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations	
	<p>DMO to cross-check the state's domestic debt figures.</p>	<p>report was supported with the DMO's templates and guidelines.</p> <p>We reviewed the DMO report and the DMO report confirmed the <u>accuracy</u> and <u>completeness</u> of the State Domestic Debt Report. However, the Q4 SDDR after being acknowledged (as being accurate) and approved by the Federal DMO, was further revised after some reconciliations (for the Q4 SDDR) were initiated by the state.</p> <p>c) The Quarterly State Domestic Debt Reports (SDDR) Submitted by the State has been compared with the State Audited Financial Statement</p> <p>d) The debt stock figures reported in the SDDR has been compared with that of the State's Audited Financial Statement</p> <p>e) IVA noted a discrepancy of N13,097,459,004.88. See below for details</p> <p>i. SDDR Figure: N111,896,457,385.6</p> <p>ii. AFS Figure: N124,993,916,390.48</p> <p>iii. Difference: N13,097,459,004.88</p> <p>f) An APA issue was raised with regards to the identified discrepancy. The explanation provided by the state was that the Q4 SDDR was initially approved and acknowledged by the Federal DMO. This initial version of the Q4 SDDR was later examined by the state and found to have erroneous values. The state initiated a reconciliation and forwarded the findings to the Federal DMO and upon approval from the Federal DMO, the state forwarded a revised version of the Q4 SDDR with revised data. However, this revised</p>		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>version did not factor in the deductions made with respect to certain loan facilities (these deductions were considered in the audited financial statements). The debt stock stated in the revised SDDR was N130,552,757,750.071 while the debt stock stated in the AFS (following the schedule provided by the Federal DMO) is N124,993,916,390. This caused an overstatement of the debt stock recorded in the SDDR against the AFS by N5,558,841,360.071. This overstatement was because the revised version of the SDDR did not account for the deductions made to various loan facilities as stated in the debt schedule (States Bond, Other Federal Government Intervention Loans, Pension and Gratuity Arrears).</p> <p>g) The State Domestic and External Debt Report (SDEDR) from the Federal DMO has been compared with the Quarterly State Domestic Debt Reports (SDDR) submitted by the State .</p>		
3	Has the State published online the State Debt Sustainability Analysis and Debt Management Strategy Report (SDSA-DMSR) by 31 December 2021?	<p>a) The State Debt Sustainability Analysis and Debt Management Strategy Report (SDSA-DMSR) was published on the State Official Website.</p> <p>b) The SDSA-DMSR was published on the 14th of December 2021</p> <p>c) The SDSA-DMSR was published by 31 December 2021. A screenshot of the timestamp showing the date of publication was obtained.</p> <p>https://financekanostate.files.wordpress.com/2021/12/2021-kano-state-dsa-dms-report.pdf</p>	Satisfactory	
4	Does the SDSA - DMSR include the following: 1) medium-term budget forecasts; 2) detailed and adequate description of the debt portfolio and borrowing	<p>Upon review of the SDSA -DMSR, it included the following:</p> <p>(1) Adequate presentation of medium-term budget forecasts, including:</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
<p>options; including a summary analysis of the projections of performance indicators used to assess Debt Management Strategy, and their implications for cost-risk profile of State debt portfolio in 2025; and 3) adequate analysis of the debt and fiscal figures in the preceding calendar year?</p>	<p>(a) Presentation of MTB forecasts in either a table OR chart(s) (OR both table and chart(s)) with projected annual figures from 2021 to 2024.</p> <p>(b) Description of assumptions underpinning the MTB forecasts from 2021 to 2024: either a table with assumptions OR corresponding explanations in writing (OR both)</p> <p>(c) A summary analysis of MTB forecasts and their implications for fiscal and debt policies throughout the period 2021-2024</p> <p>(d) The presentation and analysis in the entire forecast period need to be of adequate quality, and do not contain illogical statements (e.g. negative figures for debt stock; contradictory or illogical statements or arguments, etc.)</p> <p>(2) A detailed and adequate description of the debt portfolio and borrowing options, including:</p> <p>(a) Presentation of debt and borrowing projections in the baseline scenario either using a table OR charts (OR both) with projected figures from 2021 to 2030.</p> <p>(b) Description of assumptions underpinning the borrowing options presented: either a table with assumptions OR corresponding explanations in writing (OR both)</p> <p>(c) A summary analysis of the debt projections and their implications for debt sustainability and fiscal policies throughout the period 2021-2030</p> <p>(d) A summary analysis of the projections of performance indicators used to assess DMS throughout the period 2021-2025, and their</p>		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>implications for the cost-risk profile of the State debt portfolio in 2025.</p> <p>(e) The presentation and analysis in the entire forecast period need to be of adequate quality, and do not contain illogical statements (e.g. negative figures for debt and borrowing projections; contradictory or illogical statements or arguments, etc.)</p> <p>(3) Adequate presentation and analysis of the debt and fiscal figures position in the preceding calendar year, which contains the following;</p> <p>(a) Presentation of revenue, expenditure, budget balance, and debt information, at least for 2020: either a table OR charts (OR both table and chart(s)) with historical figures for at least 2020</p> <p>(b) A summary analysis of the information presented on revenue, expenditure, budget balance, and debt in 2020: analysis (in writing) of fiscal and debt situation in 2020.</p> <p>(c) The presentation and analysis in the entire historical period need to be of adequate quality, and do not contain illogical statements (e.g. negative figures for debt and borrowing projections; contradictory or illogical statements or arguments, etc.)</p> <p>(b) No differences were Identified by the IVA.</p>		
DLI 8: Improved Clearance/Reduction of Stock of Domestic Expenditure Arrears				
DLR 8.0	Domestic arrears as of end 2020 and end 2021 reported in an online publicly accessible		Not Achieved	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
<p>database, with verification process in place.</p> <p>AND</p> <p>Percentage decline in the verified stock of domestic arrears at end 2021 compared to end 2020 meets target and is consistent with the state's arrears clearance framework.</p> <p>Basic Target: At least a 5 percent decline or maintain stock below 5 billion naira</p> <p>Stretch Target: More than 20 percent decline</p>			
<p>1</p> <p>Has the State established an Arrears Clearance Framework (ACF)?</p>	<p>a) The State has established an Arrears Clearance Framework (ACF)</p> <p>b) A copy of the ACF has been obtained from the state</p> <p>c) The establishment of the ACF occurred by 24 December 2020</p> <p>d) The duration of time between the establishment of the ACF and the 31 December 2021 year-end is twelve (12) months. This is adequate to allow time for the implementation of the ACF.</p>	<p>Satisfactory</p>	
<p>2</p> <p>Does the ACF contain: 1) the planned actions to settle arrears; and 2) an explicit prioritization of expenditure arrears to be settled.</p>	<p>a) The ACF contains the planned actions to settle arrears (Pg12-13 of the ACF) and an explicit prioritization of expenditure arrears to be settled (Pg14-17 of the ACF)</p> <p>b) The state developed a realistic multi-year funding plan to clear the arrears through earmarked sources of revenue like Internally Generated</p>	<p>Satisfactory</p>	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>Revenue (IGR), Revenue from the federal government (FAAC), Grants from the federal government and Loans. It also provided for prioritization between and within the classes of arrears by paying the smallest first for contractor's arrears, oldest first for pension and gratuity and equal amount for salary arrears.</p> <p>The state submitted the soft copy and hard copy of the ACF. The IVA confirmed consistency between the documents.</p>		
3	Has the ACF been published on a State official website?	<p>a) The ACF was published on the state official website.</p> <p>b) A copy of the ACF has been downloaded for validation</p> <p>c) The web link is: https://financekanostate.files.wordpress.com/2020/12/acf-2020.pdf</p>	Satisfactory	
4.	Is the clearance of domestic expenditure arrears consistent with the ACF, once the ACF has been established?	IVA was unable to confirm if the clearance of domestic expenditure arrears were consistent with the ACF because the schedule of all clearance payments was not submitted to the IVA.	Unsatisfactory	The State should ensure that the clearance of domestic expenditure arrears is consistent with the ACF
5.	Has the State established an Internal Domestic Arrears Database?	<p>a) The internal domestic arrears database is established, however, IVA noticed that arrears for prior years before 2021 are not captured for Salaries, no detailed analysis of Pension & Gratuity in arriving at the aggregate amount in the database established.</p> <p>b) Internal Domestic Arrears Database includes the following:</p>	Unsatisfactory	a) The Internal Domestic Arrears Database should include aggregate and individual amounts of contractors' arrears; the aggregate amount of pension and

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<ul style="list-style-type: none"> a. The aggregate and individual amounts of contractors' arrears. For contractors' arrears, the internal domestic arrears database includes the name of the contractor, the amount due at the end-of-year, the nature of the goods and services procured that generated the claim. The billing data is not available in the database. The database shows the total domestic arrears stock at the end of each year. b. The aggregate amount of pension and gratuity arrears. c. The aggregate amount of salary arrears and other staff claims. d. The internal domestic arrears database does not include aggregate amount of other types of domestic arrears c) The verification process in place for the arrears in the database is through email or physical verification. d) The IVA has been unable to receive any evidence, documentary, or verbal, that the State has conducted verification of arrears balances. e) The IVA conducted the test by cross-checking with Financial Statements, state domestic debt reports, and re-calculating the figures obtained; discrepancies were identified. An APA issue was raised and the state responded thus: "All this issue arises before the reconciliation the correct figure is N7,862,789,000 which was on AFS 2021" f) The state did not submit to the IVA the annual state arrears recording, verification, and clearance report (SARVCR) An APA issue was raised and the state stated there is no SARVCR 		<p>gratuity arrears; the aggregate amount of salary arrears and other staff claims</p>

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
6	Has the State published online elements of the internal domestic arrears database for the FY 2020 and FY 2021 reported on a State official website, which constitutes the online publicly accessible arrears database?	<p>a) The State has not published online the required elements of the Internal Domestic Arrears Database as at the end of 2020 and 2021.</p> <p>b) The IVA was unable to compare the aggregate and individual information available on the online publicly-accessible arrears database with the information in the internal domestic arrears database and verify the consistency and accuracy of the information on the online publicly-accessible arrears database due to unavailability of publicly accessible arrears database.</p> <p>c) The website supporting the online publicly-accessible arrears database does not contain 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.</p> <p>d) The online webpage does not include a facility for creditors to report any omissions to the State. However, emails are made available for contractors to send requests to the state through kanofinance20@gmail.com, kanotreasury@gmail.com or info@finance.kn.gov.ng</p> <p>e) The result of the test is that the email provided is responsive and an initial feedback response was received by the IVA as evidence.</p>	Unsatisfactory	The State should ensure they publish online, elements of the Internal domestic arrears database.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>f) The state has not provided records on the omissions reported by contractors in each year and how they were treated. There were no omissions reported by the contractor</p> <p>g) The IVA could not confirm that any omissions of contractor arrears that were found to be valid were subsequently included in the internal domestic arrears database because the reports of omissions are not available.</p> <p>h) The State has been unable to provide the web link to the online publicly accessible arrears database. The state does not have a link to the online publicly accessible arrears database.</p> <p>Based on the findings above, the state does not have a publicly accessible arrears database.</p>		
7.	<p>Does the online publication include?</p> <p>1) the aggregate amount of contractors' arrears; 2) the aggregate amount of pension and gratuity arrears; 3) the aggregate amount of salary arrears and other staff claims; 4) other types of domestic arrears and 5) a list of names of contractors with recognized arrears exceeding ₦20 million and information for contractors to</p>	<p>There is no online publication that includes aggregate amounts for the four types of arrears.</p> <p>There is no online publication that contains the names of contractors owed ₦20m in arrears and above.</p>	Unsatisfactory	<p>a) The State should ensure they publish online lists of contractors with recognized arrears exceeding ₦20 million.</p> <p>b) The state should ensure contractors can verify that their claims are accurately reported</p>

Disbursement Linked Indicators (DLIs) and Tests		Findings				Conclusion	Recommendations																									
	be able to verify that their claims are being accurately reported in the database.																															
8.	<p>Has the State met the following?</p> <p>(i) Percentage decline in the verified stock of domestic arrears at end 2021 compared to end 2020 meets target and is consistent with the state's arrears clearance framework.</p> <p>Basic target: At least a 5 percent decline or maintain stock below 5 billion naira Stretch target: More than 20 percent decline The clearance/reduction of domestic expenditure arrears (contractors, pension and gratuity arrears, salary arrears, and other staff claims) is defined as the decline in the nominal stock of total domestic expenditure arrears at the end of the year, compared to the previous year, expressed in percentage terms.</p>	<table border="1"> <thead> <tr> <th>Aggregate Amount of:</th> <th>2021</th> <th>2020</th> <th>% diff.</th> </tr> </thead> <tbody> <tr> <td>Contractors Arrears</td> <td>31,952,720,386.62</td> <td>20,726,466,000.00</td> <td>54.16</td> </tr> <tr> <td>Pension and Gratuity arrears</td> <td>7,862,788,587.51</td> <td>7,055,927,000.00</td> <td>11.44</td> </tr> <tr> <td>Salary arrears and Staff claims</td> <td>662,226,000.00</td> <td>412,122,194.87</td> <td>60.69</td> </tr> <tr> <td>Judgment Debt</td> <td>0</td> <td>0</td> <td></td> </tr> <tr> <td>Other types of domestic expenditure arrears</td> <td>0</td> <td>0</td> <td></td> </tr> <tr> <td>Total Domestic Arrears</td> <td>40,477,734,974.13</td> <td>28,194,515,194.87</td> <td>43.56</td> </tr> </tbody> </table> <p>a. We obtained the Domestic arrears figure from the AFS for 2021 due to inconsistent data between the State Internal Domestic Arrears (SIDA) database and SDDR.</p> $\frac{40,477,734,974.13 - 28,194,515,194.87}{28,194,515,194.87} \times 100 = 44\%$ <p>The percentage of increase is 44% Source: Audited Financial Statement for 2021</p>	Aggregate Amount of:	2021	2020	% diff.	Contractors Arrears	31,952,720,386.62	20,726,466,000.00	54.16	Pension and Gratuity arrears	7,862,788,587.51	7,055,927,000.00	11.44	Salary arrears and Staff claims	662,226,000.00	412,122,194.87	60.69	Judgment Debt	0	0		Other types of domestic expenditure arrears	0	0		Total Domestic Arrears	40,477,734,974.13	28,194,515,194.87	43.56	Unsatisfactory	The State should ensure a reduction of domestic arrears debt stock to below ₦5 billion
Aggregate Amount of:	2021	2020	% diff.																													
Contractors Arrears	31,952,720,386.62	20,726,466,000.00	54.16																													
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Salary arrears and Staff claims	662,226,000.00	412,122,194.87	60.69																													
Judgment Debt	0	0																														
Other types of domestic expenditure arrears	0	0																														
Total Domestic Arrears	40,477,734,974.13	28,194,515,194.87	43.56																													
DLI 9: Improved Debt Sustainability																																

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations																						
DLR 9.0	<p>Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2021</p> <p>AND</p> <p>Total debt stock at end of December 2021 as a share of total revenue for FY 2021 meets target:</p> <p>-Basic target: < 120%</p> <p>-Stretch target: < 95%</p>		Achieved (Basic target met)																							
1	<p>Has the State met:</p> <p>(i) the ratio of total debt stock at end-of-year (31st December 2021) of the year of assessment to the total revenue collected during the calendar year of the year of assessment (1st January to 31st December 2021)?</p> <p>-Basic target:< [120%]</p> <p>-Stretch target: < [95%]</p> <p>(ii) Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2021.</p>	<p>The following tables show the calculations and adjustments made to arrive at the appropriate figures for this comparison.</p> <p>Total Public Debt*</p> <table border="1"> <thead> <tr> <th></th> <th>Financial Statements (₦)</th> <th>DMO/ SDEDR Figures (₦)</th> </tr> </thead> <tbody> <tr> <td>Total Domestic Debts</td> <td>124,993,917,000</td> <td>121,376,026,462.54</td> </tr> <tr> <td>Total External Debts</td> <td>47,178,446,000</td> <td>47,178,446,344.59</td> </tr> <tr> <td>Total Public Debts</td> <td>172,172,363,000</td> <td>168,554,472,807.13</td> </tr> </tbody> </table> <p>Total annual revenue</p> <table border="1"> <tbody> <tr> <td>2021 Adjusted IGR (see DLI 4.2)</td> <td>N40,401,652,000</td> </tr> <tr> <td>Gross FAAC Allocation**</td> <td>N105,192,712,630</td> </tr> <tr> <td>Grants</td> <td>N11,801,455,000</td> </tr> <tr> <td>Other Revenues</td> <td>N 747,294,000</td> </tr> <tr> <td>Total Revenue</td> <td>N158,143,113,630</td> </tr> </tbody> </table>		Financial Statements (₦)	DMO/ SDEDR Figures (₦)	Total Domestic Debts	124,993,917,000	121,376,026,462.54	Total External Debts	47,178,446,000	47,178,446,344.59	Total Public Debts	172,172,363,000	168,554,472,807.13	2021 Adjusted IGR (see DLI 4.2)	N40,401,652,000	Gross FAAC Allocation**	N105,192,712,630	Grants	N11,801,455,000	Other Revenues	N 747,294,000	Total Revenue	N158,143,113,630	Satisfactory (Basic Target Met)	
	Financial Statements (₦)	DMO/ SDEDR Figures (₦)																								
Total Domestic Debts	124,993,917,000	121,376,026,462.54																								
Total External Debts	47,178,446,000	47,178,446,344.59																								
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Total Revenue	N158,143,113,630																									

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>a. The State’s domestic debt stock figure in the Federal DMO State Domestic and External Debt Report for 2021 is as at the end of Q4 2021.</p> <p>We have computed the total debts stock / Revenue percentage for the 2021 year, as follows:</p> <p>AFS COMPUTATION</p> $\frac{N172,172,363,000 \times 100}{N158,143,113,630} = 108.87\%$ <p>DMO COMPUTATION</p> $\frac{N168,554,472,807.13 \times 100}{N158,143,113,630} = 106.6\%$ <p>We have computed the total debt service deduction / Gross FAAC Allocation percentage for the 2021 year, as follows:</p> $\frac{N13,423,815,562 \times 100}{N105,192,712,630} = 12.761\%$ <p>b. The debt stock stated in the Federal DMO State Domestic and External Debt Report has been compared with the debt stock stated in the audited financial statement.</p> <p>Sources:</p> <p>i. For Total Revenue 2021 Audited Financial Statement, Page 9 (according to the page numbering of the AFS). FAAC allocation data (including V.A.T) was sourced from the FAAC allocation sheet.</p>		

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>ii. For Total Public Debt from DMO* as at December 31, 2021. This was sourced from the AFS as the SDEDR was not made available at the time of completing this report. However external debt data from the External Debt Report from the Federal DMO was utilized.</p> <p>iii. NBS/OAGF (FAAC)</p> <p>*Table 3(i) below holds a breakdown of the Total Debt.</p> <p>** Refer to the FAAC table on DLI9 provided.</p>		

TABLE 3(i): DLI 9 31 DECEMBER 2021 STATE DEBT STOCK TABLES FOR KANO STATE

S/N	KANO STATE	2021 - AMOUNT (₦)
1	BUDGET SUPPORT LOAN (SOURCE FMOF)	22,021,729,672.49
2	BAIL OUT (SALARIES) (SOURCE CBN)	16,741,320,880.43
3	RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	-
4	EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	9,678,919,117.90
5	STATE BONDS	18,425,000,000.00
6	COMMERCIAL BANK LOANS	-
7	CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	-
8	ACCELERATED AGRIC DEVELOPMENT SCHEME LOAN	
9	BAIL-OUT (INFRASTRUCTURE)	4,215,147,268.89
10	CBN DIFFERENTIATED CASH RESERVE REQ LOAN	
11	HEALTHCARE DEDUCTIONS	
12	BRIDGE FINANCE FACILITY	3,053,241,757.40
13	FAMILY HOMES FUND	
14	ANCHOR BORROWERS PROGRAMME	959,882,146.26
15	OTHER FGN INTERVENTIONS	4,000,000,000.00
16	MICRO SMALL MEDIUM ENTERPRISE DEVELOPMENT FUND (MSMEDF)	1,771,331,474.99
17	JUDGEMENT DEBTS	-
18	GOVT - GOVT DEBTS	-

S/N	KANO STATE	2021 - AMOUNT (₦)
19	CONTRACTORS' ARREARS	31,952,270,753.70
20	PENSION AND GRATUITY ARREARS	7,894,958,000.00
21	SALARY ARREARS AND OTHER CLAIMS	21,769,632.10
22	OTHER DEBTS	640,455,758.38
	TOTAL DOMESTIC DEBT (TDD)	121,376,026,462.54
	TOTAL EXTERNAL DEBT (TED)	47,178,446,344.59
	TOTAL PUBLIC DEBT (TED+TDD)	168,554,472,807.13

TABLE 3(ii): DLI 9 31 DECEMBER 2021 - ADJUSTED REVENUE TABLES FOR KANO STATE

TEMPLATE: OPTION A	NGN
Item	2021
1. Total Gross FAAC allocation: Statutory Transfers and VAT (1.1 + 1.2)	105,192,712,630
1.1 Statutory transfers (1.1.1 + 1.1.2 + 1.1.3)	66,057,979,763
1.1.1 Gross statutory allocation	55997237770
1.1.2 Derivation	
1.1.3 Other FAAC transfers (also known as Distribution) such as excess PPT savings account, Forex equalization, excess bank charges, exchange rate gain, augmentation, others	10060741993
1.2 VAT	39134732867
2. Internally Generated Revenues (IGR) - Adjusted	40,401,652,000
3. Grants (internal and external)	11801455000
4A. Other revenues (4.1 + 4.2 + 4.3)	747,294,000
4.1 Investment Income (e.g. dividends)	492,159,000
4.2 Interest Earned	
4.3 Miscellaneous	255,135,000
Total Revenues and Grants Calculations	
A) Total Revenues and Grants is (1+2+3+4A)	158,143,113,630

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	DLI 4.1 State Response ;See Attached response for DLI 4.1 from Kano state internal revenue services and their stand.	IVA notes the State's response. The findings of IVA remain valid and the state should amend its Revenue Law.
2	DLI 6.1 State response , follow the mail trail and see the request of the IVA on detail 5-eGP module, attached are the screenshot and the related URLs (links) for each module of the system. Procurement Plan publication (https://kano-eproc.eurodyn.com/epps/app/viewPublication.do), Contract awards (https://kano-eproc.eurodyn.com/epps/viewAllAwardedContracts.do), Vendor registration (https://kano-eproc.eurodyn.com/epps/selectCompanyTypeEO.do?registerEO=true&selectedItem=selectCompanyTypeEO.do%3FregisterEO%3Dtrue) and; e-tendering and evaluation link (https://kano-eproc.eurodyn.com/epps/common/viewOpenedTenders.do?d-3680181-p=&T01_ps=100) https://kano-eproc.eurodyn.com/epps/app/viewPublication.do	IVA notes the State's response and this has been reflected in the report.
3		
4		