



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

2021 Annual Performance Assessment (APA) Report

KWARA STATE

By:

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



FINAL REPORT

DECEMBER 2022

Table of Contents

| | |
|--|-----------|
| 1. EXECUTIVE SUMMARY | 3 |
| 2. INTRODUCTION | 6 |
| 2.1 OVERVIEW | 6 |
| 2.2 SCOPE | 6 |
| 3. ASSESSMENT RESULTS | 8 |
| 3.1 FINDINGS | 8 |
| TABLE 3(I): DLI 9 31 DECEMBER 2021 STATE DEBT STOCK TABLES FOR KWARA STATE | 50 |
| TABLE 3(II): DLI 9 31 DECEMBER 2021 - ADJUSTED REVENUE TABLES FOR KWARA STATE | 52 |
| 4. RESPONSE FROM THE STATE | 53 |

1. Executive Summary

This report details the outcome of the Annual Performance Assessment (APA) conducted on Kwara 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 Kwara State and shows areas where the State was able to achieve results. In total, Kwara State achieved 10 (**Ten**) DLRs out of 15 DLRs applicable to the 2021 APA, of which 3 (**Three**) DLRs were achieved in the 2018, 2019 and 2020 APAs.

Table 1: Assessment Results

| | | | |
|-------------|-----------------|---------------------|----------------------------|
| Key: | Achieved | Not Achieved | Previously Achieved |
|-------------|-----------------|---------------------|----------------------------|

| Disbursement Linked Indicators | Disbursement Linked Results | Results | Remarks |
|---|---|----------------|---|
| DLI 1: Improved financial reporting and budget reliability | DLR 1.1: 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% | | Budget deviation was 32% |
| 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. | | <ul style="list-style-type: none"> The State did not have a functional TSA The State TSA did not cover a minimum of 80% of the 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 | 2019 | |
| | DLR 4.2: 2020-2021 annual nominal IGR growth rate meets target -Basic target: 20%-39% -Stretch target: 40% or more | Stretch 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 | DLR 6.1: Existence of public procurement legal framework and procurement regulatory agency. Said legal framework should | 2020 | |

| Disbursement Linked Indicators | Disbursement Linked Results | Results | Remarks |
|---|---|---------|---|
| increased transparency and value for money | 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 | | |
| | 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 | | <ul style="list-style-type: none"> There was no publication of contract award information online. The State did not implement e-procurement in at least 4 MDAs by the due date. The State did not implement the e-Registration, e-Publishing/Notification, e-Tendering and e-Evaluation/e-Awarding modules |
| DLI 7: Strengthened public debt management and fiscal responsibility framework | DLR 7.1: State implementing state-level debt legislation, which stipulates: 1) responsibilities for contracting state debt; 2) responsibilities for recording/reporting state debt; and 3) fiscal and debt rules/limits. | 2018 | |
| | 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. | | |
| DLI 8: Improved clearance/reduction of the stock of domestic expenditure arrears | DLR 8: Domestic arrears as of end 2020 and end 2021 reported in an online publicly-accessible database, with verification process in place. AND 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. Basic target: At least a 5 percent decline or maintain stock below 5 billion naira Stretch target: More than 20 percent decline | | <ul style="list-style-type: none"> State has no Arrears Clearance Framework 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] |
| DLI 9: Improved debt sustainability | Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2021 AND Total debt stock at end of December 2021 as a share of total revenue for FY2021 meets target: Basic target: < 120%, Stretch target: < 95%. | | Total Debt Stock to Revenue is ≥ 120% by end December 2021. |

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 1.2:** Expenditure outturn deviation is reduced to a level within the annual limits proposed by the programme.
- DLR 3.0:** Develop a functional State-level TSA where all Government revenues (IGRs ad FAAC) are credited into before expenditure. Increase the percentage of state government finances flowing through the TSA to eventually ensure that all government finances flow through the TSA.
- DLR 6.2:** e-Procurement should be implemented as soon as possible. Contract award information, above the set threshold, should be published online every month in OCDS format on the State's website. Implement e-procurement in all MDAs and publish contract award information in the OCDS format on the online portal for the MDAs.

4. DLR 8: The State should establish an Arrears Clearance Framework (ACF). 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%.
5. DLR 9: Strengthened debt sustainability by achieving the levels of debt indicators that are below the thresholds established for this DLR.

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 the Debt Management Office (DMO) to review the legislation and returns 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 eligibility assessment results were reported previously to each State.

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 11/7/2022 and 15/7/2022 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://kwarastate.gov.ng/wp-content/uploads/FIRST-QUARTER-2021-BUDGET-IMPLEMENTATION-REPORT-1.pdf</p> <p>Q2- 2021 https://kwarastate.gov.ng/wp-content/uploads/SECOND-QUARTER-2021-BUDGET-IMPLEMENTATION-REPORT.pdf</p> <p>Q3- 2021 https://kwarastate.gov.ng/wp-content/uploads/3RD-QUARTER-2021-BUDGET-IMPLEMENTATION-REPORT-223.pdf</p> <p>Q4- 2021 https://kwarastate.gov.ng/wp-content/uploads/4TH-QUARTER-BUDGET-PERFORMANCE-REPORT-2021.pdf</p> <p>The Quarterly Budget Implementation Reports were</p> | Satisfactory | |

| Disbursement Linked Indicators (DLIs) and Tests | Findings | Conclusion | Recommendations |
|---|---|------------|-----------------|
| | <p>accessed on 11/7/2022</p> <p>Dates of online publication are as follows:</p> <ul style="list-style-type: none"> ● Q1 – 28 April 2021 - 4 weeks (28 days) ● Q2 – 28 July 2021 - 4 weeks (28 days) ● Q3 – 05 November 2021 - 4 weeks and 8 days (36 days) ● Q4 – 29 January 2022 - 4 weeks (29 days) <p>Average days (weeks) for the online publication was computed based on the last 4 quarters, as below:</p> $\frac{28+28+36+29}{4}$ <p>Average = 30 days (4 weeks and 3 days)</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> <p>This gives a result of 30.25 days, which is just over 4 weeks and 3 days. WB has determined that this is acceptable.</p> <p>It is noteworthy to state that the dates of the document properties (which showed the date the document was created) was used in the computation.</p> <p>The State responded thus: “Contrary to the aforementioned inaccuracies, this is to reiterate that the State published its online report as follows: https://kwarastate.gov.ng/wp-content/uploads/2021-Budget-Implementation-Report-ThirdQuarter.pdf Q3, 2021 – 28th October, 2021 https://kwarastate.gov.ng/wp-content/uploads/4TH-QUARTER-BUDGETPERFORMANCE-REPORT-2021.pdf Q4, 2021 – 28th January, 2022. Please refer to the State’ result submission via email on Friday, 17/06/2022.</p> | | |

| Disbursement Linked Indicators (DLIs) and Tests | Findings | Conclusion | Recommendations |
|---|--|--------------|-----------------|
| | <p>Further enclosed herewith is following time stamp of the Q3 & Q4, 2021 Budget Implementation reports as Annexures 1(a &b) AND 2(a & b).”</p> <p>The new Q3 and A4 weblinks provided by the State gave a 404- page not found error message. The dates on the document properties of the initial link remain valid.</p> | | |
| 2 | <p>Do the reports each include, at a minimum, the approved original AND revised (if applicable) budget appropriation for the year against each organizational units (MDAs) for each of the core economic classifications of expenditures (Personnel, Overheads, Capital, and others), the actual expenditures for the quarter attributed to each MDA as well as the actual cumulative expenditures for the year to date, and balances against each of the revenue and expenditure appropriations.</p> <p>From our review of the Quarterly Budget Implementation Reports (BIRs) (see web links above), we observed the following:</p> <ul style="list-style-type: none"> a) Based on the review of the reports, the IVA team was able to confirm that the BIRs for the year, included the approved budget appropriation for the year against each organizational unit (MDAs) for each of the core economic classifications of expenditures. b) Based on the IVA review, we were able to confirm that the BIR included the actual expenditures for the quarter attributed to each MDA as well as the actual cumulative expenditures for the year to date. c) Based on the IVA review, we were able to confirm that the BIR included the balances against each of the revenue and expenditure appropriations. d) Based on the IVA review, we were able to confirm that the State has a revised budget. The State did not pass supplementary budgets. e) The State BIR showed both the approved original budget AND the approved budgets. <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</p> | Satisfactory | |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations | | | | | | | | | | | | |
|---|---|---|---------------------|---------------------------|--------------------|-------------|----------------|----------------|----------|----------------|----------------|--------------|------------------------|-----------------------|----------------|---|
| | | revenue and expenditure appropriations. | | | | | | | | | | | | | | |
| 3 | Does the report state the actual expenditures for the quarter attributed to each MDA and each expenditure classification as well as the actual cumulative expenditures for the year to date? | The IVA reviewed the State's Budget 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 other expenditures not attributable to any of the other three (3) expenditure classifications? | The State's Budget Performance reports shows 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 | | | | | | | | | | | | | |
| DLR 1.2 | FY [2021] deviation from total approved budget expenditure is less than 15% | | Not Achieved | | | | | | | | | | | | | |
| 1 | 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 | <p>The State did not compute the Budget deviation. The IVA computation of the Budget Deviation for this APA year is shown 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</td> <td>67,553,729,776</td> <td>35,909,083,020</td> </tr> <tr> <td>Rec. Exp</td> <td>70,131,185,774</td> <td>57,996,492,801</td> </tr> <tr> <td>Total</td> <td>137,684,915,550</td> <td>93,905,575,821</td> </tr> </tbody> </table> | | Total Approved Budget (₱) | Actual Outturn (₱) | Capital Exp | 67,553,729,776 | 35,909,083,020 | Rec. Exp | 70,131,185,774 | 57,996,492,801 | Total | 137,684,915,550 | 93,905,575,821 | Unsatisfactory | The State should prepare accurate budgets and reduce the budget deviation to a level below the limits set for this result |
| | Total Approved Budget (₱) | Actual Outturn (₱) | | | | | | | | | | | | | | |
| Capital Exp | 67,553,729,776 | 35,909,083,020 | | | | | | | | | | | | | | |
| Rec. Exp | 70,131,185,774 | 57,996,492,801 | | | | | | | | | | | | | | |
| Total | 137,684,915,550 | 93,905,575,821 | | | | | | | | | | | | | | |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|---|---|-----------------|-----------------|
| | <p>positive percentage terms?</p> <p>Is the expenditure outturn deviation computed less than 15%</p> | $\frac{\text{₦}137,684,915,550 - \text{₦}93,905,575,821}{\text{₦}137,684,915,550} \times 100 = 32\%$ <p>The budget performance deviation is 32%</p> <p>Source: 2021 Audited Financial Statement Page 25 and Approved Budget page 2, 3 and Appropriation Law Pages 6 & 7.</p> <p>The IVA observed an understatement of ₦7,025,772,843.74 for actual finance charges on the Cash Flow Statement. The team has raised an APA on this matter with the State and is awaiting their response.</p> | | |
| DLI 2: Increased Openness and Citizens' Engagement in the Budget Process | | | | |
| DLR 2.1 | <p>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</p> | | Achieved | |
| 1 | <p>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> | <p>Kwara State conducted town hall meetings between 29 July 2021 to 3 August 2021 at the three (3) Senatorial Districts of the State to obtain citizens input in the drafting of the proposed 2022 Annual Budget. The IVA team obtained the signed minutes of the meeting and the attendance register</p> <p>a) The LGAs in attendance Include:</p> | Satisfactory | |

| Disbursement Linked Indicators (DLIs) and Tests | Findings | Conclusion | Recommendations |
|---|---|------------|-----------------|
| | <ul style="list-style-type: none"> • Kaiama LGA - Usman D. Idris • Owu - Isin LGA - Sadiq Afolayan • Ilorin - South LGA - Ade Bodunde • Afon LGA - Ajadi Ibrahim Abiodun <p>b) Some of the Citizens Based Groups and Civil Service Organisations in attendance include:</p> <ul style="list-style-type: none"> • SWOFON - Anifowose Bosede Toyin • Trios Foundation - Pastor Ade Bodunde • GLOHWOC - Christy Abayomi O. • MATEC - Ajadi Ibrahim Abiodun <p>c) The information on the attendees were drawn from the signed minutes of the meeting, attendance sheet, and questionnaires.</p> <p>d) The town hall meeting on the proposed budget was held between 29 July 2021 to 3 August 2021 at the three (3) Senatorial Districts (Afon Center, in Asa LGA, Kaiama Center in Kaiama LGA and Owu Isin in Isin LGA) of the State.</p> <p>e) The IVA called 14 attendees. However, feedback was received from 10.</p> <p>f) The proposed budget on the State website did not disclose the date when it was drafted. However, the State provided the cover letter forwarding the Budget to the House of Assembly on 21 December 2021 which was after the town hall meeting.</p> <p>g) The town hall meetings were held between 29 July 2021 to 3 August 2021 while the draft budget was sent to the State House of Assembly on 21 December 2021.</p> <p>h) The State Proposed/Draft Budget was published online on 24 December 2021.</p> <p>i) The Proposed/Draft Budget was published before</p> | | |

| Disbursement Linked Indicators (DLIs) and Tests | Findings | Conclusion | Recommendations |
|---|---|--------------|-----------------|
| | <p>the 31st January 2022.</p> <p>j) https://kwarastate.gov.ng/wp-content/uploads/Kwara-State-FY-2022-Approved-Budget-NCoA.pdf</p> <p>k) This was accessed on 13/7/2022</p> | | |
| 2 | <p>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?</p> <p>a) Pastor Ade Bodunde (Trios Foundation) and Mrs Christy Abayomi (GLOHWOC) co-signed the minutes. The IVA has retained a copy of the signed minutes in the assessment file.</p> <p>b) The title of the minutes was “Communique Issued on Citizens Engagement in Budget Process with CSOs, NGOs, Organized Private Sector on Increased Openness and Citizens Engagement Towards Preparation of the 2022 Budget”.</p> <p>c) The weblink is: https://kwarastate.gov.ng/wp-content/uploads/Communique-on-Citizens-Engagement-in-Budget-Process-2021.pdf (30/09/2021). This was accessed on (13/07/2022).</p> <p>d) The minutes of the meeting was signed and published online.</p> | Satisfactory | |
| 3 | <p>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?</p> <p>a) The Citizens Budget based on the Approved Budget (2021) was published on 23 April 2021 before the due date via https://kwarastate.gov.ng/wp-content/uploads/2021-citizens-budget.pdf accessed on 13/07/2022.</p> <p>b) The IVA compared the 2021 Approved Annual Budget with the 2021 Citizens Budget. There were no discrepancies noted in the Citizens Budget and the Approved Annual Budget.</p> <p>c) The Citizen’s budget was prepared in the format suggested to the States in the Citizen Budget User Manual and Excel Template.</p> | Satisfactory | |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|--|---|--------------|-----------------|
| | | <ul style="list-style-type: none"> i) The Citizens Budget provided an explanation of the contents of the annual approved Budget (Pages 1 & 2) ii) The Citizens Budget Stated the sources of revenue (Pages 7-8) iii) The Citizens Budget also stated in detail the sources of the foreign grants, and domestic grants domestic loans, and other financing sources. (Pages 6 & 9) iv) The Citizens Budget also contained a breakdown of the expenditure by economic classification (Pages 11-13) v) The Citizens Budget provided a breakdown of the total revenue and grants, total expenditures, budget deficit, budget financing and financing gap. (Pages 6 – 13) vi) Disclosure of Budget deficit (if any) and how it will be financed (Page 6) vii) The Citizens Budget included a sectoral allocation to the MDAs (Page 14) viii) The Citizens Budget also included a description of top projects to be financed (Page 15) <p>d) The minimum required budget information outlined above (extracted from the Citizen Budget User Manual and Template) was included in the Citizens Budget.</p> <p>e) The State’s Citizen’s Budget aligns with the format suggested to the States.</p> | | |
| 4 | Is the Citizens Budget a comprehensible (to citizens) summary of the approved FY21 state budget? | a) The Citizens Budget contained an explanation of the key components of the Budget. We also 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 | a) The IVA confirmed that the State has established a functional feedback and response online mechanism | Satisfactory | |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|---|---|-----------------|-----------------|
| | response online mechanisms? | <p>on the State website.</p> <p>b) The State operates an online form feedback mechanism.</p> <p>c) The States Feedback mechanism provides the following:</p> <p>a) An acknowledgement of the receipt of comments made on the feedback form.</p> <p>b) The State's responses to comments and feedbacks.</p> <p>c) The State website does not contain a mobile number to be called to get further information.</p> <p>d) The IVA conducted a run through test of the States feedback mechanism by submitting an online request which received an automatic response. The IVA also received a response from the authorized State official to confirm the functionality of the feedback mechanism.</p> <p>e) Though the State's feedback mechanism is functional, there has not been minimal engagement by the citizens on the platform. Also, the feedback received so far by the State from Citizens were not really comments on the Citizens Budget.</p> <p>f) Based on the review carried out, the States feedback mechanism is functional.</p> <p>g) The weblink is https://kwarastate.gov.ng/ This was accessed on 14/7/2022</p> | | |
| 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 | a) The State Citizens Accountability Report has been downloaded. | Satisfactory | |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|---|---|--------------|-----------------|
| | Report in a summarized form? | <p>b) The downloaded Citizens Accountability Report has been reviewed by the IVA.</p> <p>c) The Citizens Accountability Report was published online on 29 September 2021 and a copy has been retained on file.</p> <p>d) The Citizens Accountability Report was compared to the Annual Audit Report for the 2020 FY. There were no discrepancies noted.</p> <p>e) The IVA obtained evidence of public consultations with Citizens to explain the FY2020 financial statement State. The evidence obtained is a signed minutes of the consultative forum set up by the State for the purpose of presenting the Citizens Accountability Report.</p> | | |
| 2 | Has the State published a Citizens Accountability Report based on the Annual Financial statements/ Audit Report for FY 2020 not later than 30 September 2021? | <p>a) The Citizens Accountability Report based on the Annual Audit Report (2020) was published before the due date on 29/09/2021 via https://kwarastate.gov.ng/wp-content/uploads/2020-CAR-Citizens-Accountability-Report-1.pdf and accessed by IVA on 14/07/2022.</p> <p>b) The Annual Audit Report and the Citizens Accountability Report for the 2020 Financial Year were compared by the IVA. There were no discrepancies between the two.</p> <p>c) The IVA team confirmed that the Citizens Accountability Report was prepared in the format given to the State. It provided all the details below</p> <p>i) Simple explanation of the Citizens Accountability Report and Executive Summary. (Pages 2 & 3)</p> | Satisfactory | |

| Disbursement Linked Indicators (DLIs) and Tests | Findings | Conclusion | Recommendations |
|---|---|--------------|-----------------|
| | <ul style="list-style-type: none"> ii) The Budget Outturn. (Pages 4 &5) iii) The Revenue Outturn. (Pages 6-8) iv) The Expenditure Outturn. (Pages 9 & 10) v) The Audit Findings. (Pages 11-16) vi) The Audited Financial Statements. (Pages 17 & 18) vii) Top Sectoral Allocations. (Pages 19-24) viii) Top Value Capital Projects. (Pages 25-27) ix) Citizens-Nominated Projects-Implementation Status Report. (Pages 28 & 29) <p>d) The minimum required citizen’s accountability report information outlined above in (i – ix) were well detailed in the State’s 2020 Citizens Accountability Report.</p> <p>e) The format of the State’s Citizens Accountability Report aligns with the suggested format.</p> | | |
| 3 | <p>Is the Citizens Accountability Report a comprehensible (to citizens) summary of the FY20 Annual Audit Report?</p> <ul style="list-style-type: none"> a) The 2020 Citizens Accountability Report presented a summarized version of the Audited Financial Statement for the year 2020 (Pages 14 - 16) b) The Citizens Accountability Report provided includes a breakdown of the key components of the Audited Financial Statement was included in the Citizens Accountability Report. c) The evidence obtained is a signed minutes of the consultative meeting on held 30 September 2021 to present the 2020 Audited Financial Statement. <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 before the deadline and</p> | Satisfactory | |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|---|--|---------------------|---|
| | | presented at a public consultation held on 30 September 2021. | | |
| 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 | | Not Achieved | |
| 1 | Has the State established a functional State-level TSA? | <p>a. The State has not established a functional State-level TSA.</p> <p>b. The State operated multiple accounts in Year 2021 and are shown below:</p> <ul style="list-style-type: none"> • IGR Account: Kwara State Govt Central Revenue Collection Account, UBA, 1023460477, • IGR Account: Kwara State Govt Central Revenue Account, Union Bank 0161642665 • FAAC Monthly Allocation: KWSG TSA Account, Sterling Bank, 0029319333 • VAT Monthly Allocation through FAAC: Kwara State Government VAT Account, First Bank, 2036597444 <p>From the above Bank account listing, the IVA observed that the State maintained UBA IGR account from January-December 2021 and Union Bank IGR from August 3rd to December 31st 2021.</p> | Unsatisfactory | The State should establish a functional TSA |
| 2 | Is there a formally approved cash management strategy in place? The Strategy should cover the processes through which the State Ministry of Finance or Budgets/Economic Planning can forecast cash commitments and | <p>The IVA observed that the State has a Cash Management Strategy.</p> <p>a) The name of the Documents name is Kwara State Government Cash Management Strategy Policy</p> <p>b) It was produced on 30 December 2019 and it was signed by the Honorable Commissioner for Finance and Planning.</p> <p>c) The Strategy includes the processes through which</p> | Unsatisfactory | The State should ensure the implementation of processes described in the Cash Management Strategy |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|---|--|----------------|---|
| | requirements and provide reliable information on the availability of funds. | <p>the State Ministry of Finance or Budgets/Economic Planning is able to forecast cash commitments and requirements and provide reliable information on the availability of funds. (This can be found on Page 5 "1.2 Cash Management Cycle").</p> <p>d) In terms of Cash Sweeping, the Strategy stated that the State Government shall ensure that every commercial bank holds a single revenue transit in which all taxes and non-tax revenue are deposited. These accounts are to be linked to the main TSA through CBN's approved Inter Platforms that sweeps revenues collected into the main TSA (This can be found on Page 10 "2.4.4 Revenue Sweeping Policy"). All non-TSA Government Bank accounts should have zero balances at the end of each working day. (This can be found on Page 12 "3. Conclusion")</p> <p>e) The State did not provide any evidence of implementation of processes described in the Cash Management Strategy to forecast cash commitments and requirements. The TSA Bank Statements showed availability of funds.</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>The State has an application where the State can view the Cash balances in the TSA:</p> <p>a) The State created an application for this purpose.</p> <p>b) The application is called Gplus, the producer of the application is Perisco Consulting.</p> <p>c) There is no explicit policy on single electronic dashboard in the Cash Management Strategy.</p> <p>d) The application was deployed in November 2021. There was a physical observation of the central view of cash balances on the dashboard.</p> | Unsatisfactory | The single electronic dashboard should be in line with the approved Cash Management Strategy. |
| 4 | Does the TSA have one consolidated revenue treasury account for State revenues? | a) We visited 3 Revenue generating MDA's (Ministries of Health, Education and Works). The Revenue focal persons at each MDA were interviewed. They all | Unsatisfactory | The State should have one consolidated revenue |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations | | | | | | | | | | | | |
|---|--|--|------------|------------------------------------|--------------------|--------------------|-------------------|-------------------|----------------------|--------------------|-------------------|------------|---------|---------|----------------|--|
| | 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>confirmed that monies are being paid directly to the TSA (IGR Account). The TSA Bank Operators and selected fee payers were also interviewed. Copies of E-Receipt were obtained.</p> <p>b) The State uses Sterling Bank (FAAC Account) as its TSA and Union Bank for the IGR Main Account.</p> <p>c) There is no evidence of sweeping from the TSA (IGR Lead Account) to the main TSA (FAAC Account). However, IGR generated in other revenue collecting commercial banks are swept to the TSA (IGR Lead Accounts).</p> <p>d) The IVA observed that all Government monies do not sit in the other revenue collecting banks as revenues collected through the collecting banks are swept into the TSA (IGR Lead Account).</p> <p>a) The TSA bank Statement was obtained.</p> | | treasury account for it's revenues | | | | | | | | | | | | |
| 5 | Does the TSA cover a minimum of 80% 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 Cash flow Statement for the year ended 2021.</p> <p>See the computation below:</p> <table border="1"> <thead> <tr> <th></th> <th>Total Inflows (₦)</th> <th>Total Outflows (₦)</th> </tr> </thead> <tbody> <tr> <td>TSA Bank Statement</td> <td>40,998,685,117.39</td> <td>35,221,895,180.72</td> </tr> <tr> <td>Government Finances*</td> <td>114,482,026,859.72</td> <td>93,905,575,820.53</td> </tr> <tr> <td>Percentage</td> <td>35.812%</td> <td>37.508%</td> </tr> </tbody> </table> <p>The average percentage computation is:</p> $\frac{35.812\% + 37.508\%}{2} = 36.66\%$ <p>The TSA covered 37% of the State's finances.</p> <p>*Sources: 2021 Audited Financial Statement (Cash Flow Statement) Page 25 and the TSA Statement from (Sterling Bank) for the period of January 1- December</p> | | Total Inflows (₦) | Total Outflows (₦) | TSA Bank Statement | 40,998,685,117.39 | 35,221,895,180.72 | Government Finances* | 114,482,026,859.72 | 93,905,575,820.53 | Percentage | 35.812% | 37.508% | Unsatisfactory | The State's TSA should cover all of Government Finances. |
| | Total Inflows (₦) | Total Outflows (₦) | | | | | | | | | | | | | | |
| TSA Bank Statement | 40,998,685,117.39 | 35,221,895,180.72 | | | | | | | | | | | | | | |
| Government Finances* | 114,482,026,859.72 | 93,905,575,820.53 | | | | | | | | | | | | | | |
| Percentage | 35.812% | 37.508% | | | | | | | | | | | | | | |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations | | | | | | | | | | | | |
|--|---|--|--|-------------------|--------------------|--------------------|-------------------|-------------------|----------------------|--------------------|-------------------|------------|---------|---------|--|--|
| | | <p>31st, 2021.</p> <p>The IVA requested for the TSA Bank Statement and observed that the total reversals/transactions that cancelled each other for Inflows and Outflows during the Year amounted to ₦840,080,594.26 thereby reducing the Total Inflows to ₦40,158,604,523.13 and reducing Outflows to ₦34,381,814,586.46.</p> <p>Based the above the TSA coverage of the Government finances reduced to 35.846%. See the Reversals computations below:</p> <table border="1"> <thead> <tr> <th></th> <th>Total Inflows (₦)</th> <th>Total Outflows (₦)</th> </tr> </thead> <tbody> <tr> <td>TSA Bank Statement</td> <td>40,158,604,523.13</td> <td>34,381,814,586.46</td> </tr> <tr> <td>Government Finances*</td> <td>114,482,026,859.72</td> <td>93,905,575,820.53</td> </tr> <tr> <td>Percentage</td> <td>35.079%</td> <td>36.613%</td> </tr> </tbody> </table> $\frac{35.079\% + 36.613\%}{2} = 35.85\%$ <p>The IVA is awaiting APA issue response on the reasons for the material differences that exists between the Total TSA Inflows or Outflows and the Cash flow Statement inflows and outflows.</p> | | Total Inflows (₦) | Total Outflows (₦) | TSA Bank Statement | 40,158,604,523.13 | 34,381,814,586.46 | Government Finances* | 114,482,026,859.72 | 93,905,575,820.53 | Percentage | 35.079% | 36.613% | | |
| | Total Inflows (₦) | Total Outflows (₦) | | | | | | | | | | | | | | |
| TSA Bank Statement | 40,158,604,523.13 | 34,381,814,586.46 | | | | | | | | | | | | | | |
| Government Finances* | 114,482,026,859.72 | 93,905,575,820.53 | | | | | | | | | | | | | | |
| Percentage | 35.079% | 36.613% | | | | | | | | | | | | | | |
| 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 | | Previously Achieved in 2019 APA | | | | | | | | | | | | | |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|--|--|------------|-----------------|
| | must be approved by the state legislature and published | | | |
| 1 | Does the State have an up-to-date consolidated revenue code that includes all the State's IGR sources and rates and all the local governments (falling under that State) IGR sources and rates? | The State has previously achieved DLI 4.1 in the 2019 APA. | | |
| 2 | Does the consolidated revenue code stipulate that the State Bureau of Internal Revenues (SBIR) or the State Internal Revenue Service (SIRS) as the sole agency responsible for State revenue (tax and non-tax) collection and accounting in the State? | The State has previously achieved DLI 4.1 in the 2019 APA. | | |
| 3 | Is the collection of revenues made into account(s) nominated by the SBIR OR SIRS have full oversight of the accounts and is responsible for reporting and accounting for the revenues? | The State has previously achieved DLI 4.1 in the 2019 APA. | | |
| 4 | Is the code approved by the State legislature to have a legal basis, either as a law or a resolution? It cannot be an executive order with no legal basis. The approval shall occur by the 31 December of the year under | The State has previously achieved DLI 4.1 in the 2019 APA. | | |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|--|--|-----------------|---|----------|------|------|------|--|--|----------------|----------------|-----|--------------------------------------|----------------|----------------|--|-------------------|-------------|---------------|--|----------------------------|---------------|---------------|--|-------------------|------------|------------|--|----------------------------|------------|------------|--|------|--|--|--|--------------|--|
| | assessment to count for that year, up to 31 December 2021. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5 | Is the Publication published online, so it is automatically available to the public/all taxpayers? | The State has previously achieved DLI 4.1 in the 2019 APA. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DLR 4.2 | Annual nominal IGR growth rate meets target | | Achieved Stretch Target Met) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 | Has the 2021-2020 annual nominal IGR growth rate met the basic or stretch targets? Basic Target: 20% - 39% Stretch Target: 40% | <p>a. Accrual basis of accounting was adopted for the 2020 and 2021 Audited Financial Statements</p> <p>b. The IVA computed the annual nominal IGR growth rate for this year APA. See the computation below:</p> <table border="1"> <thead> <tr> <th>REPORTING TEMPLATE: OPTION A</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>Memo: Reported IGR in AFS (Before Adjustments)</td> <td>19,623,992,034</td> <td>26,736,624,595</td> <td>36%</td> </tr> <tr> <td>VALID IGR items to be counted as IGR</td> <td>19,002,600,457</td> <td>26,607,984,864</td> <td></td> </tr> <tr> <td>Direct Assessment</td> <td>672,770,227</td> <td>1,230,621,328</td> <td></td> </tr> <tr> <td>Personal income tax (PAYE)</td> <td>6,137,255,912</td> <td>7,270,612,538</td> <td></td> </tr> <tr> <td>Capital Gains Tax</td> <td>21,221,259</td> <td>31,250,062</td> <td></td> </tr> <tr> <td>Stamp Duties and Penalties</td> <td>18,344,685</td> <td>39,220,689</td> <td></td> </tr> <tr> <td>PAYE</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> | REPORTING TEMPLATE: OPTION A | ₱ | ₱ | % GROWTH | Item | 2020 | 2021 | | Memo: Reported IGR in AFS (Before Adjustments) | 19,623,992,034 | 26,736,624,595 | 36% | VALID IGR items to be counted as IGR | 19,002,600,457 | 26,607,984,864 | | Direct Assessment | 672,770,227 | 1,230,621,328 | | Personal income tax (PAYE) | 6,137,255,912 | 7,270,612,538 | | Capital Gains Tax | 21,221,259 | 31,250,062 | | Stamp Duties and Penalties | 18,344,685 | 39,220,689 | | PAYE | | | | Satisfactory | |
| REPORTING TEMPLATE: OPTION A | ₱ | ₱ | % GROWTH | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Item | 2020 | 2021 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Memo: Reported IGR in AFS (Before Adjustments) | 19,623,992,034 | 26,736,624,595 | 36% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| VALID IGR items to be counted as IGR | 19,002,600,457 | 26,607,984,864 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Direct Assessment | 672,770,227 | 1,230,621,328 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Personal income tax (PAYE) | 6,137,255,912 | 7,270,612,538 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Capital Gains Tax | 21,221,259 | 31,250,062 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Stamp Duties and Penalties | 18,344,685 | 39,220,689 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PAYE | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Disbursement Linked Indicators (DLIs) and Tests | Findings | | | | Conclusion | Recommendations |
|---|----------|---|-----------------------|-----------------------|------------|-----------------|
| | | Recoverables | 1,535,654,444 | 1,620,658,765 | | |
| | | Licenses | 256,821,572 | 477,673,194 | | |
| | | Mining Rent | 3,665,000 | 6,441,000 | | |
| | | Fees | 5,292,767,595 | 8,680,083,378 | | |
| | | Fines | 21,469,303 | 33,422,160 | | |
| | | Sales | 705,108,834 | 1,212,201,397 | | |
| | | Earnings | 4,081,867,555 | 5,836,657,505 | | |
| | | Rent of Govt Building | 109,468,236 | 13,899,037 | | |
| | | Rent of Govt Property | 146,185,835 | 155,243,810 | | |
| | | Earnings of Parastatals | - | - | | |
| | | | | | | |
| | | "Adjusted IGR" for DLI 4.2 Calculation | | | | |
| | | Sum of all VALID items of IGR if AFS has that detail | 19,002,600,457 | 26,607,984,864 | 40% | |
| | | *Please Unpack the Miscellaneous from the notes to the Account | | | | |
| | | $\frac{\text{₦}26,607,984,864 - \text{₦}19,002,600,457}{\text{₦}19,002,600,457} \times 100 = 40\%$ | | | | |
| | | The annual nominal growth is 40%, Stretch Target Achieved (i.e the annual nominal growth is 40% or more). | | | | |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|--|--|---|-----------------|-----------------|
| | | Source: Year 2021 Audited Financial Statement Page 23. | | |
| 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 | |
| | 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 Servant and Pensioners in January 2020 and it is a continuous exercise till date.</p> <p>a) Biometric data capture is a regular exercise carried out by the Office of Accountant General through a platform known as VERITEX. The platform is managed by the Ministry of Finance, through the Office of the Accountant General.</p> <p>b) The State has a total number of 19,728 Civil Servants.</p> <p>c) The total number of Pensioners is 15,891</p> <p>d) The total number of Civil Servants and Pensioners on the State Nominal roll is 35,619 and Payroll is 34,589.</p> <p>e) The total number of Civil Servants and Pensioners on the Nominal roll and payroll increased by 8.48 % $(35,619 - 32,833) / 32,833 * 100/1$ in comparison with the previous year. The State was able to provide explanations and evidence for such changes. The State responded that the reason for increase were as a result of His Excellency approval to recruit new TSC staff, political appointment and those that retired which was moved to pension payroll." (Evidence has been retained in assessment file)</p> <p>The total biometrics captured for year 2020 was</p> | Satisfactory | |

| Disbursement Linked Indicators (DLIs) and Tests | Findings | Conclusion | Recommendations |
|---|--|--------------|-----------------|
| | <p>31,479 while the biometrics capturing for 2021 was 34,589, the variance was 3,110. The IVA is satisfied with the State's response.</p> <p>f) A total of 34,589 biometrics data has been captured.</p> <p>The documents obtained to reach the conclusion above include the following:</p> <ul style="list-style-type: none"> • The Progress Report from the State Payroll of Civil Servants/State Pensioners for which biometrics data/BVN were linked was obtained. Page 1 showed the number of staff captured on Biometrics. • Nominal roll and Payroll. • Screenshot of biometrics database. • Sample list of civil servants and pensioners assessed and screened. $\frac{34,589}{35,619} \times 100$ $= 97.10\%$ <p>The State had captured 97.10% of the State's Civil Servants and Pensioners on its payroll.</p> | | |
| 2 | <p>Has the State linked the biometrics data to the State payroll to identify ghost workers?</p> <p>a) The State commenced the linkage of the Biometric data to the payroll in January 2020 and it is a continuous exercise till date.</p> <p>b) The State has linked 34,589 Civil Servants and Pensioners biometric data to payroll.</p> <p>c) IVA observed from the one-page report that they were no ghost workers and ghost pensioners detected during the biometric linkage to payroll in the year under review (2021). However, 619 were removed as a result of retirement.</p> | Satisfactory | |

| Disbursement Linked Indicators (DLIs) and Tests | Findings | Conclusion | Recommendations | |
|---|--|--|-----------------|--|
| | <p>d) A total of ₦28,799,364.95 was saved from the salary of staff and pensioner because some of the staff and pensioners were put on hold during verification.</p> <p>e) A total of 2,357 Civil Servant and 68 Pensioners (as a result of starters, leavers, deaths, etc.) are captured by the biometric exercise as in-year change to the Civil Servant and Pensioner payrolls.</p> <p>f) There are procedures in place for ensuring timely (within 3 months of the event) updates to the payroll to reflect leavers, retirees, and deaths. Authority documents for stoppage of salaries for some staff were obtained and retained in the assessment file.</p> <p>g) There were changes to the Civil Servant and Pensioner payrolls during the fiscal year (as a result of starters, leavers, deaths, etc.).</p> <p>h) The changes were captured by the biometric exercise.</p> <p>i) The procedures in place to identify and remove ghost workers include is that the State conducts verification exercise for MDAs and the verification order is sent to payroll office by the MDAs.</p> | | | |
| 3 | <p>Has the State removed confirmed ghost workers and ghost pensioners within three (3) months of each case being confirmed?</p> | <p>a) IVA observed from the one-page report that there were no ghost workers and ghost pensioners detected during the biometric linkage to payroll in the year under review (2021). However, 619 were removed as a result of retirement.</p> <p>b) A report from the state “Financial Report after biometric/BVN Exercise” showed a breakdown of Civil Servant that are retired and pensioners for the period.</p> <p>c) These identified retired workers were removed from the payroll on monthly basis in the year under review.</p> | Satisfactory | |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|---|--|-----------------|-----------------|
| | | <p>d) The payroll figure before their removal from payroll is ₦1,924,770,427.23</p> <p>e) The payroll figure after they have been removed is ₦1,921,088,649.29</p> <p>f) A report from the State “Financial Report after biometric/BVN Exercise” showed a breakdown of Civil Servant that are retired and pensioners that are deleted for the period.</p> | | |
| 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 Biometric data capture of the Civil Servants and Pensioners in January 2020, and it is a continuous exercise till date.</p> <p>a) The Biometric data Capture exercise was not outsourced. The Biometric data capture is a regular exercise carried out by the Office of Accountant General through a platform known as VERITEX. The platform is managed by the Ministry of Finance</p> <p>b) The State has a total no of 19,728 Civil Servants and the State has a total no of 15,891 Pensioners.</p> <p>c) The total no of civil servants and number of Pensioners on the State Nominal roll is 35,619</p> <p>d) A total number of 34,589 BVN data has been linked to the payroll.</p> <p>e) The progress Report from the State Payroll of Civil Servants and State Pensioners for which biometrics data/BVN were linked was obtained. Page 1 shows no of staff captured on biometrics. Page 2 shows payroll Report for Civil Service Commission, Teaching Service Commission and pensioners for the year 2021. Also, samples of screenshots of Civil Servants and Pensioners data on the State’s payroll.</p> | Satisfactory | |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|---|---|--|-----------------|
| | | $\frac{34,589}{35,619} \times 100$ $= 97.10\%$ <p>The State has linked 97.10% of the State's Civil Servants and Pensioners' BVN data to the payroll.</p> | | |
| 2 | Has the State taken steps to identify payroll fraud? | <p>a) A total of 34,589 Civil Servants and Pensioners have BVN data and 1,030 are without BVN data.</p> <p>b) There were no records maintained for identified Payroll fraud.</p> <p>c) There were no Payroll Fraud identified in the year.</p> <p>d) The payroll figure before their removal from payroll is ₦1,924,770,427.23</p> <p>e) The payroll figure after they have been removed is ₦1,921,088,649.29</p> <p>f) A report from the State "Financial Report after biometric/BVN Exercise" showed a breakdown of Civil Servants that are retired and Pensioners that are deleted for the period.</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 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 | | Previously Achieved In 2020 APA | |
| 1 | Does the State have a public | The State has previously achieved DLI 6.1 in the 2020 | | |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|---|---|---------------------|-----------------|
| | procurement legal framework that must be approved by the State legislature to have a legal basis, either as a law or a resolution? | APA | | |
| 2 | Does the law conform with the UNCITRAL Model Law which should provide for? 1) e-Procurement; 2) establishment of an independent procurement regulatory agency; and 3) cover all MDAs receiving funds from the State budget. | The State has previously achieved DLI 6.1 in the 2020 APA | | |
| 3 | Has the State instituted an independent procurement regulatory function, which may be performed through one or a combination of the following: bureau, commission, council, agency, or any other type of entity set up for the statutory purpose? | The State has previously achieved DLI 6.1 in the 2020 APA | | |
| DLR 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 | | Not Achieved | |

| Disbursement Linked Indicators (DLIs) and Tests | Findings | Conclusion | Recommendations |
|---|--|-----------------------|--|
| <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 on the state website or online portal if available.</p> | | | |
| <p>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> | <p>a) The IVA did not obtain a schedule of all contracts awarded during the year under assessment, as it was not provided by the State. The IVA sent a request for the document and the State did not respond.</p> <p>b) The IVA could not conduct check to confirm whether the schedule is indeed complete and comprehensive, as it was not provided by the State.</p> <p>c) The State did not publish the information on all contracts awarded for the year under assessment above the threshold online. The State Procurement law does not clearly state the threshold upon which to publish online its procurements data.</p> <p>d) The IVA could not ascertain if the list of contracts published online is complete as the State did not publish its data online, neither did they provide IVA with schedule of all contracts.</p> <p>e) The IVA could not ascertain whether the data published is in line with the Open Contracting Data Standards (OCDS), as State did not publish its data online.</p> <p>f) The State did not publish its data online, hence no source of publication and no work were done, or test carried out.</p> <p>g) The State did not publish its Contract Award Information online, hence the IVA could not state</p> | <p>Unsatisfactory</p> | <p>The State should adopt the OCDS and publish <u>all</u> contract award information online as required under the standards, and in line with thresholds stated within legislation and guidance.</p> |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|--|---|----------------|--|
| | | <p>the minimum contract award information that was published</p> <p>h) All items from (g) above were not published.</p> <p>i) There is no web link, as State did not publish its data online.</p> | | |
| 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 did not implement e-procurement in at least four (4) MDAs (including Education, Health and Public Works) by 30 June 2022.</p> <p>b) A report on all transactions for the four MDAs during the period 1 January 2022 to 30 June 2022 directly from the e-procurement systems was not obtained as State did not establish an e-procurement system.</p> <p>c) A separate report of procurements for all four MDAs for the period 1 January 2021 to 30 June 2022 from the Accountant General was not obtained, as it was not provided by State.</p> <p>d) The State has not established an e-procurement system, therefore did not go live for e-procurement at the 4 MDA's.</p> <p>e) The State did not go live for e-procurement at the 4 MDA's, hence no system generated report was obtained. Also, the Accountant-Generals report was not provided</p> <p>f) State did not go live for e-procurement at the 4 MDA's, hence a sample of five (5) transaction at random for each of the 4 MDA's could not be selected for a walkthrough test of the procurement lifecycle.</p> <p>g) IVA did not select transactions to conduct a walkthrough to confirm if selected transactions followed procurement lifecycle, as state did not establish e-procurement in the 4 MDA's.</p> | Unsatisfactory | The State should ensure that e-procurement is implemented in all MDAs, and in at least 4 MDAs in the first instance (including Education, Health, and Public Works). |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|--|---|--|-----------------|
| | | <p>h) IVA did not select transactions to conduct a walkthrough to confirm if selected transactions followed procurement lifecycle, as state did not establish e-procurement in the 4 MDA's.</p> <p>i) The e-Registration, e-Publishing/Notification, e-Tendering and e-Evaluation/e-Awarding modules have not been implemented and no transactions were processed through them for the period 1 January 2021 to 30 June 2022, as State has not established e-procurement in the 4 MDA's.</p> <p>j) The State has not processed all of its procurement transactions at the 4 MDAs through the five minimum required modules after go-live for the period of 1 January 2022 to 30 June 2022.</p> <p>k) The IVA could not select transactions to conduct a walkthrough to confirm if selected transactions followed procurement lifecycle, as State did not establish e-procurement in the 4 MDAs.</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 2018 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 | The State has previously achieved DLI 7.1 in the 2018 APA | | |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|--|---|-----------------|-----------------|
| | Management Law, OR the inclusion of the provisions of the Fiscal Responsibility Act (FRA) in the organic Public Financial Management Law? | | | |
| 2 | Does the legislation include provisions that establish the following? 1) Responsibilities for contracting state debt; 2) Responsibilities for recording/reporting state debt; and 3) Fiscal and debt rules/limits for the state. | The State has previously achieved DLI 7.1 in the 2018 APA | | |
| 4 | Has the State Debt Management Department (or Unit, Committee, Agency, Board, Bureau, Commission, Council) been operational during the APA year and performing the core function of recording and reporting state debt? | The State has previously achieved DLI 7.1 in the 2018 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 | | Achieved | |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|---|---|--------------|-----------------|
| | 2021 | | | |
| 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? | <p>a) We obtained evidence that the State produced approved quarterly SDDRs, which were submitted and received by the DMO as follows:</p> <ul style="list-style-type: none"> ● Q1 submitted on (11 May 2021) 41 days, ● Q2 submitted on (13 August 2021) 44 days, ● Q3 submitted on (10 November 2021) 41 days and ● Q4 submitted on (14 February 2022) 45 days. $\frac{41+44+41+45}{4}$ <p>Average = 42.8 days (6.1 weeks)</p> <p>The SDDRs were submitted within an average of 1.4 months (42.8 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 underlying data and supporting documents including the DMO templates and guidelines and standard internal protocols and data from CBN, DMO, and FMOF Home Finance used by the DMO to cross-check the state's domestic debt figures.</p> | <p>a) The IVA has obtained the SDEDR from the Federal DMO</p> <p>b) The IVA has compared the State Domestic and External Debt Report (SDEDR) from the Federal DMO, CBN, and FMOF with the supporting documents (including the DMO templates and guidelines).</p> <p>c) The IVA compared the Quarterly State Domestic Debt Reports (SDDR) submitted by the State with the State Audited Financial Statement.</p> <p>d) The IVA compared the debt stock figures reported in the SDDR with that of the State's Audited Financial Statement</p> <p>e) The IVA noted some discrepancies during the comparison as follows:</p> <ol style="list-style-type: none"> 1. SDDR Figure: ₦93,372,803,241.96 2. AFS Figure: ₦97,855,895,056.59 3. Difference (If any): ₦4,483,091,814.63. Also, some items recorded on the AFS as domestic debts | N/A | |

| Disbursement Linked Indicators (DLIs) and Tests | Findings | Conclusion | Recommendations |
|---|---|------------|-----------------|
| | <p>were not captured on the SDDR. These items include the CBN Commercial Agric Loan of ₦90,359,897.71 and the FGN Bridging Loan Facility of ₦3,007,180,457.14. There were also discrepancies between individual line items such as the contractor arrears which was ₦4,474,087,077.60 in the AFS and ₦3,020,649,779.39 in the SDDR</p> <p>f) An APA issue was raised to the State on these discrepancies and the State responded as follows: The difference between the SDDR and AFS as at the end of 2021 was partly the issues raised in item (ii) and also partly because some of the contractual arrears items captured in the AFS were captured by the DMO as ongoing projects for which the State is not yet liable until such projects are completed.</p> <p>ii) The outcome of 2020 Debt Reconciliation by the DMO/CBN indicated that the CBN Commercial Agric Loan of ₦90,359,897.71 has been fully settled by the State as at year end of 2020, hence the reason DMO excluded that particular loan item from its report. To further attest to this fact, the loan balance in the state record (i.e ₦90,359,897.71) has remained un-deducted from the source since 2nd quarter, 2020, As for the FGN Bridging Loan Facility of ₦3,007,180,457.14; the loan item was not included as part of the State loan portfolio in the submission from the Office of Accountant-General to DMO for the Q4 (December), 2021, But the current draw down of ₦12,028,721,828.56 as at March (Q1, 2022) was appropriately captured</p> <p>iii) The discrepancies between the Contractor Arrears that was ₦4,474,087,077.60 in the 2021 AFS and ₦3,020,649,779.39 in the SDDR was as a result of</p> | | |

| Disbursement Linked Indicators (DLIs) and Tests | Findings | Conclusion | Recommendations |
|---|---|--------------|-----------------|
| | <p>classification. Some of the contractual items classified as ongoing projects by the DMO are regarded as completed projects in the AFS</p> <p>All the discrepancies observed between the AFS & SDDR is being reconciled, please.</p> <p>The IVA reviewed the response to the APA issue and found them satisfactory.</p> <p>The State Domestic and External Debt Report (SDEDR) from the Federal DMO has not been compared with the Quarterly State Domestic Debt Reports (SDDR) as the IVA is yet to obtain the SDEDR</p> <p>g) The debt stock figures reported in the SDEDR, has been compared with those of the SDDR submissions by the State.</p> | | |
| 3 | <p>Has the State published online the State Debt Sustainability Analysis and Debt Management Strategy Report (SDSA-DMSR) by 31 December 2021?</p> <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 20 December 2021</p> <p>c) The State Debt Sustainability Analysis and Debt Management Strategy Report (SDSA-DMSR) was published by 31 December 2021. The IVA obtained the IT backend timestamps to confirm the date of online publication.</p> <p>d) The weblink of the publication is https://kwarastate.gov.ng/wp-content/uploads/KWARA-STATE-DEBT-SUSTAINABILITY-ANALYSIS-Final.pdf</p> | Satisfactory | |
| 4 | <p>Does the SDSA - DMSR include the following: 1) medium-term budget forecasts; 2) detailed and adequate description of the debt portfolio and borrowing</p> <p>The IVA reviewed the SDSA -DMSR (and the report from the DMO on its review of the SDSA-DMSR) and found that it contains all the requirements. Upon review of the SDSA -DMSR, it included the following:</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>(1) Adequate presentation of medium-term budget forecasts, including:</p> <ul style="list-style-type: none"> (a) Presentation of MTB forecasts in tables and charts with projected annual figures from 2021 to 2024 in Section 4.1 Medium term budget forecast and DSA Simulation Results (b) Description of assumptions underpinning the MTB forecasts from 2021 to 2024: (c) A summary analysis of MTB forecasts and their implications for fiscal and debt policies throughout the period 2021-2024 (d) The presentation and analysis in the entire forecast period were of adequate quality, and do not contain illogical statements (e.g. negative figures for debt stock; contradictory or illogical statements or arguments, etc.) <p>(2) A detailed and adequate description of the debt portfolio and borrowing options, including:</p> <ul style="list-style-type: none"> (a) Presentation of debt and borrowing projections in the baseline scenario with projected figures from 2021 to 2030 in charts in section 4.3 simulation results. (b) Description of assumptions underpinning the borrowing options in section 4.2 borrowing options (c) A summary analysis of the debt projections and their implications for debt sustainability and fiscal policies throughout the period 2021-2030 (d) A summary analysis of the projections of performance indicators used to assess DMS throughout the period 2021-2025, and their implications for the cost-risk profile of the State debt portfolio in 2025. These were presented in sections 4.4 DSA Sensitivity Analysis and 5.2 | | |

| Disbursement Linked Indicators (DLIs) and Tests | Findings | Conclusion | Recommendations |
|---|---|------------|-----------------|
| | <p>DMS Simulation Results.</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 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 were 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>a) The IVA did a review and comparison between the information (figures) contained in the assessment report of the SDSA-DMSR obtained from the DMO and the SDSA-DMSR obtained from the State Website</p> <p>b) No differences were identified</p> <p>There were no areas of disagreement between the DMO's assessment conclusions and that reached by the IVA upon assessment of the SDSA-DMSR</p> | | |
| <p><i>DLI 8: Improved Clearance/Reduction of Stock of Domestic Expenditure Arrears</i></p> | | | |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|---|---|---------------------|---|
| DLR 8.0 | <p>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><u>Basic Target:</u> At least a 5 percent decline or maintain stock below 5 billion naira</p> <p><u>Stretch Target:</u> More than 20 percent decline</p> | | Not Achieved | |
| 1 | Has the State established an Arrears Clearance Framework (ACF)? | <ul style="list-style-type: none"> a) The State has established an Arrears Clearance Framework (ACF) b) We obtained a copy of the ACF from the State c) The establishment of the ACF did not occur before 30 June 2021, which is the latest date by which the ACF must be established in order for this result to be achieved. d) The ACF for 2021 was established on 31 December 2021 year-end which does leave adequate time to allow for the implementation of the ACF | Unsatisfactory | The State should establish an Arrears Clearance Framework (ACF) |
| 2 | Does the ACF contain: 1) the planned actions to settle arrears; and 2) an explicit prioritization of expenditure | <ul style="list-style-type: none"> a) The ACF contains planned actions to settle arrears and an explicit prioritization of expenditure arrears to be settled. b) The ACF contains an explicit prioritization of | Satisfactory | |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|--|--|----------------|--|
| | arrears to be settled. | <p>expenditure arrears to be settled. As stated in Section 3 of the ACF, the State shall adopt any of the following criteria/approaches in deciding which of her domestic expenditure arrears to be paid.</p> <p>Allocation of available fund among the types of the arrears in proportion to their total outstanding stocks and Allocation of available fund on a particular type of arrears</p> <p>The IVA obtained a copy of the ACF from the State and downloaded a copy for validation. The IVA also obtained the IT back-end timestamp to verify the date of online publication.</p> | | |
| 3 | Has the ACF been published on a State official website? | <p>a) We confirmed that the ACF has been published on a State official website</p> <p>b) We downloaded a copy of the ACF for validation</p> <p>c) The weblink of publication is https://kwarastate.gov.ng/wp-content/uploads/KWARA-STATE-GOVERNMENT-Domestic-Arrears-2021-FP.pdf</p> <p>d) The IVA obtained the IT backend timestamp to confirm the date of publication.</p> | Satisfactory | |
| 4. | Is the clearance of domestic expenditure arrears consistent with the ACF, once the ACF has been established? | The IVA did not obtain supporting documents to verify the clearance of arrears and hence could not verify that the cleared arrears (if any) were consistent with the established ACF as regards: planned actions to settle expenditure arrears, prioritization of domestic expenditure arrears to be settled. | 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 State has established an Internal Domestic Arrears Database</p> <p>b) The Internal Domestic Arrears Database includes the following:</p> <p>a. The aggregate and individual amounts of contractors' arrears. The internal domestic</p> | Unsatisfactory | There should be a verification process in place for the arrears to ascertain accuracy of the figures in the internal |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|---|---|--------------|---------------------------|
| | | <p>arrears database included the name of the contractor, the amount due at the end-of-year, the nature of the goods and services procured that generated the claim, and billing data (as applicable). It also showed the total domestic arrears stock at the end of each year.</p> <p>b. The aggregate amount of pension and gratuity arrears.</p> <p>c. The aggregate amount of salary arrears and other staff claims.</p> <p>d. The aggregate amount of other types of domestic arrears</p> <p>c) The IVA could not confirm that a verification process is in place for the arrears in the database as supporting documents were not provided.</p> <p>d) We could not confirm that the State has conducted verification of arrears balances as evidence were not provided.</p> <p>e) We could not conduct tests to ascertain the accuracy of the figure in the internal domestic arrears database as the supporting documents including cross-checking with State account balances, payroll records, underlying contract data, were not provided. The IVA raised an APA issue to these issues and the state is yet to respond.</p> <p>f) Also, the State did not submit the annual State Arrears Recording, Verification, and Clearance Report (SARVCR) to the IVA. An APA issue was raised to the non-provision of the SARVCR, and the State is yet to provide a response.</p> | | domestic arrears database |
| 6 | Has the State published online elements of the internal domestic arrears database for the FY 2020 and FY 2021 | <p>a) The State has published online the required elements of the Internal Domestic Arrears Database as at the end of 2020 and 2021.</p> <p>b) We did a comparison of the aggregate and individual</p> | Satisfactory | |

| Disbursement Linked Indicators (DLIs) and Tests | Findings | Conclusion | Recommendations |
|---|---|------------|-----------------|
| <p>reported on a State official website, which constitutes the online publicly accessible arrears database?</p> | <p>information available on the online publicly accessible arrears database with the information in the internal domestic arrears database. This was done by conducting a sample test to identify items listed in the domestic database as well as the online accessible database to check for consistency in figures in both documents.</p> <p>c) We confirmed that 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. The site does not contain a provision for contractors to attach supporting evidence of their claim. However, from observation, there were no records from the State on the omissions reported by contractors during the year.</p> <p>d) We confirmed that the online web pages include a facility for contractors with arrears (creditors) to report any omissions to the State.</p> <p>e) The IVA got an automated response as follows: Thanks for your feedback on the budget presentation, your comment will be put into consideration" The IVA did not get any further reply as at the time of the verification.</p> <p>f) We did not obtain any records from the State on the omissions reported by contractors during the year.</p> <p>g) We did not obtain any records of omissions of contractor arrears that were found to be valid were subsequently included in the internal domestic arrears database.</p> <p>h) The weblink to the online publicly accessible arrears database is https://kwarastate.gov.ng/wp-</p> | | |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | | | | Conclusion | Recommendations | | | | | | | | |
|---|---|---|-----------|--|--|----------------------|-----------------|----------|-----------|--|--|--|--|----------------|---|
| | | <p>content/uploads/Kwara-State-Aggregate-Domestic-Expenditure-Arrears-Dec-2021.pdf</p> <p>The findings from these tests showed that the State has published online elements of the internal domestic arrears database for the FY 2020 and FY 2021 reported the State's official website, which constitutes the online publicly accessible arrears database. The state also has an online webpage facility for contractors with arrears (creditors) to report any omissions to the State. However, no records were available as at the time of verification.</p> | | | | | | | | | | | | | |
| 7. | <p>Does the online publication include?</p> <p>1) the aggregate amount of contractors' arrears; 2) the aggregate amount of pension and gratuity arrears; 3) the aggregate amount of salary arrears and other staff claims; 4) other types of domestic arrears and 5) a list of names of contractors with recognized arrears exceeding ₦20 million and information for contractors to be able to verify that their claims are being accurately reported in the database.</p> | <p>We confirmed that the online publication included the aggregate amount for contractors' arrears and pension and gratuity arrears.</p> <p>Other types of domestic arrears and aggregate amount of salary arrears and other staff claims were Nil.</p> <p>The online publication contains the names of contractors owed ₦20m in arrears and above.</p> | | | | Satisfactory | | | | | | | | | |
| 8. | Has the State met the following? | <table border="1"> <thead> <tr> <th>Aggregate Amount of:</th> <th>2021 (₦)</th> <th>2020 (₦)</th> <th>Diff. (%)</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> | | | | Aggregate Amount of: | 2021 (₦) | 2020 (₦) | Diff. (%) | | | | | Unsatisfactory | The State should ensure a reduction of domestic arrears |
| Aggregate Amount of: | 2021 (₦) | 2020 (₦) | Diff. (%) | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |

| Disbursement Linked Indicators (DLIs) and Tests | Findings | | | | Conclusion | Recommendations | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--------------------------|------------------|------------------|------------|------------------------------|-------------------|-------------------|----|---------------------------------|-----|-----|--|---------------|---|---------------|------|---|-----|-----|--|-------------------------------|--------------------------|--------------------------|-----------|--|--|--|--------------------------------|
| <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</p> <p>Stretch target: More than 20 percent 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 the year, compared to the previous year, expressed in percentage terms.</i></p> | <table border="1"> <tr> <td>Contractors Arrears</td> <td>3,020,649,779.39</td> <td>2,884,573,740.12</td> <td>5%</td> </tr> <tr> <td>Pension and Gratuity arrears</td> <td>15,127,918,423.56</td> <td>14,026,067,147.97</td> <td>8%</td> </tr> <tr> <td>Salary arrears and Staff claims</td> <td>Nil</td> <td>Nil</td> <td></td> </tr> <tr> <td>Judgment Debt</td> <td>0</td> <td>15,466,750.00</td> <td>100%</td> </tr> <tr> <td>Other types of domestic expenditure arrears</td> <td>Nil</td> <td>Nil</td> <td></td> </tr> <tr> <td>Total Domestic Arrears</td> <td>18,148,568,202.95</td> <td>16,926,107,638.09</td> <td>7%</td> </tr> </table> | Contractors Arrears | 3,020,649,779.39 | 2,884,573,740.12 | 5% | Pension and Gratuity arrears | 15,127,918,423.56 | 14,026,067,147.97 | 8% | Salary arrears and Staff claims | Nil | Nil | | Judgment Debt | 0 | 15,466,750.00 | 100% | Other types of domestic expenditure arrears | Nil | Nil | | Total Domestic Arrears | 18,148,568,202.95 | 16,926,107,638.09 | 7% | | | | debt stock to below ₦5 billion |
| Contractors Arrears | 3,020,649,779.39 | 2,884,573,740.12 | 5% | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Pension and Gratuity arrears | 15,127,918,423.56 | 14,026,067,147.97 | 8% | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Salary arrears and Staff claims | Nil | Nil | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Judgment Debt | 0 | 15,466,750.00 | 100% | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other types of domestic expenditure arrears | Nil | Nil | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total Domestic Arrears | 18,148,568,202.95 | 16,926,107,638.09 | 7% | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>a. We obtained the Domestic arrears figure from the State Internal Domestic Arrears (SIDA) database and compared with the balances within the SDDR and the AFS for 2021. The figures in the SDDR were same as those on the internal domestic arrears database however they were not the same with that on the AFS. On crosschecking with the States Audited Financial Statements, the IVA noted that the contractor arrears were ₦4,474,087,077.60 in the AFS while ₦3,020,649,779.39 was recorded in the internal domestic arrears database as the total contractual arrears.</p> <p>An APA issue was raised to this discrepancy and the State is yet to respond.</p> <p><u>₦18,148,568,202.95 - ₦16,926,107,638.09 X 100</u> ₦16,926,107,638.09</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations | | | | | | | | | | | | | | |
|---|---|---|---------------------|--------------------------|------------------------|----------------------|-------------------|-------------------|----------------------|-------------------|-------------------|---------------------------|---------------------------|---------------------------|---------------------------------|--------------------|----------------|--|
| | | = 7.22% The percentage increase is 7.22% Source: State internal domestic expenditure arrears database. | | | | | | | | | | | | | | | | |
| DLI 9: Improved Debt Sustainability | | | | | | | | | | | | | | | | | | |
| DLR 9.0 | Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2021 AND Total debt stock at end of December 2021 as a share of total revenue for FY 2021 meets target: -Basic target: < 120% -Stretch target: < 95% | | Not Achieved | | | | | | | | | | | | | | | |
| 1 | Has the State met: (i) the ratio of total debt stock at end-of-year (31 st December 2021) of the year of assessment to the total revenue collected during the calendar year of the year of assessment (1 st January to 31 st December 2021)? -Basic target:< [120%] -Stretch target: < [95%] (ii) Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2021. | Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2021. The following tables show the calculations and adjustments made to arrive at the appropriate figures for this comparison. <u>Total Public Debt*</u> <table border="1" data-bbox="676 1068 1354 1312"> <thead> <tr> <th></th> <th>Financial Statements (₦)</th> <th>DMO/ SDEDR Figures (₦)</th> </tr> </thead> <tbody> <tr> <td>Total Domestic Debts</td> <td>97,855,895,056.59</td> <td>98,556,736,011.67</td> </tr> <tr> <td>Total External Debts</td> <td>20,182,221,899.17</td> <td>20,182,221,898.70</td> </tr> <tr> <td>Total Public Debts</td> <td>118,038,116,955.76</td> <td>118,738,957,910.38</td> </tr> </tbody> </table> <u>Total Annual Revenue</u> <table border="1" data-bbox="695 1382 1310 1437"> <tbody> <tr> <td>2021 Adjusted IGR (see DLI 4.2)</td> <td>₦26,607,984,864.00</td> </tr> </tbody> </table> | | Financial Statements (₦) | DMO/ SDEDR Figures (₦) | Total Domestic Debts | 97,855,895,056.59 | 98,556,736,011.67 | Total External Debts | 20,182,221,899.17 | 20,182,221,898.70 | Total Public Debts | 118,038,116,955.76 | 118,738,957,910.38 | 2021 Adjusted IGR (see DLI 4.2) | ₦26,607,984,864.00 | Unsatisfactory | The State should reduce its debt to revenue ratio and ensure debt is sustainable. The Debt should not be more than 95% of Revenues |
| | Financial Statements (₦) | DMO/ SDEDR Figures (₦) | | | | | | | | | | | | | | | | |
| Total Domestic Debts | 97,855,895,056.59 | 98,556,736,011.67 | | | | | | | | | | | | | | | | |
| Total External Debts | 20,182,221,899.17 | 20,182,221,898.70 | | | | | | | | | | | | | | | | |
| Total Public Debts | 118,038,116,955.76 | 118,738,957,910.38 | | | | | | | | | | | | | | | | |
| 2021 Adjusted IGR (see DLI 4.2) | ₦26,607,984,864.00 | | | | | | | | | | | | | | | | | |

| Disbursement Linked Indicators (DLIs) and Tests | Findings | | Conclusion | Recommendations | | | | | | | | |
|---|---------------------------|--|-------------------------|--------------------|--------|-------------------|----------------|----------------|----------------------|---------------------------|--|--|
| | | <table border="1"> <tr> <td data-bbox="695 201 1035 261">Gross FAAC Allocation**</td> <td data-bbox="1035 201 1367 261">₦56,392,961,066.00</td> </tr> <tr> <td data-bbox="695 261 1035 321">Grants</td> <td data-bbox="1035 261 1367 321">₦7,429,571,271.97</td> </tr> <tr> <td data-bbox="695 321 1035 381">Other Revenues</td> <td data-bbox="1035 321 1367 381">₦68,095,067.24</td> </tr> <tr> <td data-bbox="695 381 1035 440">Total Revenue</td> <td data-bbox="1035 381 1367 440">₦90,498,612,269.21</td> </tr> </table> | Gross FAAC Allocation** | ₦56,392,961,066.00 | Grants | ₦7,429,571,271.97 | Other Revenues | ₦68,095,067.24 | Total Revenue | ₦90,498,612,269.21 | | |
| Gross FAAC Allocation** | ₦56,392,961,066.00 | | | | | | | | | | | |
| Grants | ₦7,429,571,271.97 | | | | | | | | | | | |
| Other Revenues | ₦68,095,067.24 | | | | | | | | | | | |
| Total Revenue | ₦90,498,612,269.21 | | | | | | | | | | | |
| | | <p>a. The IVA is yet to obtain the State Domestic and External Debt Report (SDEDR) from the Federal DMO.</p> <p>b. We have computed the Total Debts Stock/Revenue percentage for the 2021 year, as follows:</p> $\frac{\text{₦118,738,957,910.38}}{\text{₦90,498,612,269.21}} \times 100 = 131\%$ <p>We have computed the Total Debt Service Deduction/Gross FAAC Allocation percentage for the 2021 year, as follows:</p> $\frac{\text{₦8,853,607,185.00}}{\text{₦56,392,961,066.00}} \times 100 = 15\%$ <p>c. The IVA has obtained the Federal DMO State Domestic and External Debt Report (SDEDR). The Debt Stock stated in the Audited Financial Statements is ₦118,038,116,955.76 that is the Domestic Debt is ₦97,855,895,056.59 (AFS PDF Page 10) and while the External Debt is ₦20,182,221,899.17</p> <p>Sources:</p> <p>i. For Total Revenue 2021 Audited Financial</p> | | | | | | | | | | |

| Disbursement Linked Indicators (DLIs) and Tests | Findings | Conclusion | Recommendations |
|---|--|------------|-----------------|
| | Statement, PDF Page 23 and FAAC NBS ii. For Total Public Debt from DMO* as of December 31, 2021 iii. NBS/OAGF (FAAC) | | |

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

| S/N | KWARA STATE | 2021 - AMOUNT (₦) |
|-----|---|-------------------|
| 1 | BUDGET SUPPORT LOAN (SOURCE FMOF) | 21,955,277,617.69 |
| 2 | BAIL OUT (SALARIES) (SOURCE CBN) | 4,155,380,123.27 |
| 3 | RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND) | 14,400,041,740.05 |
| 4 | EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN) | 9,680,942,053.87 |
| 5 | STATE BONDS | 26,093,343,637.41 |
| 6 | COMMERCIAL BANK LOANS | - |
| 7 | CBN COMMERCIAL AGRIC LOAN (SOURCE CBN) | 8,502,792.31 |
| 8 | ACCELERATED AGRIC DEVELOPMENT SCHEME LOAN | - |
| 9 | BAIL-OUT (INFRASTRUCTURE) | - |
| 10 | CBN DIFFERENTIATED CASH RESERVE REQ LOAN | - |
| 11 | HEALTHCARE DEDUCTIONS | - |
| 12 | BRIDGE FINANCE FACILITY | 3,048,013,177.37 |
| 13 | FAMILY HOMES FUND | - |
| 14 | ANCHOR BORROWERS PROGRAMME | - |
| 15 | OTHER FGN INTERVENTIONS | - |
| 16 | MICRO SMALL MEDIUM ENTERPRISE DEVELOPMENT FUND (MSMEDF) | 1,066,666,666.75 |
| 17 | JUDGEMENT DEBTS | - |

| S/N | KWARA STATE | 2021 - AMOUNT (₦) |
|-----|------------------------------------|---------------------------|
| 18 | GOVT - GOVT DEBTS | - |
| 19 | CONTRACTORS' ARREARS | 3,020,649,779.39 |
| 20 | PENSION AND GRATUITY ARREARS | 15,127,918,423.56 |
| 21 | SALARY ARREARS AND OTHER CLAIMS | - |
| 22 | OTHER DEBTS | - |
| | TOTAL DOMESTIC DEBT (TDD) | 98,556,736,011.67 |
| | TOTAL EXTERNAL DEBT (TED) | 20,182,221,898.70 |
| | TOTAL PUBLIC DEBT (TED+TDD) | 118,738,957,910.38 |

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

| TEMPLATE: OPTION B | ₦ |
|--|-----------------------|
| Item | 2021 |
| 1. Total Gross FAAC allocation: Statutory Transfers and VAT (1.1 + 1.2) | 56,392,961,066 |
| 1.1 Statutory transfers (1.1.1 + 1.1.2 + 1.1.3) | 56,392,961,066 |
| 1.1.1 Gross statutory allocation | 56,392,961,066 |
| 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 | |
| 1.2 VAT | |
| 2. Internally Generated Revenues (IGR) – Adjusted | 26,607,984,864 |
| 3. Grants (Internal and External) | 7,429,571,272 |
| | |
| 4B. Total Other Revenues reported in AFS without adjustment (Interest Earned) | 68,095,067 |
| | |
| 5. INVALID items to be deducted if reported as part of Other Revenue | - |
| Paris club refund | |
| Reimbursements/refunds related to expenditures (e.g., from FGN for Federal roads) | |
| Sale of govt property, privatization proceeds | |
| Savings | |
| Miscellaneous | |
| Total Revenues and Grants Calculations | |
| B) Total Revenues and Grants is (1+2+3+4B) minus (5) | 90,498,612,269 |

4. **Response from the State**

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

| S/N | State Response to the draft report | IVA Follow-up, response, treatment |
|-----|--|--|
| 1 | <p>Objection to DLR 1.1. assessment report due to inaccuracies</p> <p>The IVA erroneously stated that the quarterly budget implementation reports were published online as follows:</p> <ul style="list-style-type: none"> ● Q3 – 05 November 2021 - 4 weeks and 8 days (36 days) ● Q4 – 29 January 2022 - 4 weeks (29 days) <p>Contrary to the aforementioned inaccuracies, this is to reiterate that the State published its online report as follows: https://kwarastate.gov.ng/wp-content/uploads/2021-Budget-Implementation-Report-ThirdQuarter.pdf Q3, 2021 – 28th October, 2021</p> <p>https://kwarastate.gov.ng/wp-content/uploads/4TH-QUARTER-BUDGETPERFORMANCE-REPORT-2021.pdf Q4, 2021 – 28th January, 2022</p> <p>Please refer to the State' result submission via email on Friday, 17/06/2022. Further enclosed herewith is following time stamp of the Q3 & Q4, 2021 Budget Implementation reports as Annexures 1(a &b) AND 2(a & b).</p> | <p>The new Q3 and A4 weblinks provided by the State gave a 404- page not found error message. The dates on the document properties of the initial link remain valid.</p> |
| 2 | | |
| 3 | | |
| 4 | | |