



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

2021 Annual Performance Assessment (APA) Report

LAGOS STATE

By:

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



FINAL REPORT

DECEMBER 2022

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1. Executive Summary

This report details the outcome of the Annual Performance Assessment (APA) conducted on Lagos 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 Lagos and shows areas where the State was able to achieve results. In total, Lagos State achieved 8 (**Eight**) DLRs out of 15 DLRs applicable to the 2021 APA of which 1 (**One**) DLR was achieved in 2019 APA.

Table 1: Assessment Results

Key:	Achieved	Not Achieved	Previously Achieved
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Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
DLI 1: Improved financial reporting and budget reliability	DLR 1.1: FY21 quarterly budget implementation reports for Q1, Q2, Q3 and Q4 published on average within 4 weeks of quarter-end to enable timely budget management		
	DLR 1.2: FY21 deviation for total approved original budget expenditure is < 15%		
DLI 2: Increased openness and citizens' engagement in the budget process	DLR 2.1: Citizens' inputs from formal public consultations are published online, along with the proposed FY2022 budget and citizens' budget based on approved FY21 state budget published online by end April 2021 with functional online feedback mechanisms.		
	DLR 2.2: Citizen's Accountability Reports based on audited financial statements /reports are summarized and comprehensible versions of the audited statements and details of State government public consultations with citizens presenting the annual financial statements should be made available on the state official website (s) by 30th September of each subsequent financial year.		The State did not publish an adequate Citizens' Accountability Report.
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		The State did not ensure that required amendments to the law were concluded before the assessment.
	DLR 4.2: 2020-2021 annual nominal IGR growth rate meets target -Basic target: 20%-39%	Base Target	The IGR growth rate was 27%

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
	-Stretch target: 40% or more		
DLI 5: Biometric registration and Bank Verification Number (BVN) used to reduce payroll fraud	DLR 5.1: Biometric capture of at least 95 percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll		
	DLR 5.2: Link BVN data to at least 95 percent of current civil servants and pensioners on the payroll and payroll fraud addressed		
DLI 6: Improved procurement practices for increased transparency and value for money	DLR 6.1: Existence of public procurement legal framework and procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) E-Procurement; 2) Establishment of an independent procurement regulatory agency; and 3) Cover all MDAs receiving funds from the state budget		The Law is structured like the UNCITRAL Model Law but does not comply with the requirements.
	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		The State did not implement the 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.	2019	
	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		The percentage decline in the verified stock of domestic arrears was 0.798%
DLI 9: Improved debt sustainability	Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2021		Total Debt Stock to Revenue was 162.68% by end December 2021

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
	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%.		

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

1. DLR 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 by the due date.
2. 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.
3. DLR 4.1: Review for amendments, the Revenue Law (alongside with the revenue code). The revenue law should clearly state the revenues’ sources (including the Local Governments sources). The amended revenue law and code should be published online.
4. DLR 6.1: Amend the Procurement Law to comply fully with the provision for the establishment of an independent Procurement Regulatory Agency per the UNCITRAL Model Law.
5. DLR 6.2: 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.
6. DLR 8: A Domestic Arrears Clearance Framework (ACF) is established and an internal domestic arrears database with relevant balances is placed online through a publicly accessible portal. Domestic arrears are cleared year on year to achieve total arrears of less than N5bn or a year-on-year decline of at least 20%.
7. 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 Debt Management Office (DMO) to review the legislation in place in the State.

2.2 Scope

This Annual Performance Assessment (APA) Report covers the State’s performance in 2021 against the Disbursement Linked Results (DLRs) listed within the SFTAS DLI Matrix, guidelines, and verification protocol. Each State was earlier assessed against the Eligibility Criteria set in the protocol, to determine the state’s eligibility for grants under the 2021 APA.

The verification protocol was set early in the preparation for the Program and all States, implementing agencies and other key stakeholders have been continuously sensitized on the requirements of the program and the protocol for 2021. The assessment results are binary (Pass or Fail), as that is how the Program for Results was designed.

In advance of the performance assessments, all States were provided with the detailed information requirements for the assessments, a proposed itinerary for the assessment visit, and a template with which to report the results achieved. The assessments were conducted between (04/07/2022 and 08/07/2022) 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://lagosstate.gov.ng/wp-content/uploads/2021/04/Lagos-State-Government-Q1-BPR-SFTAS-Final-28-April-21.pdf</p> <p>Q2- 2021 https://lagosmepb.org/wp-content/uploads/2021/05/Lagos-State-BPR-Q2-2021-1.pdf</p> <p>Q3- 2021 https://lagosmepb.org/wp-content/uploads/2021/05/Lagos-State-Q3-BPR-28th-Oct-21-Final.pdf</p> <p>Q4- 2021 https://lagosmepb.org/wp-content/uploads/2021/05/Lagos-State-Government-Q4-BPR-SFTAS-Jan-28th-2022.pdf</p> <p>The State’s website was accessed on 4/7/2022</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>Dates of online publication are as follows:</p> <ul style="list-style-type: none"> ● Q1 - (28/4/2021) - 4weeks (28days) ● Q2 – (27/7/2021)- 3.9weeks (27days) ● Q3 – (27/10/2021) - 3.9weeks (27days) ● Q4 – (28/1/2022) - 4weeks (28days) <p>Average days (weeks) for the online publication was computed based on the last 4 quarters, as below:</p> $\frac{28+27+27+28}{4}$ <p>Average = 27.5 days (3.9 weeks)</p> <p>We downloaded the quarterly budget Implementation Reports for all four quarters for the year 2021, obtained and retained evidence of the timestamp of the publications.</p>		
2	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	<p>From our review of the Quarterly Budget Implementation reports downloaded from the State’s website (see web links above) we observed the following:</p> <p>a) The Budget Implementation Reports include the approved budget appropriation for the year against each organizational unit (MDAs) for each of the core economic classifications of expenditures. However, the IVA observed differences between the total expenditure figures in the Budget Implementation report and the Approved Original budget. An APA issue has been sent to the State, the State replied thus “ The Budget Implementation Report Model provided by the NGF Technical Desk in March 2021 after the passage of the Approved Budget in December 2020 recommended that the State should reclassify some Capital Expenditure related items erroneously captured as Recurrent in the Approved Budget, which the State complied</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	date, and balances against each of the revenue and expenditure appropriations.	<p>with. Furthermore, the net difference of N49.99 was accumulated rounding error balances which passes the non-materiality test as the same accounts for 0.05% which was significantly lower than any known materiality threshold. Likewise, the average of N2bn reclassified, which accounts for 0.17% of the total budget size, remains the same in spite of the reclassification. Considering the state's response, the IVA concludes that the state has provided sufficient explanation to the discrepancies observed and as such arrives at a Satisfactory position.</p> <p>b) The State budget implementation reports include the actual expenditures for the quarter attributed to each MDA as well as the cumulative expenditures for the year to date</p> <p>c) The budget implementation reports include balances against each of the revenue and expenditure appropriations</p> <p>d) Lagos State has an amended/revised Budget.</p> <p>e) Lagos State has an amended/revised Budget. The Budget Implementation Report for Q4 shows the approved original budget and the revised budget but that of Q1, Q2 and Q3 does not. This is because the budget was revised on October 25, 2021.</p> <p>The reports included the approved budget appropriation for the year for each of the core economic classifications of expenditures (Personnel, Overheads, Capital, and others); the actual expenditures for the quarter, and the balances against each of the revenue and expenditure appropriations.</p>		
3	Does the report state the actual expenditures for the quarter attributed to each MDA and each expenditure	The IVA reviewed the State's Budget Performance/Implementation Reports and confirmed that the report included the actual expenditures for each quarter attributed to each MDA, each expenditure classification, as well as the actual cumulative expenditures for the year to date.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations			
	classification as well as the actual cumulative expenditures for the year to date?						
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%		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 positive percentage terms?	<p>The State computed the budget deviation for 2021 to be 10% The IVA has retained a copy of the state's budget deviation computation on file.</p> <p>The IVA computed the budget deviation for this APA year. See the computation below:</p> <table border="1" data-bbox="684 1227 1404 1312"> <tr> <td></td> <td>Total Approved Budget (₦)</td> <td>Actual Outturn (₦)</td> </tr> </table>		Total Approved Budget (₦)	Actual Outturn (₦)	Satisfactory	
	Total Approved Budget (₦)	Actual Outturn (₦)					

Disbursement Linked Indicators (DLIs) and Tests		Findings			Conclusion	Recommendations
	Is the expenditure outturn deviation computed less than 15%	Capital Exp. (Page 2 of the Original Approved Budget and Page 15 of the AFS)	702,935,416,976.12	586,774,371,000		
		Rec Exp. (Page 2 of the Original Approved Budget and Page 15 of the AFS)	460,587,043,742.00	465,382,676,000		
		Total	1,163,522,460,718.12	1,052,157,047,000		
		$\frac{\text{₦1,163,522,460,718.12} - \text{₦1,052,157,047,000}}{\text{₦1,163,522,460,718.12}} \times 100$ $= 9.57\%$ <p>The budget performance deviation is 9.57%</p> <p>Source: 2021 Audited Financial Statement page 15 and Approved Budget and Actual Expenditure or Appropriation Law Page 2</p> <p>The figures in the approved annual budget are one and the same with the figures in the Audited Financial Statement</p>				
DLI 2: Increased Openness and Citizens' Engagement in the Budget Process						
DLR 2.1	Citizens' inputs from formal public consultations are published online, along with the proposed FY [2022] budget				Achieved	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	<p>AND</p> <p>Citizens’ budget based on approved FY21 state budget published online by end April 2021 with functional online feedback mechanisms</p>			
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>The IVA reviewed the attendance record of the public consultation duly signed by attendees as well as minutes of the public consultation jointly prepared and signed by CSO representatives</p> <p>a) The LGAs in attendance include:</p> <ul style="list-style-type: none"> i. Epe ii. Ikeja iii. Badagry iv. Ikorodu <p>b) The CBOs and CSOs representatives in attendance include:</p> <ul style="list-style-type: none"> i Bola Adebisi (LASCOTA) ii Isabella Anwan (BCG) iii. Abiodun Emmanul (Ikorodu Division Youth Initiative) iv. Fatai Kareem (Representatives of Market Traders) <p>c) The IVA obtained soft and hard copies of the minutes of the consultation, jointly signed by CSOs as well as attendance record duly signed by attendees.</p> <p>d) The Consultative forum on the 2022 proposed Annual budget was held from July 27 - August 4 2021 in 5 districts of Lagos State. The venue of the consultative forum was at “ the multi-purpose hall, radio Lagos, Agidingbi Ikeja</p> <p>e) The IVA contacted a random sample of 10 attendees via phone call from the attendance record provided to confirm</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>their attendance</p> <p>f) The 2022 Annual proposed budget was drafted on 24th November 2021. A copy of the State Governor's address to the State House Of Assembly on the 2022 proposed budget dated November 24, 2021 was obtained as evidence</p> <p>g) The Consultative forum on the 2022 proposed Annual budget was held from July 27 - August 4 2021 in 5 districts of Lagos State, while the 2022 proposed budget was drafted on November 24 2021. The consultative forum was held before the proposed budget was drafted.</p> <p>h) The Annual proposed budget 2022 was posted on the State website on November 30, 2021.</p> <p>i) The Annual proposed budget was published before the 31 January 2022 deadline</p> <p>j) https://lagosmepb.org/wp-content/uploads/Appropriation-Bill.pdf This was accessed on (6/7/2022).</p>		
2	Were the minutes of the public consultations jointly prepared with CSO representatives (shown by their signature to the minutes) and posted on the official State website, alongside the proposed annual budget on or before 31 January 2022 to enable citizens to find the inputs easily?	<p>a) Alhaji Nurudeen Buhari (LASCOTA - Lagos State Council of Tradesmen and Artisans) co-signed the minutes of the consultative forum. The IVA downloaded the soft copy of the minutes and retained the copy on file.</p> <p>b) The Title of the minutes of the public consultation is "Year 2022 Budget Consultative Forum"</p> <p>c) The signatories belong to the following organizations:</p> <ol style="list-style-type: none"> i. LASCOTA - Alhaji Nurudeen Buhari ii. Director Budget – Ibrahim Obajomo <p>d) https://lagosmepb.org/wp-content/uploads/Minute-of-The-Consultative-Forum-2022.pdf The Minutes was published on (30/11/2021). This was accessed on (5/7/2022)</p> <p>e) The IVA perused through the State website and confirmed</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		that the minutes of the public consultation is easy to find and clearly signposted on the Lagos State homepage		
3	Has the State published online, on the State website(s) a Citizens Budget based on the Approved Budget (2021) not later than 30 April 2021?	<p>a) The Citizens budget based on the Approved Budget (2021) was published on (8/4/2021) before the due date via https://lagosstate.gov.ng/wp-content/uploads/2022/07/Citizens-Budget-v2.pdf accessed on (6/7/2022).</p> <p>b) The IVA compared the Citizens Budget with the Approved budget 2021. The IVA did not identify any significant areas of discrepancies</p> <p>c) The IVA compared the Citizens Budget with the suggested format provided to the state. The citizens budget prepared by the state is in line with the format provided by the Home Finance Department. The State's Citizens budget contained the following information:</p> <ul style="list-style-type: none"> i. Simple explanation of the annual budget/citizens budget. pages 5-6 ii. The sources of revenues. page 14. iii. Total expenditure by economic classifications. Page 14-15 iv. The total revenue and grants, total expenditures, budget deficit, budget financing and financing gap. page 14 v. Disclosure of Budget deficit (if any) and how it will be financed. page 16 vi. Sectoral Allocation (by MDAs). page 20 vii. Top Projects to be financed (at least 5) pages 21-31. <p>d) The citizen's budget contained the minimum required</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>budget information as shown above as in the Citizen Budget User Manual and Excel Template.</p> <p>e) The citizens budget prepared by the state is in line with the format provided by the Home Finance Department. The IVA did not identify any significant differences.</p>		
4	Is the Citizens Budget a comprehensible (to citizens) summary of the approved FY21 state budget?	<p>a) The Citizens Budget included an explanation of the key components /information in the Approved FY21 Budget.</p> <p>We confirmed that the approved FY21 state budget was summarized in a comprehensible manner to the Citizens in the Citizens budget.</p>	Satisfactory	
5	Does the State website have functional feedback and response online mechanisms?	<p>a) Lagos State has two established functional feedback and response online mechanisms.</p> <p>b) The feedback mechanisms are as stated below:</p> <p>i. Toll-free numbers - 112 and 767.</p> <p>ii. Lagos State Citizen Gate, which is an intuitive service, based technology innovation for managing relationships between Citizens and the Government where citizens can lodge feedback and complaints about all Ministries, Departments, and Agencies in the State. The weblink is stated: http://citizensgate.lagosstate.gov.ng/#/</p> <p>c) The State's feedback mechanism provides at a minimum:</p> <p>i. Acknowledgement of receipt of comments/feedbacks from citizens</p> <p>ii. State's responses to comments/feedbacks</p> <p>iii. Display of timeframe and the State's government contact details.</p> <p>d) An online feedback form was submitted on the citizens Gate platform via the web link stated above. A Phone call was also made to the toll free number and responses were received.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>e) A demonstration was conducted by the state’s ICT unit for all MDAs in the state to demonstrate how the state responds to feedback submitted online.</p> <p>The result of the demonstration and the result of the functionality test is as follows:</p> <ul style="list-style-type: none"> i. After the submission of the online feedback form, the query number was displayed on the screen (see result link: https://citizensgate.lagosstate.gov.ng/#/ticketsuccess/T22070615976) ii. An acknowledgement mail stating the receipt of the inquiry and the ticket ID was received in the IVA’s mailbox. (Screenshot of the email was retained). <p>f) From the functionality test conducted above, Lagos State’s feedback mechanism is functional. All forms of evidence were obtained and retained.</p> <p>g) http://citizensgate.lagosstate.gov.ng/#/</p>		
DLR 2.2	Citizen’s Accountability Report based on audited financial statements/report published online for FY2020 not later than 30th September 2021.		Not Achieved	
1	Did the State prepare the Citizens Accountability Report to explain the full Annual Audit Report in a summarized form?	<ul style="list-style-type: none"> a) The IVA has downloaded the FY2020 Citizens Accountability Report and retained a copy on file. b) The IVA has conducted a review of the downloaded Citizens Accountability Report c) The Citizens Accountability Report was posted on 28 September 2021, before the 30th September 2021 deadline. A copy of the Citizens Accountability Report has been 	Unsatisfactory	The State should ensure to prepare its Citizens Accountability Report in line with the Audited Financial Statement

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>retained on file</p> <p>d) The IVA compared the Full Annual Audit Report for FY 2020 with the Citizen Accountability Report. We observed discrepancies between the figures in the FY 2020 Audited Financial Statement and the 2020 AFS Actual amount in the Citizens Accountability Report. Notable differences include:</p> <p style="padding-left: 40px;">i. Difference between the total revenue figure in the AFS and the 2020 AFS Actual amount in the Citizens Accountability Report. For total revenue figures;</p> <p style="padding-left: 80px;">2020 AFS - ₦893,694,074,000.00</p> <p style="padding-left: 80px;">CAR - ₦892,098,377,923.07</p> <p style="padding-left: 80px;">Difference - ₦1,595,696,076.93</p> <p style="padding-left: 40px;">ii. Difference between the total expenditure figure in the AFS and the 2020 AFS Actual amount in the Citizens Accountability Report. For total expenditure figures;</p> <p style="padding-left: 80px;">2020 AFS - ₦844,481,956,000.00</p> <p style="padding-left: 80px;">CAR - ₦805,836,000,000.00</p> <p style="padding-left: 80px;">Difference - ₦38,645,956,000.00</p> <p>The differences are material. Therefore, an APA issue was sent to the state and the state is yet to respond.</p> <p>e) The IVA observed that the State did not provide evidence and details of public consultation with the citizens in presenting the annual financial statement (i.e. the Citizens' Accountability Report for 2020). An APA Issue has been sent but the State is yet to respond.</p>		
2	Has the State published a Citizens Accountability Report based on the Annual Financial	a) The Citizens Accountability Report based on the Annual Audit Report (2020) was published before the due date	Unsatisfactory	The State should ensure that the figures in its Citizens Accountability

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
<p>statements/ Audit Report for FY 2020 not later than 30 September 2021?</p>	<p>(30/9/2021) on (28/9/2021) via https://lagosmepb.org/wp-content/uploads/CITIZENS-ACCOUNTABILITY-REPORT-2020-BUDGET-Lagos-State_3.pdf and accessed by IVA on (8/7/2022).</p> <p>b) The IVA compared the Annual Audit Report for FY 2020 with the Citizen Accountability Report. We observed discrepancies between the figures in the FY 2020 Audited Financial Statement and the 2020 AFS Actual amount in the Citizens Accountability Report. Notable differences include:</p> <ul style="list-style-type: none"> i. Difference between the total revenue figures in the AFS and the 2020 AFS Actual amount in the Citizens Accountability Report and ii Difference between the total expenditure figures in the AFS and the 2020 AFS Actual amount in the Citizens Accountability Report. <p>An APA issue has been sent to the state, the state is yet to reply.</p> <p>c) The IVA compared the Citizens Accountability Report with the format provided to the State. The citizens Accountability Report prepared by the state is in line with the format provided. The State's Citizens Accountability Report contained the following information:</p> <ul style="list-style-type: none"> i. Simple explanation of the annual approved budget/citizens budget. Pages 3 & 4 ii. The Budget Outturn. Page 5 iii. The Revenue Outturn. Page 7 iv. The Expenditure Outturn. Page 9 v. The Audit Findings. Page 11 vi. The Audited Financial Statements. Page 12 vii. Top Sectoral Allocations. Page 14 viii. Top Value Capital Projects. Page 15 		<p>Report are in line with the Audited Financial Statement</p>

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>ix. Citizens-Nominated Projects-Implementation Status Report. Pages 18-19</p> <p>d) The Citizen’s Accountability Report contained the minimum required citizens accountability report information as shown above as in the Citizen accountability report User Manual and Excel Template.</p> <p>e) The State used the suggested format. There were no significant discrepancies identified.</p>		
3	Is the Citizens Accountability Report a comprehensible (to citizens) summary of the FY20 Annual Audit Report?	<p>a) the IVA can conclude that the Citizens Accountability Report does present in a summarised manner the FY 2020 Audited Financial Statement . The IVA reviewed the contents of the Audited Financial Statement with the Citizens Accountability Report and observed differences between the figures in the FY 2020 Audited Financial Statement and the 2020 Actual amount in the Citizens Accountability Report for total Revenue and Expenditure.</p> <p>b) The Citizens Accountability Report includes a concise explanation of the Key components of the FY2020 Audited Financial Statement.</p> <p>c) The IVA observed that the State did not provide evidence and details of public consultation with the citizens in presenting the annual financial statement (i.e. the Citizens' Accountability Report for 2020). An APA Issue has been sent but the State is yet to reply.</p> <p>We confirmed that the FY20 Annual Audit Report or Audited Financial Statement was not summarized in a comprehensible manner to the Citizens in the Citizens Accountability Report.</p> <p>Notable discrepancies include:</p>	Unsatisfactory	The State should ensure to prepare its Citizens Accountability Report in line with the Audited Financial Statement

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>i. Difference between the total revenue figures in the AFS and the 2020 AFS Actual amount in the Citizens Accountability Report and</p> <p>ii Difference between the total expenditure figures in the AFS and the 2020 AFS Actual amount in the Citizens Accountability Report.</p>		
DLI 3: Improved Cash Management and reduced Revenue Leakages through Implementation of State TSA				
DLR 3.0	Improved cash management and reduced revenue leakages through the implementation of State TSA		Not Achieved	
1	Has the State established a functional State-level TSA?	<p>a. The state maintains that it has multiple Treasury Single Accounts (TSAs) in all its collecting Banks in line with Section (3) of the guidelines for operation of Treasury Single Account by the state government in Nigeria. Thus, the state does not have a consolidated TSA account</p> <p>b. The State operates multiple accounts:</p> <ul style="list-style-type: none"> ● IGR Main Account: The State has one consolidated Revenue Account and Expenditure Account across 22 (Deposit Money Bank) DMBs in the State. ● FAAC Account: Polaris Bank Account Number: 1770529521, Account Name: LASG – EXPEND A/C ● VAT Account: Zenith Bank Account No:1016579557 	Unsatisfactory	The State should establish a functional TSA
2	<p>Is there a formally approved cash management strategy in place?</p> <p>The Strategy should cover the processes through which the</p>	<p>The State has a Cash Management Strategy:</p> <p>a) The document is named LAGOS STATE GOVERNMENT CASH MANAGEMENT STRATEGY.</p> <p>b) It was produced on 23 December 2019 and was signed by the State's Accountant-General/Permanent Secretary and</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	State Ministry of Finance or Budgets/Economic Planning can forecast cash commitments and requirements and provide reliable information on the availability of funds.	<p>the Honorable Commissioner for Finance.</p> <p>c) Cash Management Strategy includes the processes through which the State Ministry of Finance or Budgets/Economic Planning can forecast cash commitments and requirements and provide reliable information on the availability of funds. (As seen in Chapter 3.6.1 pages 19 - 21).</p> <p>d) The sweeping processes are established in chapter 4.3, page 31 of the Cash Management Strategy. The processes involve daily sweeping of receipts from a Revenue account with a particular DMB into an Expenditure account with the same DMB.</p> <p>e) There exists evidence of the implementation of processes described in the cash management strategy to forecast cash commitments and requirements and provide reliable information on the availability of funds. The State has quarterly cash forecasts, generated by daily projects that accumulated into monthly, quarterly, and annual forecasts.</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 a computer application where the State can view the cash balances in the bank account(s).</p> <p>a) The name of the Application is Bank Accounts Monitoring Systems - BAMS, developed by NIBSS - (Nigeria Inter Banks Settlement Systems)</p> <p>b) The system works in line with the cash management strategy, such that respective bank balances are automatically updated on an hourly basis.</p> <p>c) The Application was deployed on March 2, 2020.</p>	Satisfactory	
4	Does the TSA have one consolidated revenue treasury account for State revenues? Revenues collected by MDAs such as service fees no longer sit in	<p>a) Findings on various tests performed, including interviews with relevant govt officials, and the checks conducted at 3 MDAs showed that the revenues collected by respective MDAs such as service fees, PAYE, Business Premises, Development levies, Royalties, etc. no longer sit in individual MDA accounts at different Deposit Money Banks, but are</p>	Unsatisfactory	The State's TSA should have one consolidated revenue treasury account for state revenues (FAAC and IGR)

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations												
	individual MDA accounts at different commercial banks but are brought into the consolidated revenue account as part of the TSA.	<p>deposited into the State’s Revenue Accounts, then swept daily to the Expenditure Accounts in all the 22 Banks. However, the balances in the 22 Banks are not swept into a single account, as required. But swept in TSAs of the same banks</p> <p>b) The State does not have a consolidated bank account (TSA) for the state's finances.</p> <p>c) All govt monies do not go through a designated single account. However, service fees, PAYe, Business premises, Development levies, royalties, fines, etc are paid into various accounts and swept in TSAs in the same banks</p> <p>d) Government monies in revenue collecting banks are transferred into an expenditure account domiciled with the same bank.</p> <p>e) Bank Statements for 22 banks were obtained and retained in the file.</p>														
5	Does the TSA cover a minimum of 80% of the State Government’s finances?	<p>The IVA could not compute the total cash inflow and outflow from the TSA account against the total government finances inflows and outflows due to the non-existence of a Treasury Single Account. However, government finances as contained in Consolidated Cash Flow Statements were extracted as below:</p> <table border="1" data-bbox="695 1019 1423 1268"> <thead> <tr> <th></th> <th>Total Inflows (₦)</th> <th>Total Outflows (₦)</th> </tr> </thead> <tbody> <tr> <td>TSA Bank Statement</td> <td>0</td> <td>0</td> </tr> <tr> <td>Government Finances*</td> <td>1,953,194,859,000.00</td> <td>1,080,013,782,000.00</td> </tr> <tr> <td>Percentage</td> <td>0%</td> <td>0%</td> </tr> </tbody> </table> <p>The average percentage computation is: <u>0% + 0%</u></p>		Total Inflows (₦)	Total Outflows (₦)	TSA Bank Statement	0	0	Government Finances*	1,953,194,859,000.00	1,080,013,782,000.00	Percentage	0%	0%	Unsatisfactory	The State’s TSA should cover all of Government Finances.
	Total Inflows (₦)	Total Outflows (₦)														
TSA Bank Statement	0	0														
Government Finances*	1,953,194,859,000.00	1,080,013,782,000.00														
Percentage	0%	0%														

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p style="text-align: center;">2 = 0%</p> <p>The TSA covered 0% of the State's finances. This is on the basis that the state does not have a consolidated TSA as described in the test programme.</p> <p>*Sources: 2021 Audited Financial Statement (Cash flow Statement) Page 14 and the TSA Statement from (N/A)</p>		
DLI 4: Strengthened Internally Generated Revenue (IGR) Collection				
DLR 4.1	State implementing a consolidated state revenue code covering all state IGR sources and stipulating that the state bureau of internal revenue is the sole agency responsible for state revenue collection and accounting. Code must be approved by the state legislature and published		Not Achieved	
1	Does the State have an up-to-date consolidated revenue code that includes all the State's IGR sources and rates and all the local governments (falling under that State) IGR sources and rates?	<p>a) The full name of the existing extant Revenue Law for the State is the Lagos State Revenue Administration Law, 2006, and assented into law on 13 March 2006. This law was assessed in the previous APA and did not meet the requirements for the DLR. The state made it known that they have amended the revenue law however, it has not been passed by the house of assembly and was not provided to the IVA team.</p> <p>b) The State has an amended revenue code called The Lagos State Codification of Taxes, Levies, Rate and Charges Regulations 2020 however, this law has not been approved</p>	Unsatisfactory	The State should amend its current harmonized law to include all sources of revenue for local governments

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>by the state house of assembly.</p> <p>c) The document was not made available to the IVA to confirm if the Revenue Law and Code are properly cross-referenced.</p> <p>d) The document was not made available to the IVA to confirm if the revenue code was approved or to see evidence of legislative approval.</p> <p>e) The weblink provided by the state is: http://sto.lagosstate.gov.ng/wp-content/uploads/sites/228/2020/09/LAGOS-STATE-CODIFICATION-OF-TAXES-LEVIES-RATES-AND-CHARGES-REGULATIONS-2020.pdf however, this link is not functional.</p> <p>f) The document was not made available to the IVA to confirm if the code included all State IGR sources and the LGs IGR sources (falling under the State).</p> <p>g) There was no document to confirm this.</p>		
2	Does the consolidated revenue code stipulate that the State Bureau of Internal Revenues (SBIR) or the State Internal Revenue Service (SIRS) as the sole agency responsible for State revenue (tax and non-tax) collection and accounting in the State?	a) The state did not provide the required document to the IVA for review.	Unsatisfactory	The State should amend its Tax legislation to make it explicit in the law that the SBIR/SIRS is the sole collector for all State government revenues.
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	<p>a) The state did not provide the required document to the IVA for verification.</p> <p>b) The state did not provide the required document to the IVA for verification.</p>	Unsatisfactory	The state should revalidate revenue accounts by ensuring SBIR/SIRS nominates such accounts

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	accounting for the revenues?			
4	<p>Is the code approved by the State legislature to have a legal basis, either as a law or a resolution?</p> <p>It cannot be an executive order with no legal basis. The approval shall occur by the 31 December of the year under assessment to count for that year, up to 31 December 2021.</p>	<p>a) The amended revenue code is yet to be approved by the State Legislature.</p> <p>b) The amended revenue code is yet to be assented to by the Governor.</p>	Unsatisfactory	The State should ensure that required amendments to the law are concluded as soon as possible given upcoming APAs.
5	Is the Publication published online, so it is automatically available to the public/all taxpayers?	<p>a) The IVA was not able to download and keep in a file, copy of the law, Code, and rates.</p> <p>b) The IVA could not access the document</p> <p>c) The weblink given is: http://sto.lagosstate.gov.ng/wp-content/uploads/sites/228/2020/09/LAGOS-STATE-CODIFICATION-OF-TAXES-LEVIES-RATES-AND-CHARGES-REGULATIONS-2020.pdf however, it is worthy to note that the document is not accessible.</p>	Unsatisfactory	The State should publish the Revenue law, sources, and rates online.
DLR 4.2	Annual nominal IGR growth rate meets target		Achieved (Basic Target Met)	
1	<p>Has the 2021-2020 annual nominal IGR growth rate met the basic or stretch targets?</p> <p>Basic Target: 20% - 39%</p> <p>Stretch Target: 40%</p>	<p>a. The accounting basis used for revenue reporting in 2020 and 2021 from the Audited Financial Statements or State Auditor-General's Report is the IPSAS Accrual basis.</p> <p>b. The IVA computed the annual nominal IGR growth rate for this year APA. See the computation below:</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings				Conclusion	Recommendations
		REPORTING TEMPLATE: OPTION A	₦	₦	% GROWTH		
		Item	2020	2021			
		<i>Memo: Reported IGR in AFS (Before Adjustments)</i>	446,116,446,000	573,791,220,000	29%		
		VALID IGR items to be counted as IGR	414,739,635,00	524,840,453,00			
		Direct tax	66,582,360,000	114,878,456,000			
		Personal income tax (PAYE)	292,479,858,000	312,020,350,000			
		Licenses	4,931,974,000	6,498,109,000			
		Levies					
		Fees	20,716,618,000	48,001,804,000			
		Fines					
		Charges(Land Use)	5,310,882,000	5,133,524,000			
		Capital Receipts (Note 15, Page 28)	13,927,938,000	19,093,600,000			

Disbursement Linked Indicators (DLIs) and Tests		Findings			Conclusion	Recommendations
		Earnings (Excluding interest or investment income)				
		Rent of govt. property/building				
		Other Income (Note 14, Page 28)	10,790,005,000	19,093,600,000		
		"Adjusted IGR" for DLI 4.2 Calculation				
		Sum of all VALID items of IGR if AFS has that detail	414,739,635,000	524,840,453,000	27%	
		$\frac{\text{₦}524,840,453,000 - \text{₦}414,739,635,000}{\text{₦}414,739,635,000} \times 100$ $= 27\%$				
		The annual nominal growth was 27%.				
		Source: Year 2021 Lagos State Audited Financial Statement (Cash Flow Statement) Page 14.				
DLI 5: Biometric Registration and Bank Verification Number (BVN) Used to reduce Payroll Fraud						
DLR	Biometric capture of at least				Achieved	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations				
5.1	[95] percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll							
1	Has the State used Biometrics to reduce payroll fraud through a completed biometric exercise for 95% of the current civil servants and pensioners on the State payroll?	<p>The State commenced the Biometric data capture of the civil servants and pensioners in 2013 and completed the exercise in December 2019.</p> <p>a) The exercise was not outsourced to a consultant it was handled by Lagos State Residents Registration Agency (LASRRA)</p> <p>b) Total number of civil servants is 59,391.</p> <p>c) Total number of pensioners is 10,558.</p> <p>d) The total number of civil servants and Pensioner on the State Nominal roll is 75,289 (64,731 +10,558) while the total number of civil servants and Pensioner on the state Payroll is 69,949 (59,391+10,558).</p> <p>e) The total number of civil servants and pensioners on the Nominal roll and payroll changed by 8.95% and 1.2%, respectively, in comparison with the previous year. Thus, IVA did not engage the State for explanations for the changes, as it falls below the 10% threshold required to seek further clarifications.</p> <p>Percentage change in Nominal roll</p> <table border="1"> <tbody> <tr> <td>Total No. of Civil Servants and Pensioners 2020</td> <td>69,102</td> </tr> <tr> <td>Total No. of Civil Servants and Pensioners 2021</td> <td>75,289</td> </tr> </tbody> </table> <p style="text-align: center;">$\frac{2020 - 2021}{2021} \times 100$</p>	Total No. of Civil Servants and Pensioners 2020	69,102	Total No. of Civil Servants and Pensioners 2021	75,289	Satisfactory	
Total No. of Civil Servants and Pensioners 2020	69,102							
Total No. of Civil Servants and Pensioners 2021	75,289							

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations				
		<p>2020</p> $\frac{69,102 - 75,289}{69,102} \times 100$ <p>= 8.95%</p> <p>Percentage change in Payroll</p> <table border="1"> <tr> <td>Total No. of Civil Servants and Pensioners 2020</td> <td>69,102</td> </tr> <tr> <td>Total No. of Civil Servants and Pensioners 2021</td> <td>69,949</td> </tr> </table> $\frac{2020 - 2021}{2020} \times 100$ $\frac{69,102 - 69,949}{69,102} \times 100$ <p>= 1.2%</p> <p>f) A total of 67,217 (57,015 Civil Servant and 10,202 Pensioners) persons' biometrics data has been captured.</p> <p>g) The document obtained by IVA for conclusion is the State's BVN and Biometric Report as at 31st December 2021.</p> $\frac{67,217}{69,949} \times 100$ <p>= 96.1%</p> <p>The State had captured 96.1% biometrics of the State's civil servants and pensioners on its payroll.</p>	Total No. of Civil Servants and Pensioners 2020	69,102	Total No. of Civil Servants and Pensioners 2021	69,949		
Total No. of Civil Servants and Pensioners 2020	69,102							
Total No. of Civil Servants and Pensioners 2021	69,949							
2	Has the State linked the	a) The State commenced the linkage of the biometric data to	Satisfactory					

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
<p>biometrics data to the State payroll to identify ghost workers?</p>	<p>the payroll in November and completed the exercise at the end of December 2019.</p> <p>b) 67,217 biometrics data have been linked to the payroll (i.e. 57,015 civil servants + 10,202 pensioners).</p> <p>c) No ghost worker was detected during the biometric validations.</p> <p>d) No amount of money was saved as no ghost workers were detected.</p> <p>e) The IVA confirmed that records of in-year changes to the civil servant and pensioner payrolls (as a result of starters, leavers, deaths, etc.) are captured by the biometric exercise.</p> <p>f) The IVA confirmed that the State has put in place procedures for ensuring timely (within 3 months of the event) updates to the payroll to reflect leavers, retirees, and deaths. The IVA obtained the “Report on the Process of Eliminating Ghost Workers in Lagos State” to support its conclusion. The process involves the Office of the Central Internal Audit conducting monthly staff audit across all MDAs using Resident Internal Auditors in all the Agencies. The exercise enables the state to promptly suspend the salary of staff on the payroll but not sighted during the monthly exercise. It also gives the state the opportunity to suspend the salary of staff that exited the service either through retirement, withdrawal of service or termination of appointment.</p> <p>g) The IVA confirmed that 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) These changes were captured by biometric exercise</p> <p>i) The procedure in place to identify and remove ghost workers involves the Office of Central Internal Audit conducting a</p>		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		monthly staff audit across all MDAs using Resident Internal Auditors in all Agencies. The exercise enables the state to promptly suspend the salary of staff on the payroll but not sighted during the monthly exercise. It also gives the state the opportunity to suspend the salary of staff that exited the service either through retirement, withdrawal of service or termination of appointment.		
3	Has the State removed confirmed ghost workers and ghost pensioners within three (3) months of each case being confirmed?	<ul style="list-style-type: none"> a) No ghost worker was detected during the biometric validations. b) No record was kept as no ghost workers were identified. c) No date was provided for the removal of ghost workers from payroll because no ghost worker was identified. d) The total payments (emoluments of employee and pensioners) before their removal from payroll was not obtained as no ghost worker was identified. e) Total payment (emoluments of employee and pensioners) after they were removed was not obtained as no ghost worker was identified. f) The source of the information for the conclusion above is page 1 of the "Report on the Process of Eliminating Ghost Workers in Lagos State". 	Satisfactory	
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	The State commenced linkage of Staff BVN to payroll in 2017 and continued the linkage of BVN data of the civil servant and pensioners in the State up until 31 December 2019.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	Servants and pensioners on the State payroll?	<p>a) The linkage of BVN data of the civil servant and pensioners to the State payroll was handled by Lagos State Centralized Payroll and Validation Directorate (CPVD).</p> <p>b) The total no of civil servants and number of pensioners are 57,596 and 10255 respectively</p> <p>c) Total no of civil servants and number of pensioners on the State Nominal roll are 64,731 and 10,558 respectively</p> <p>d) 67,851 (57,596 civil servants and 10,255 pensioners) BVN data have been linked to the payroll.</p> <p>e) The documents obtained are the State's BVN and Biometric Report as of 31st December</p> $\frac{67,851 \times 100}{69,949} = 97\%$ <p>The State has linked 97 % 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) Civil servants and pensioners with BVN data are 57,596 and 10,255 respectively, while civil servants and pensioners without BVN data are 1,795 and 303 respectively.</p> <p>b) No record was kept as no payroll fraud was identified.</p> <p>c) There was no date record for payroll identification. This is because no payroll fraud was identified during the year under review.</p> <p>d) The total payments (emoluments of employee and pensioners) were not obtained as there was no fraud identification.</p> <p>e) The total payments (emoluments of employee and pensioners) were not obtained as there was no fraud</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>identification.</p> <p>f) The source of the information for the conclusion above is page 1 of the “Report on the Process of Eliminating Ghost Workers in Lagos State”.</p>		
DLI 6: Improved Procurement Practices for Increased Transparency and Value for Money				
DLR 6.1	Existence of a public procurement legal framework and a procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) e-Procurement; 2) establishment of an independent procurement regulatory agency and 3) cover all MDAs receiving funds from the State budget		Not Achieved	
1	Does the State have a public procurement legal framework that must be approved by the State legislature to have a legal basis, either as a law or a resolution?	<p>a) The state has a public procurement legal framework A Law to establish the Lagos State Public Procurement Agency and for connected purposes” also called “Lagos State Public Procurement Law 2021</p> <p>b) The Public Procurement Legal Framework has been approved by the State legislature as a law.</p> <p>c) The Procurement Legal Framework was passed by the House of Assembly and assented to by the Governor. However, the assent date and date of passage was not indicated on the Law. This DLR was assessed early in the 2020 APA.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>d) There is no resolution of the State House of Assembly guiding Procurement as the existing Lagos state Procurement Law has been passed into law.</p> <p>e) The authorizing body is the Lagos State House of Assembly.</p> <p>f) The date of approval was not stated on the document.</p>		
2	Does the law conform with the UNCITRAL Model Law which should provide for? 1) e-Procurement; 2) establishment of an independent procurement regulatory agency; and 3) cover all MDAs receiving funds from the State budget.	<p>The Lagos State Procurement law does not conform with the UNCITRAL Model law.</p> <p>The Lagos State Public Procurement Law is not structured in line with the UNCITRAL Model and the requirements as shown below:</p> <p>1. E-Procurement - We noted the following during our review of legislation;</p> <ul style="list-style-type: none"> ● The Procurement Agency is to approve changes in the procurement Process to adapt to improvements in modern technology. S. 68 (1) & (2). ● The Board shall design and set up a secured electronic portal to be known as the Lagos State Government Electronic Procurement System, which shall be the primary source of information for all public procurement matters and opportunities within the purview of Law and the Regulations issued under this Law. S. 68 (1). ● It shall be lawful for any procuring entity to consider any or all its tenders by an electronic auction and or simulation on its electronic portal, provided that the use of the electronic system shall be transparent, efficient, and economical. S. 68 (2). <p>The law, therefore, complies with the requirements for e-procurement.</p> <p>2. Independence - The results of our assessment of the legislation for independence are in the table below:</p>	Unsatisfactory	<p>The State should make the following improvements to its draft legislation.</p> <ol style="list-style-type: none"> i. Amend to ensure it provides for grounds for removal of Chief Executive of the agency. ii. Amend to ensure that regarding the decisions of the agency; any other review after the board's decision should be by judicial review.

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations												
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Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>‘There is established the Lagos State Public Procurement Agency (referred to in this Law as ‘the Agency’). S. 4 states that ‘There is established the Lagos State Public Procurement Agency Governing Board (referred to in this Law as ‘the Board’) and insert references to the appropriate sections of the law</p> <p>b) The law covers all MDAs receiving funds from the State budget. Section 87 (1) (a)-(c) provides that ‘the LSPPL, 2021 shall apply to all procurement of goods, works and services carried out by the Lagos State Government, local government and all procuring entities which derive funds appropriated or proposed to be appropriated from the state consolidated revenue funds or from other funds such as revolving funds and grants.</p>		
3	Has the State instituted an independent procurement regulatory function, which may be performed through one or a combination of the following: bureau, commission, council, agency, or any other type of entity set up for the statutory purpose?	<p>a) The State has instituted an independent procurement regulatory function.</p> <p>b) It is being performed through the Lagos State Public Procurement Agency</p> <p>c) The Agency is responsible for prescribing regulations and procedures for public procurements by the legal framework.</p> <p>d) The evidence we obtained to demonstrate that the regulatory agency is active and effective was a visit to the Agency, interview with the Chief Executive and selected staff of the Agency.</p> <p>e) The number of records of procurements handled by the Agency that were used in performing the walkthrough to confirm the effective handling of the selected cases were 5.</p> <ul style="list-style-type: none"> ● We visited the Public Procurement Agency ● Selected 5 procurement files ● Conducted walkthrough test on the five procurement files on the e-procurement portal from planning to the award of contracts. Screenshots of the processes were obtained as 	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		evidence.		
DLR 6.2	<p>No later than June 30, 2022, implement e-procurement in at least 4 MDAs (incl. Education, Health and Public Works) publish all contract award information in OCDS format on the online portal for the 4 MDAs</p> <p>AND</p> <p>For those MDAs without e-procurement: Publish contract award information above a threshold set out in the State’s procurement law/regulation every month in OCDS format on the state website or online portal if available.</p>		Not Achieved	
1	Has the State achieved open contracting component of the DLI by publishing online, contract award information for all contracts awarded during the fiscal year (2021) that are above the threshold (as defined in the State procurement law or the State procurement regulation(s), in line with the Open Contracting Data Standards (OCDS)?	<p>a) The IVA was able to obtain the schedule of contracts for the year under review.</p> <p>b) The test IVA carried out to confirm the schedule is complete and comprehensive was to compare the schedule of contract awarded in 2021 provided by the state to the schedule of contract on the OCDS platform of the state, which was confirmed complete and comprehensive. IVA also compared the total sum of contract awarded in 2021 as per the schedule provided to the sum of total Capital expenditure for 2021 in the Audited Financial Statement. IVA discovered there was a discrepancy of ₦246,857,279,258.08. (Two Hundred and Forty-Six Billion,</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>Eight Hundred and Fifty-Seven Million, Two Hundred and Seventy-Nine Thousand, Two Hundred and Fifty-Eight Naira and Eight Kobo). i.e</p> <p>Capital Expenditure Figure in the AFS of ₦516,895,532,000.00, Less Total Sum of Contract awarded in 2021 of ₦270,038,252,741.92</p> <p>An APA issue was raised to this effect and the State responded thus:</p> <p>“₦516,895,532,000.00 represents the Capital Expenditure Budget figure in the 2021 AFS while the Actual Capital Expenditure performance stands at ₦424,468,173,036.29</p> <p>This figure (₦ 270,038,252,741.92) represents the sum of contracts awarded in 2021. However, the ₦424,468,173,036.29 represented the capital expenditure paid for in 2021 which is beyond the contract awarded in 2021 but also included the contracts awarded in previous years and some other capitalized expenses.”</p> <p>c) The State published the information on all contracts awarded for the year under assessment above the threshold online (The state publishes all its contract awarded regardless of the threshold)</p> <p>d) The IVA confirmed that the list of contracts published online is complete based on the review against the schedule of all contracts provided by the state.</p> <p>e) The data published is in line with the Open Contracting Data Standards (OCDS).</p> <p>f) The source of the information is the state Public Procurement Agency: https://lagospaocds.azurewebsites.net/</p> <p>The IVA visited the State Public Procurement Agency with the</p>		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>schedule of contracts provided by the state, selected samples of the contracts from the Ministry of Health, Education, Works and Drainage System were validated by asking the state to take us through the life cycles of the various procurements and the IVA found the process adequate.</p> <p>g) The minimum contract award information published includes the following:</p> <ul style="list-style-type: none"> (i) Project name, (ii) Awarding institution, (iii) Award date, (iv) Name of contractor, and (v) The contract amount. <p>h) All the above listed requirements were published.</p> <p>i) https://lagosppaocds.azurewebsites.net/. The contract award information published on the state official website is accessible to the public.</p> <p>j) The contract award information was published on the state official website and is accessible to the public.</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) IVA was unable to ascertain if the State had implemented e-procurement in at least 4 MDAs by 30 June 2022 because the e- procurement portal required access (such as login details) to any information which is contrary to the verification protocol.</p> <p>The weblinks are: https://lagosppaocds.azurewebsites.net/Home/Procurements and https://www.lagosppa.gov.ng/</p> <p>b) IVA was unable to obtain a report on all transactions for the four MDAs during the period 1 January 2021 to 30 June 2022 directly from the e-procurement system.</p> <p>c) A separate report of procurements for all four MDAs</p>	Unsatisfactory	<i>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).</i>

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>for the period 1 January 2021 to 30 June 2022 from the Accountant General was obtained.</p> <ul style="list-style-type: none"> d) The State confirmed to the IVA it went live in 2019 for e-procurement at the 4 MDAs, and the evidence obtained to prove the go-live date for each of the five expected minimum functionalities e) IVA was unable to obtain the system generated report for all four MDAs after go-live, the comparison with the accountant general's report was not done and IVA could not confirm that all transactions after go-live stated in the Accountant General's report for the period 1 January 2021 to 30 June 2022 were conducted through the e-procurement system. f) After further quality assurance reviews to check the system, IVA could not conduct a walkthrough test on the life cycle of procurements handled on each of the 4 MDA'S on the e-procurement portal. g) IVA could not confirm if the transactions followed the procurement lifecycle. h) i) IVA confirmed that the E-registration had been implemented. However, we were unable to access information of contractors that had processed their registration through the module for the period 1 January 2021 to 30 June 2022 because the e-procurement portal required access to any information. <p>Also, we were unable to ascertain if the state had implemented the e-Publishing/Notification, e-Tendering and e-Evaluation/e-Awarding modules and had transactions processed through them for the period 1 January 2021 to 30 June 2022 because the e-procurement portal required access to any information which is contrary to the</p>		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>verification protocol.</p> <p>Screenshot of the portal has been retained in file.</p> <p>j) IVA was unable to ascertain if the State had 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 2021 to 30 June 2022 because the e-procurement portal required access to any information which is contrary to the verification protocol.</p> <p>k) The evidence obtained are screenshot of the portal and e-registration module and accountant general's report.</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 2019 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	This was Previously Achieved in 2019 APA	Previously Achieved in 2019 APA	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	State Public Debt 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.	This was Previously Achieved in 2019 APA	Previously Achieved in 2019 APA	
4	Has the State Debt Management Department (or Unit, Committee, Agency, Board, Bureau, Commission, Council) been operational during the APA year and performing the core function of recording and reporting state debt?	This was Previously Achieved in 2019 APA	Previously Achieved in 2019 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		Achieved	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	2021 AND Annual state debt sustainability analysis and Medium-term debt management strategy published by end of December 2021			
1	<p>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>	<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 26th May, 2021 - 56 days, ● Q2 submitted on 11th August, 2021 - 42 days, ● Q3 submitted on 10th November, 2021 - 41days and ● Q4 submitted on 10th February, 2022. - 41 days $\frac{56+42+41+41}{4} = \frac{180}{4}$ <p>= 45 days.</p> <p>Average = 45 days (6.4 weeks)</p> <p>The SDDRs were submitted within an average of 1.5 months (45 days).</p>	Satisfactory	
2	<p>Note: Have you reviewed for accuracy and completeness from the DMO:</p>	<p>a) The Quarterly State Domestic Debt Reports (SDDR) from the Federal DMO, CBN, and FMOF, along with all underlying data and supporting documents were obtained.</p>	n/a	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations																								
<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>b) The State Domestic and External Debt Report (SDEDR) from the Federal DMO, CBN, and FMOF, along with all underlying data have been compared with the supporting documents provided for by the Federal DMO</p> <p>Conclusions reached in this report are based on the amended DMO data.</p> <p>c) The Quarterly State Domestic Debt Reports (SDDR) submitted by the State have been compared with the State Audited Financial Statement.</p> <p>d) The debt stock figures reported in the SDDR has been compared with that of the State’s Audited Financial Statement</p> <p>e) There were discrepancies noted during the comparison.</p> <p>i. SDDR Figure: ₦658,959,728,218.33</p> <p>ii. AFS Figure: ₦658,990,103,778.34</p> <p>iii. Difference (If any): ₦30,375,560.01</p> <p>f) IVA noted this discrepancy and an APA issue was raised and sent to the State. The State responded that;</p> <p>“Analysis of Sundry Payable</p> <table border="1" data-bbox="678 1011 1446 1393"> <thead> <tr> <th></th> <th>AFS (₦)</th> <th>VARIANCE (₦)</th> </tr> </thead> <tbody> <tr> <td>Contractors Arrears</td> <td>48,609,182,910.98</td> <td></td> </tr> <tr> <td>Judgement Debts</td> <td>1,846,300,174.36</td> <td></td> </tr> <tr> <td>Other Sundry payables to Ministries, Departments and Agencies (MDA)</td> <td><u>2,243,569,914.66</u></td> <td><u>2,243,569,914.66</u></td> </tr> <tr> <td></td> <td><u>52,699,053,000.00</u></td> <td></td> </tr> <tr> <td>FGN BRIDGING LOAN</td> <td></td> <td></td> </tr> <tr> <td>Principal amount</td> <td>18,225,336,103.89</td> <td></td> </tr> <tr> <td>No. of Tranches</td> <td>6</td> <td></td> </tr> </tbody> </table>		AFS (₦)	VARIANCE (₦)	Contractors Arrears	48,609,182,910.98		Judgement Debts	1,846,300,174.36		Other Sundry payables to Ministries, Departments and Agencies (MDA)	<u>2,243,569,914.66</u>	<u>2,243,569,914.66</u>		<u>52,699,053,000.00</u>		FGN BRIDGING LOAN			Principal amount	18,225,336,103.89		No. of Tranches	6			
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Disbursement Linked Indicators (DLIs) and Tests		Findings		Conclusion	Recommendations
		Expected amount per tranche	3,037,556,017.32		
		Amount recognized in AFS	3,037,556,017.31		
		Amount recognized in SDDR	<u>3,007,180,457.14</u>		
		Variance.	<u>30,375,560.17</u>		
					<u>2,273,945,474.83</u>
		<p>Lagos State Government obtained a bridging facility of ₦18,225,336,103.89 from the Federal Government of Nigeria in 2021 which was to be disbursed in six tranches. The first tranche of ₦3,007,180,457.14 was received in December 2021, and this was reported by Debt Management Office in the State Domestic Debt Report to Debt Management Office, Abuja. However, breaking the principal amount into six equal tranches amounted to ₦3,037,556,017.31 which was recognized in the Annual Financial Statements”.</p> <p>IVA noted the State’s response and found it Satisfactory.</p> <p>g) The State Domestic and External Debt Report (SDEDR) from the Federal DMO has been compared with the Quarterly State Domestic Debt Reports (SDDR) submitted by the State.</p>			
3	Has the State published online the State Debt Sustainability Analysis and Debt Management Strategy Report (SDSA-DMSR) by 31 December 2021?	<p>a) The State Debt Sustainability Analysis and Debt Management Strategy Report (SDSA-DMSR) was published on the State official website.</p> <p>b) The date of publication was 15th December, 2021.</p> <p>c) The State Debt Sustainability Analysis and Debt Management Strategy Report (SDSA-DMSR) was published before the 31st of</p>		Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>December 2021. The evidence of timestamp and screenshots taken from the IT back end of the State's website showing the date of online publication has been obtained.</p> <p>d) The weblink is https://dmo.lagosstate.gov.ng/dsa-dms-report-2021/</p>		
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 options; including a summary analysis of the projections of performance indicators used to assess Debt Management Strategy, and their implications for cost-risk profile of State debt portfolio in 2025; and 3) adequate analysis of the debt and fiscal figures in the preceding calendar year?</p>	<p>a) Upon review of the SDSA -DMSR, it included the following:</p> <p>(1) Adequate presentation of medium-term budget forecasts, including:</p> <ul style="list-style-type: none"> a) Presentation of MTB forecasts in a table with projected annual figures from 2021 to 2024. See pages 14-16 and section 4.1 of the Medium-Term Budget Forecast of Lagos State Debt Sustainability Analysis and Debt Management Strategy (DSA-DMS) Report b) Description of assumptions underpinning the MTB forecasts from 2021 to 2024 in section 4.1 of the Medium-Term Budget Forecast and Annex 1 of the Lagos State Baseline Assumptions. See pages 14-16 of Lagos State Debt Sustainability Analysis and Debt Management Strategy (DSA-DMS) Report. c) A summary analysis of MTB forecasts and their implications for fiscal and debt policies throughout the period 2021-2024. See page 16, section 4.1 of the Medium-Term Budget Forecast of Lagos State Debt Sustainability Analysis and Debt Management Strategy (DSA-DMS) Report d) The presentation and analysis in the entire forecast period exhibited an adequate quality, and did 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 	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>baseline scenario presented in charts with projected figures from 2021 to 2030. See page 20, section 4.3 DSA simulation results of Lagos State Debt Sustainability Analysis and Debt Management Strategy (DSA-DMS) Report.</p> <p>b) Description of assumptions underpinning the borrowing options presented in a table with assumptions. See pages 19 and 20, section 4.2 borrowing options of Lagos State Debt Sustainability Analysis and Debt Management Strategy (DSA-DMS) Report</p> <p>c) A summary analysis of the debt projections and their implications for debt sustainability and fiscal policies throughout the period 2021-2030. See pages 20 - 26, sections 4.3 DSA simulation and 4.4 main key findings of Lagos State Debt Sustainability Analysis and Debt Management Strategy (DSA-DMS) Report</p> <p>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 is included in pages 27-33 of Lagos State Debt Sustainability Analysis and Debt Management Strategy (DSA-DMS) Report, sections 4.5 DSA Sensitivity Analysis, 5.2 DMS Simulation Results and 5.3 DMS Assessment.</p> <p>e) The presentation and analysis in the entire forecast period exhibited an adequate quality, and did 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, and it contained the following;</p> <p>a) Presentation of revenue, expenditure, budget balance, and</p>		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>debt information for 2016- 2020 which are included in tables and charts with historical figures from 2016-2020. See pages 7-13 i.e., chapter 3 of Lagos State Debt Sustainability Analysis and Debt Management Strategy (DSA-DMS) Report.</p> <p>b) A summary analysis of the information presented on revenue, expenditure, budget balance, and debt in 2020: and analysis of the consistency between the fiscal and debt situation in 2020 presented in the 2021 SDSAR.</p> <p>c) The presentation and analysis in the entire historical period were of adequate quality, and did not contain illogical statements (e.g., negative figures for debt and borrowing projections; contradictory or illogical statements or arguments, etc.)</p> <p>b) A review and comparison between the information contained in the assessment report of the SDSA-DMSR obtained from the DMO and the SDSA-DMSR obtained from the State Website was done. The SDSA-DMSR obtained from the State contained Presentation of MTB forecasts in a table with projected annual figures from 2021 to 2024, A detailed and adequate description of the debt portfolio and borrowing options in the baseline scenario with projected figures from 2021 to 2030 presented in charts and adequate presentation and analysis of the debt and fiscal figures position in the preceding calendar year with historical figures from 2016 – 2020.</p> <p>c) There was no difference between the SDSA-DMSR obtained from the DMO and that obtained from the State.</p>		
<i>DLI 8: Improved Clearance/Reduction of Stock of Domestic Expenditure Arrears</i>				
DLR 8.0	Domestic arrears as of end 2020 and end 2021 reported in		Not Achieved	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	<p>an online publicly accessible database, with verification process in place.</p> <p>AND</p> <p>Percentage decline in the verified stock of domestic arrears at end 2021 compared to end 2020 meets target and is consistent with the state's arrears clearance framework.</p> <p>Basic Target: At least a 5 percent decline or maintain stock below 5 billion naira</p> <p>Stretch Target: More than 20 percent decline</p>			
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) IVA has obtained a copy of the ACF from the State c) The establishment of the ACF occurred before 30 June 2021 - the latest date by which the ACF must be established in order for this result to be achieved. d) The establishment of the ACF occurred on 26th of November 2016 which was 5 years before 31 December 2021 year-end. This is adequate to allow time for the implementation of the ACF 	Satisfactory	
2	Does the ACF contain: 1) the planned actions to	<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. 	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	settle arrears; and 2) an explicit prioritization of expenditure arrears to be settled.	<p>b) The two requirements were explicitly stated in page 2 of the ACF</p> <p>Other documents submitted by the state to confirm the ACF exists were state arrears recording, verification and clearance report,(SARVCR), schedule of arrears clearance for year 2021. The IVA traced the domestic arrears to the 2021 Audited Financial Statement and State Domestic</p>		
3	Has the ACF been published on a State official website?	<p>a) The IVA confirmed that the ACF has been published on a State official website</p> <p>b) The IVA downloaded a copy for validation</p> <p>c) The weblink of publication of the ACF is https://dmo.lagosstate.gov.ng/contractors-framework/ A screenshot from the backend of the date of publication was obtained and retained to confirm the date of publication which was 22/09/2020.</p>	Satisfactory	
4.	Is the clearance of domestic expenditure arrears consistent with the ACF, once the ACF has been established?	<p>The Clearance of domestic expenditure arrears is consistent with the ACF after it was established.</p> <p>IVA tested if the arrears paid in 2021 were in accordance with the ACF which states that 10% of the monthly IGR shall be set aside to pay domestic arrears. IVA confirmed that while the adjusted IGR for 2021 was N524,840,453,000, the state paid N79,061,258,537.67 in settlement of domestic arrears. The amount paid was more than 10% threshold set aside for settlement of domestic arrear as stated in the ACF.</p>	Satisfactory	
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: The aggregate and individual amounts of contractors' arrears. For contractors' arrears, the internal domestic</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>arrears database also includes the name of the contractor, the amount due at the end-of-year, the nature of the goods and services procured that generated the claim, and billing data. Contractors' arrears are the only arrears the State provided in the SARVCR. However, the State has a judgement debt of N1,846,300,174 reported in its SDDR but did not reflect in the State's SARVCR. The State has been communicated through APA Issue to clarify the discrepancy.</p> <p>c) A verification process was in place for the arrears in the database.</p> <p>d) IVA conducted tests to ascertain the accuracy of the figures in the internal domestic arrears database by cross-checking with State account balances, underlying contract data and contractors' arrears analysis.</p> <p>The state submitted to the IVA the annual state arrears recording, verification, and clearance report (SARVCR)</p>		
6	Has the State published online elements of the internal domestic arrears database for the FY 2020 and FY 2021 reported on a State official website, which constitutes the online publicly accessible arrears database?	<p>a) The State has published online the required elements of the Internal Domestic Arrears Database as at the end of 2020 and 2021.</p> <p>b) The online publicly-accessible database does not have an aggregate amount of the contractors' arrears. IVA however compared the individual information available on the online publicly-accessible arrears database with the information in the internal domestic arrears database and verified the consistency and accuracy of the information on the online publicly-accessible arrears database.</p> <p>c) The website supporting the online publicly-accessible arrears database contains an electronic link that permits any potential contractor creditor whose individual claim is not listed in the database to communicate this exclusion to the</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>State Ministry of Finance, by filling a confidential form online and attaching supportive evidence of her claim. If the State Ministry of Finance confirms the validity of this claim, it shall be added to the internal domestic arrears database and included as relevant in the online publicly accessible arrears database.</p> <p>d) IVA confirmed that the online web pages include a facility for contractors with arrears (creditors) to report any omissions to the State.</p> <p>e) To test the facility for contractors with arrears (creditors) to report any omissions to the State, the IVA filled the Contractors' Complaint Form online and a response was received acknowledging the receipt of the complaint. Screenshots of the form filled and acknowledgement of its receipt are retained in the assessment file.</p> <p>f) The state did not receive any report of omission from any of its contractors.</p> <p>g) The state did not receive any complain of omission from any of its contractors</p> <p>h) The web link to the online publicly accessible arrears database) is https://dmo.lagosstate.gov.ng/contractor-arrears/</p>		
7.	Does the online publication include?	The online publication includes the aggregate amount for the contractors' arrears only. This is the only arrears the state has in the SARVCR. It did not include the aggregate of the judgement debt which was captured in the SDDR but omitted in the SARVCR	Unsatisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations																				
	<p>1) the aggregate amount of contractors' arrears;</p> <p>2) the aggregate amount of pension and gratuity arrears;</p> <p>3) the aggregate amount of salary arrears and other staff claims;</p> <p>4) other types of domestic arrears and</p> <p>5) a list of names of contractors with recognized arrears exceeding ₦20 million and information for contractors to be able to verify that their claims are being accurately reported in the database.</p>	The online publication contains the names of contractors owed ₦20m in arrears and above.																						
8.	<p>Has the State met the following?</p> <p>(i) Percentage decline in the verified stock of domestic arrears at end 2021 compared to end 2020 meets target and is consistent with the state's arrears clearance framework.</p> <p>Basic target: At least a 5 percent decline or maintain</p>	<table border="1"> <thead> <tr> <th>Aggregate Amount of:</th> <th>2021 (₦)</th> <th>2020 (₦)</th> <th>Diff. (%)</th> </tr> </thead> <tbody> <tr> <td>Contractors Arrears</td> <td>48,609,182,910.90</td> <td>49,000,507,756.20</td> <td></td> </tr> <tr> <td>Pension and Gratuity arrears</td> <td>NIL</td> <td>NIL</td> <td></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>1,846,300,174.30</td> <td>1,846,300,174.30</td> <td></td> </tr> </tbody> </table>	Aggregate Amount of:	2021 (₦)	2020 (₦)	Diff. (%)	Contractors Arrears	48,609,182,910.90	49,000,507,756.20		Pension and Gratuity arrears	NIL	NIL		Salary arrears and Staff claims	NIL	NIL		Judgment Debt	1,846,300,174.30	1,846,300,174.30		Unsatisfactory	The State should ensure at least a 5 percent decline or maintain stock below 5 billion naira in domestic arrears.
Aggregate Amount of:	2021 (₦)	2020 (₦)	Diff. (%)																					
Contractors Arrears	48,609,182,910.90	49,000,507,756.20																						
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Disbursement Linked Indicators (DLIs) and Tests		Findings				Conclusion	Recommendations							
	<p>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>Other types of domestic expenditure arrears</td> <td>NIL</td> <td>NIL</td> <td></td> </tr> <tr> <td>Total Domestic Arrears</td> <td>50,455,483,085.20</td> <td>50,846,807,930.50</td> <td>0.770%</td> </tr> </table>	Other types of domestic expenditure arrears	NIL	NIL		Total Domestic Arrears	50,455,483,085.20	50,846,807,930.50	0.770%				
Other types of domestic expenditure arrears	NIL	NIL												
Total Domestic Arrears	50,455,483,085.20	50,846,807,930.50	0.770%											
		<p>We obtained the Domestic arrears figure from the State Internal Domestic Arrears (SIDA) database, however, IVA observed there the figure was different from the balances stated within the 2021 Q4 SDDR and the AFS for 2021. The attention of the state has been called to this disparity through APA Issue.</p> $\frac{\text{₦}50,846,807,930.50 - \text{₦}50,455,483,085}{\text{₦}50,846,807,930.50} \times 100 = 0.77$ <p>The percentage decline is 0.77%</p> <p>Source: State internal domestic expenditure arrears database</p>												
DLI 9: Improved Debt Sustainability														
DLR 9.0	<p>Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2021</p> <p>AND</p> <p>Total debt stock at end of December 2021 as a share of total revenue for FY 2021 meets target:</p> <p>-Basic target: < 120%</p>					Not Achieved								

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations																						
	-Stretch target: < 95%																									
1	<p>Has the State met:</p> <p>(i) the ratio of total debt stock at end-of-year (31st December 2021) of the year of assessment to the total revenue collected during the calendar year of the year of assessment (1st January to 31st December 2021)?</p> <p>-Basic target:< [120%] -Stretch target: < [95%]</p> <p>(ii) Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2021.</p>	<p>The following tables show the calculations and adjustments made to arrive at the appropriate figures for this comparison.</p> <p><u>Total Public Debt*</u></p> <table border="1"> <thead> <tr> <th></th> <th>Financial Statements (₦)</th> <th>DMO/ SDEDR Figures (₦)</th> </tr> </thead> <tbody> <tr> <td>Total Domestic Debts</td> <td>658,990,103,778.8</td> <td>736,990,996,946.84</td> </tr> <tr> <td>Total External Debts</td> <td>550,731,664,067.3</td> <td>550,731,664,067.35</td> </tr> <tr> <td>Total Public Debts</td> <td>1,209,721,767,846.19</td> <td>1,287,722,661,014.19</td> </tr> </tbody> </table> <p><u>Total Annual Revenue</u></p> <table border="1"> <tbody> <tr> <td>2021 Adjusted IGR (see DLI 4.2)</td> <td>524,840,453,000.00</td> </tr> <tr> <td>Gross FAAC Allocation**</td> <td>200,791,279,921.00</td> </tr> <tr> <td>Grants</td> <td>3,890,084,000.00</td> </tr> <tr> <td>Other Revenues</td> <td>14,063,380,000.00</td> </tr> <tr> <td>Total Revenue</td> <td>743,585,206,920.00</td> </tr> </tbody> </table> <p>a. The IVA obtained the SDEDR from the DMO and the figures used is as at the end of Q4 2021.</p> <p>We have computed the total debts stock / Revenue percentage for the 2021 year, as follows:</p> <p>AFS DEBT COMPUTATION</p> $\frac{\text{₦1,209,721,767,846.19}}{\text{₦743,585,206,920.00}} \times 100$		Financial Statements (₦)	DMO/ SDEDR Figures (₦)	Total Domestic Debts	658,990,103,778.8	736,990,996,946.84	Total External Debts	550,731,664,067.3	550,731,664,067.35	Total Public Debts	1,209,721,767,846.19	1,287,722,661,014.19	2021 Adjusted IGR (see DLI 4.2)	524,840,453,000.00	Gross FAAC Allocation**	200,791,279,921.00	Grants	3,890,084,000.00	Other Revenues	14,063,380,000.00	Total Revenue	743,585,206,920.00	Unsatisfactory	The State should reduce its debt to revenue ratio and ensure debt is sustainable. As a general guide, debt should not be more than 95% of Revenues and should ideally be much less.
	Financial Statements (₦)	DMO/ SDEDR Figures (₦)																								
Total Domestic Debts	658,990,103,778.8	736,990,996,946.84																								
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Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p style="text-align: center;">=162.68%</p> <p>DMO DEBT COMPUTATION</p> $\frac{\text{₦}1,287,722,661,014.19 \times 100}{\text{₦}743,585,206,920.00} = 173.18\%$ <p>We have computed the total debt service deduction / Gross FAAC Allocation percentage for the 2021 year, as follows:</p> $\frac{\text{₦}46,048,018,429}{\text{₦}200,791,279,921} \times 100 = 22.93\%$ <p>b. The debt stock stated by the Federal DMO has been compared with the debt stock stated in the audited financial statement as shown in the Table above.</p> <p>Sources:</p> <ol style="list-style-type: none"> i. For Total Revenue 2021 Audited Financial Statement, Pages 17, 27 and 28 ii. For Total Public Debt from DMO* as at December 31, 2021, and pages 32, 83 and 87 of AFS (for domestic debt) iii. NBS/OAGF (FAAC) <p>*Table 3(i) below holds a breakdown of the Total Debt. ** Refer to the FAAC table on DLI9 provided.</p>		

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

S/N	LAGOS STATE	2021 - AMOUNT (₦)
1	BUDGET SUPPORT LOAN (SOURCE FMOF)	-
2	BAIL OUT (SALARIES) (SOURCE CBN)	-
3	RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	-
4	EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	-
5	STATE BONDS	281,434,000,000.00
6	COMMERCIAL BANK LOANS	318,838,835,857.43
7	CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	9,122,701,236.73
8	ACCELERATED AGRIC DEVELOPMENT SCHEME LOAN	-
9	BAIL-OUT (INFRASTRUCTURE)	-
10	CBN DIFFERENTIATED CASH RESERVE REQ LOAN	74,096,445,230.00
11	HEALTHCARE DEDUCTIONS	-
12	BRIDGE FINANCE FACILITY	3,043,531,537.34
13	FAMILY HOMES FUND	-
14	ANCHOR BORROWERS PROGRAMME	-
15	OTHER FGN INTERVENTIONS	-
16	MICRO SMALL MEDIUM ENTERPRISE DEVELOPMENT FUND (MSMEDF)	-
17	JUDGEMENT DEBTS	1,846,300,174.36
18	GOVT - GOVT DEBTS	-
19	CONTRACTORS' ARREARS	48,609,182,910.98

S/N	LAGOS STATE	2021 - AMOUNT (₦)
20	PENSION AND GRATUITY ARREARS	-
21	SALARY ARREARS AND OTHER CLAIMS	-
22	OTHER DEBTS	-
	TOTAL DOMESTIC DEBT (TDD)	736,990,996,946.84
	TOTAL EXTERNAL DEBT (TED)	550,731,664,067.35
	TOTAL PUBLIC DEBT (TED+TDD)	1,287,722,661,014.19

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

TEMPLATE: OPTION A	₦
Item	2021
1. Total Gross FAAC allocation: Statutory Transfers and VAT (1.1 + 1.2)	200,791,279,921
1.1 Statutory transfers (1.1.1 + 1.1.2 + 1.1.3)	61,122,426,737
1.1.1 Gross statutory allocation	47,293,300,001
1.1.2 Derivation	3,784,242,004
1.1.3 Other FAAC transfers (also known as Distribution) such as excess PPT savings account, Forex equalization, excess bank charges, exchange rate gain, augmentation, others	10,044,884,732
1.2 VAT	139,668,853,184
2. Internally Generated Revenues (IGR) - Adjusted	524,840,453,000
3. Grants (internal and external)	3,890,084,000
4A. Other revenues (4.1 + 4.2 + 4.3)	14,063,390,000
4.1 Investment Income (e.g. dividends)	2,305,992,000
4.2 Interest Earned	1,388,937,000
4.3 Miscellaneous	10,368,461,000
Total Revenues and Grants Calculations	
A) Total Revenues and Grants is (1+2+3+4A)	743,585,206,921

4. **Response from the State**

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

S/N	State Response to the draft report	IVA Follow-up, response, treatment
1	NONE	
2		
3		
4		