

YOBE STATE GOVERNMENT

A BILL

FOR

**A LAW TO REGULATE PUBLIC FINANCE
MANAGEMENT AND OTHER MATTERS
RELATED THERETO.**

2019

**YOBE STATE GOVERNMENT PUBLIC FINANCE MANAGEMENT
BILL, 2019**

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I ASSENT THIS.....15TH.....DAY OF.....JAN.....2020

HON. MAI MALA BUNI
EXECUTIVE GOVERNOR
YOBE STATE



**A BILL
FOR A LAW TO REGULATE THE YOBE STATE PUBLIC FINANCE
MANAGEMENT LAW 2018 AND OTHER MATTERS RELATED THERETO**

WHEREAS:

The extant Yobe State Public Finances (Control and Management) Law Cap 104 Laws Yobe State is no longer capable of addressing critical factors required for modern Public Financial Management and a Law to Regulate the Financial Management of Yobe State Government, its Ministries, Departments, Agencies and the Local Government has become an imperative, to among other things:

- Ensure that all revenue, expenditure, assets and liabilities of Government are managed efficiently and effectively;
- Provide for the responsibilities of persons entrusted with Financial Management in Government and
- To provide for matters connected therewith.

AND WHEREAS to formulate a law that will be consistent with generally accepted Financial Management practices and which will create the appropriate framework to enable Public Finance Management in Yobe State including the Local Government Councils meet its current and future challenges, it is considered necessary to enact this legislation.

ENACTED by the Yobe State House of Assembly as follows:
Yobe State Public Finance Management Law, 2019

Citation and commencement

1. This Law may be cited as the Yobe State Public Finance Management Law and other matters related thereto 2019 and shall come into force on the ... day of2020

Interpretation

2. In this Law, unless the context otherwise requires:-

"Accountant-General" means the Accountant General of the State.

"Accounting Unit" means organisational division in a government entity responsible for accounting and financial services;

"Accounting officer" means any officer charged by law, civil service Laws, financial Laws, financial memorandum or financial instruction with the function of day to day administration of a ministry, department, agency or government institution, or any officer of equivalent responsibility;

"Appropriation Bill" means the Expenditure Bill annually introduced into Legislature and enacted;

"Appropriation-in-Aid" means any revenue which a State government entity receives and is approved by Legislature by that entity to finance its activities.

"Appropriation Law" means a law passed by the House authorising spending from the consolidated revenue fund and includes a Supplementary appropriation law.

"Auditor General" means Auditor General of the State;

"Budget ceilings" means the maximum amount that the State government allocates in a given year to target sector or expenditure category;

"Budget Circular" means a written instruction issued by Ministry of Budget and Economic Planning and Economic Planning providing broad guidelines on the budget process of the State Government.

"Benefit deduction" means a deduction on a payroll system against an official's salary for a debt arising from employment benefits;

"Basic salary" means an officer's consolidated salary including allowance;

"Chairman" means the Chairman Board of Internal Revenue

"Commissioner" means the commissioner, charged with responsibility of finance in the state;

"Company" means a limited liability company established under the Companies and Allied Matters Act 1990;

“Cash flow statement” means a financial statement that shows planned inflow and outflow of resources over a period covering the financial year in line with the activity;

“Chief executive” means a person appointed by the Governor to administer a government entity;

“Collector of revenue” means a staff of government or any other person or group of persons duly appointed to collect revenue for the State;

“Collective agreement deduction” means a deduction on a government payroll system against an official's salary arising from a collective agreement between the government and a union and is registered in accordance with applicable law;

“Consolidated Revenue Fund Charge” means a charge, the expense of which is charged directly against and payable from the Consolidated Revenue Fund;

“Contingencies Fund” means funds established under section 123 of the 1999 constitution;

“Constitution” means constitution of the Federal Republic of Nigeria 1999 as amended;

“Corporate governance” is the process and structure used to direct and manage business affairs of the State government entities towards enhancing prosperity and good governance with the ultimate objective of realising state long-term value while taking into account the interest of all stakeholders;

“Debt” means an amount of money owed and already payable by an official to any person and for the purposes of this Law, includes insurance premiums deducted in terms of policies with long and short-term insurers;

“Deduction code” means a code issued by the Accountant-General to enable the Treasury to deduct money from an individual paid via the government payroll system;

“Discretionary deduction” means a deduction on the government payroll system against an official's salary, other than benefit, collective agreement, state or statutory deductions;

“Disposal” in relation to a capital asset, includes:

- (a) the demolition, dismantling or destruction of the capital asset; or

- (b) any other process applied to a capital asset which results in loss of ownership of the capital asset otherwise than by way of transfer of ownership;

“Donation” means a gift or a contribution;

“Economy” means minimising the cost of resources used or required to achieve priority objectives;

“Effectiveness” means the extent to which a programme intervention has attained, or is expected to attain, its objectives efficiently in a sustainable manner;

“Efficiency” means a measure of how economically resources or inputs (including fund, expertise and time) are converted to results;

“Emergencies Expenditure” means expenditure arising as a result of natural disaster, epidemic, floods, wars acts of terror and the like;

“Entity” includes State Government Ministry, Department or Agency or other entity declared to be State Government entity;

“Estimates of expenditure” means:

- (a) estimates of expenditure based on programmes and sub-programmes prepared on a three fiscal year rolling basis, specifying the resources to be allocated and the outcomes to be achieved and outputs to be delivered, the estimates for the requiring appropriation by the House; or
- (b) supplementary estimates of expenditure appropriated by the House;

“Executive Council” means the body of commissioners of a government of a state;

“Fair Market Value” in relation to a capital asset, means the value at which a knowledgeable willing buyer would buy and a knowledgeable

willing seller would sell the capital asset in an arm's length transaction;

“Finance Bill” means the Revenue Bill annually introduced into Legislature and enacted;

“Financial Statements” has the meaning prescribed by International Public Sector Accounting Standards;

"Financial Year" means the period of twelve months ending on the 31ST December of each year;

"Governing Body" means a body of persons managing a public entity and includes a commission, a board of trustees, a board of directors, governing council and Council;

"Governor" means the Executive Governor of the State;

"Grant" means a financial or other assistance which is not repayable;

"Grant Recipient" means an entity authorised to control or spend money or an incorporated or unincorporated body not otherwise authorised to control or spend money under this Law;

"House" means Yobe State House of Assembly;

"Intended beneficiaries" means the people of the state whom the project or public service financed to benefit;

"Internal Audit" means an independent, objective, assurance and consulting activity designed to add value and improve an organisation's operations;

"internal control" means a set of systems to ensure that financial and other records are accurate, reliable, complete and ensure adherence to the management policies of the Ministry, department or agency of the State, for the orderly and efficient conduct of the Ministry, Department or Agency, and the proper recording and safeguarding of its assets and resources;

"Irregular Expenditure" means expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any relevant legislation, including:

- (a) the Constitution;
- (b) this Law;
- (c) the Public Procurement Law and Fiscal Responsibility Law; and
- (d) any other relevant law of the State;

"Law" means the Public Finance Management Law, 2019;

"Medium Term" means a period of not less than three Years but not more than five years;

"Permanent Secretary" means accounting officer of an entity;

"Public Debt" means all financial obligations attendant to loans raised and securities issued by the State Government;

"Public Officer" means the holder of any public office, including any person appointed to act in any such office;

"Programme" means a group of independent, but closely-related, activities designed to achieve a common outcome;

"Revenue" means all tolls, taxes, imposts, rates, fees, duties, charges, fines, penalties, forfeitures, rents, dues, dividends, levies and all other receipts of the government from whatever source arising, over which the legislature has power of appropriation, including proceeds of all loans raised;

"Revised Estimates" refers to the supplementary budget, estimates and approved budget reallocations prepared and submitted under the appropriation Law;

"State" means Yobe State Government;

"grant agreement" means an instrument that gives the power to an agency to furnish money, Property or materials to a grantee and the grantee has freedom to pursue the grants stated purpose, but the agency does not specify the matter of performance of the work and is not substantially involved in it;

"financing agreements" are documents detailing commitments for provision of goods, services and activities to be performed by an organisation for the awarding agency and contain specific objectives, direction, specifications, costs or methods of performance; and

"Donor or development partner or external financier" is used in this Part interchangeably to refer to the providers of external resources.

"Spending entity" refers to a government component for which appropriation is allocated within the budget and which is authorised to spend;

"Sinking fund" means an account or pot of money or securities set aside to pay for a bond, repurchase or early redemption of Treasury Bonds;

"Statutory Deduction" means a deduction on government payroll system against a public officer's salary, which is required or permitted by a law, court order or arbitration award;

"Supplementary Budget Estimates" means additional request of funds by the State government to House;

"Third Party" means any other person other than a public officer;

"Treasury Single Account" (TSA) means a unified structure of Government bank accounts that gives a consolidated view of Government cash resources;

"unutilised balances" means any amounts withdrawn from the Consolidated Revenue Fund and Appropriation-in-Aid collections for purposes of provision of basic services under an Appropriations Law and not expended at the end of the financial year;

"Unauthorised Expenditure" means:

- (a) overspending of a vote or programme within a vote; or
- (b) expenditure not in accordance with the purpose of a vote or, in the case of a programme, not in accordance with the purpose of the programme;

"Value for Money" means the Economic, Efficient and Effective utilization of resources;

"Vote" Means money authorised by an appropriation Law for withdrawal from the consolidated Revenue Fund;

"Warrant" means an authority to incur expenditure on various items for a period; and

"Wasteful expenditure" means any expenditure that was incurred which could have been avoided had due care and diligence been exercised.

Objective and
purpose of the Law

3. The objective and purpose of this Law is:

- (a) to provide means of administering of the powers vested in the Governor under the Constitution;
- (b) to provide means of administering the powers vested in the Executive Council Member under the Constitution, and any other related Law;

- (c) to set out a standardised financial management system for use in the state which is capable of producing accurate and reliable accounts free from errors, fraud and which will be useful in management decisions and statutory reporting;
- (d) to provide for the conduct of fiscal relations between the Federal, State and Local Governments; and to ensure accountability, transparency and the effective, economic and efficient collection and utilisation of public resources.

Officers to be
conversant with
the Law

4. The Accounting Officers shall ensure that all public officers under their control have access to copies of this Law and the public officers shall ensure they are fully conversant with the contents of the Law.

Openness and
accountability

5. (1) Subject to security considerations, the public shall be provided with full access to financial information in a timely manner for purposes of seeking public input by:

- (a) establishing a focal point to facilitate access to financial information; or
- (b) making information available in the media or;
- (c) presenting information in the local language(s) in summarised and user friendly forms; or
- (d) making financial information available on websites that allow for information to be downloaded.
- (e) Provide feedback mechanism on matter(s) of public interest

(2) The Ministry of Budget and Economic Planning and Economic Planning shall arrange for effective public participation during the development of the annual budget estimates including the publication of citizens' budgets which shall explain and summarise the budget proposals.

(3) The dates for the sectoral forums and the venues shall be publicly announced one week in advance, and an annual calendar of events released at the start of the financial year.

Commissioner
in charge of
Budget shall
publish process
and procedures
for public
participation

6. (1) For purposes of public participation in the planning and budgeting process, there shall be participatory structures and processes that shall encompass a broad range of strategies including:
- (a) open forums, written submissions, online platform and media;
 - (b) specification of venues of public participation; and
 - (c) dates of public participation.
- (2) The Commissioner in charge of budget shall notify the general public through media or State website wide circulation on the venue or manner of submitting written submissions.
- (3) The documents submitted to House and any other published documents shall be published and publicised within 7 days of presentation.
- (4) The Commissioner in charge of budget shall give a responsibility statement confirming the extent to which general public was consulted particularly on the State Strategy Paper.

Monetary Unit,
Accounting
and reporting
Currency

7. (1) The Naira shall be the currency of account for drawing up and implementing the State budgets, presenting and reporting accounts.
- (2) Despite the provisions of subsection (1) of this section, certain operations may be carried out in international currencies subject to conditions laid down in this Law or other financial instruments.

Financial
Management
and Manual

8. (1) the Ministry of Finance shall publish financial manuals and forms which may be used by government entities to support implementation of this Law.
- (2) The financial manuals and forms, issued in accordance with this Law shall facilitate adoption of international standards and emerging best practices.
- (3) The publications under subsection (1) of this section shall be made with the approval of the Commissioner,
- (4) The financial manuals shall contain relevant procedures for the budget preparation, budget execution, keeping of books of accounts, formats of financial statements and Government standard chart of accounts.

Accounting
Officer's
Responsibility
not diminished
by Audit

9. The responsibilities of internal and external auditors exercised in accordance with the Constitution, this Law and other legislation shall not demised the Accounting Officers' responsibility to maintain financial discipline as required.

Responsibility
for Handover
by Financial
Officers

10. The accountability of a public officer vacating an office shall not be completed until the financial and accounting records kept by him have been properly handed over in writing to an officer taking over his duties and attested by their supervisor:

Provided that this does not preclude the public officer from handing over any other documents required under any other law or Government Policy.

Application for
secure signatures

11. (1) Any public officer signing any document or record pertaining to financial transactions shall ensure that the signature is given in such a manner so as to preclude subsequent alteration or addition to the information contained in such document or record.

(2) The signature of any public officer shall not be binding on an Accounting Officer or a Public Officer performing a financial function unless a specimen of the signature is duly communicated in advance to the relevant public officer or any other person performing a financial function.

(3) If a public officer no longer occupies a public office, the Accounting Officer shall nullify that officer's specimen signature and communicate the same to all relevant public officers or any other person performing a financial function within a reasonable time.

Signing Blank or
Blind Accountability
Documents

12. (1) In no circumstances shall a public officer sign a blank or incomplete cheque, record or other document, pertaining to a financial transaction.

(2) It is the duty of any public officer signing any document or record pertaining to a financial transaction to read and satisfy himself that it is proper to give his signature and the signature shall be evidence of acceptance of responsibility for the document, whether the public officer read it or not.

(3) The signing of a document contrary to subsection (1) and (2) of this Law shall constitute an offence under this Law.

Restricted Use of
Red Ink

13. No public officer except the Governor, High Court Judges, Khadis and Internal Auditors shall use red ink or red pencil in recording or transacting any official financial transaction.

Restricted Use
of Green Ink

14. No public officer other than the Deputy Governor, the Speaker, Secretary to State Government, Auditors General shall use Green ink or Green pencil in recording or transacting any official financial transaction.

Use of Indelible
Ink

15. Use of Indelible Ink

(1) Financial records and documents shall be written in indelible ink.

(2) An entry in a financial record or document shall not be obliterated, erased or altered by being written over.

(3) Payment in connection with any document bearing an alteration, obliteration or erasure shall be refused by the relevant public officer or any other person unless countersigned, but this shall not apply to a cheque, mandate and official receipt.

(4) A person who contravenes subsection (1), (2) or (3) of this section commits an offence under this Law.

PART II — CORPORATE MANAGEMENT

Establishment of Public Finance Management Standing Committee

Establishment of
Public Finance
Standing Committee

16. (1) There is established in the government entity a Public Finance Management Standing Committee to provide strategic guidance to the entity on public finance management matters.

(2) Each standing committee shall comprise of the following:

- (a) the Accounting Officer as chairman of the committee;
- (b) an officer designated by the accounting officer as secretary of the committee and who shall be the head of finance of the entity; and
- (c) Heads of departments or administrative units dealing with public finance matters.

(3) The Standing Committee shall meet as often as is necessary, but at least once every quarter so as to coordinate management of public finance for entities and

shall be accountable to the State Chief Executive responsible for the entity or in case of House, to the Speaker.

(4) The Standing Committee may establish sub-committees for the better carrying out of its roles and responsibilities under this Law.

Roles and
Responsibilities
of the Standing
Committee

17. (1) The Standing Committee shall generally be responsible for the following:

- (a) ensuring that there is prioritisation on resources allocated to a government entity for the smooth implementation of the entities mission, strategy, goals, risk policy plans and objectives;
- (b) regularly review, monitor budget implementation and advice on the entities accounts, major capital/ fundamental expenditures and review performance and strategies at least on a quarterly basis;
- (c) identifying risks and implementation of appropriate measures to manage such risks or anticipated changes impacting on the entity;
- (d) review on a regular basis the adequacy and integrity of the entity's internal control, acquisition and divestitures and management information systems including compliance with applicable laws, Rules and guidelines;
- (e) establish and implement a system that provides necessary information to the stakeholders including stakeholder communication policy for the entity;
- (f) monitor the effectiveness of the corporate governance practices under which the entity operates and propose revisions as may be required from time to time;
- (g) monitoring timely resolution of audit issues; and
- (h) any other matter referred to it from time to time by the responsible Chief Executive or in the case of House, the Speaker.

(2) The Standing Committee shall submit a quarterly report of its work including any recommendations to the responsible Chief Executive or in case of House, to the Speaker.

Provisional
General Warrant

18. (1) If the appropriation Bill in respect of any financial year has not been passed into Law by the beginning of financial year, the Governor may authorised withdrawal of moneys from the Consolidated Revenue Fund of the State for the purpose of meeting expenditure necessary to carry on the service of the Government for a period not exceeding six months or until the coming into operation of the law, whichever is the earlier.

(2) the withdrawal in respect of subsection (1) of this section shall not exceed the amount authorised to be withdrawn from the Consolidated Revenue Fund of the State under the provisions of the appropriation Law passed by the House for the corresponding period in the immediately preceding financial year, being an amount proportionate to the total amount so authorised for the immediately preceding financial year.

General Warrants

19. (1) Once the Annual Appropriation Bill or Supplementary Bill(s) have been assented to, the Commissioner in charge of budget shall obtain General Warrants authorising issues from the Consolidated Revenue Fund in accordance with the respective Appropriation Law.

(2) The General Warrants in subsection (1) of this section shall then be transmitted to the Commissioner to authorise withdrawals.

Treasury Warrant

20. On receipt of the General Warrants, the Commissioner shall issue to the Accountant General Warrant granting authority to Accounting Officers to incur expenditure for the year in respect of their votes.

Responsibilities
of Accounting
Officers

21. (1) Accounting Officer is responsible of the following:

- (a) ensuring the most effective means of achieving desired program outcomes are used;
- (b) maintaining effective systems of internal Control and the measures taken to ensure that they are effective;
- (c) ensuring that all government revenues are collected and paid in to the Consolidated Revenue Fund promptly; and

(2) In addition to the responsibilities of Accounting Officer provided in this Law, an Accounting Officer designated under this Law or any other Law, shall:

- (a) comply with any tax, levy, duty, pension, commitments and audit commitments as may be provided for by Law;
- (b) if he reasonably believes that an unauthorised, or irregular expenditure has occurred, he shall immediately report, in writing, particulars of the expenditure to the relevant authority with a copy to the Accountant General; or
- (c) before transferring any funds to an entity within or outside the State government, ensure that there is a written assurance from the entity that, that entity implements effective, efficient and transparent financial management and internal control systems, or, if such written assurance is not or cannot be given, render the transfer of the funds subject to conditions and remedial measures requiring the entity to establish and implement effective, efficient and transparent financial management and internal control systems;
- (d) enforce compliance with any prescribed conditions where the entity gives financial assistance to any other government entity or person in accordance with this Law;
- (e) take into account all relevant financial considerations, including issues of propriety, regularity and value for money, when policy proposals affecting the Accounting Officer's responsibilities are considered, and when necessary, bring those considerations to the attention of the relevant authority;
- (f) promptly consult and seek the prior views of the Commissioner on economic viability and financial implications on any new entity which an entity intends to establish or in the establishment of which it took the initiative;
- (g) not commit State entity to any liability for which money has not been appropriated provided that expenditure for projects or programs implemented beyond one financial year is provided for in the subsequent financial years; and

- (h) comply, and ensure compliance by entities with the provisions of this Law.

Delegation by
the Accounting

- 22.** (1) The Accounting Officer of a State entity may delegate to a public officer, in writing, any of the Accounting Officer's powers or functions under this Law or any other Law.
- (2) In exercising powers and functions under a delegation, the public officer shall comply with any lawful directions of the Accounting Officer.
- (3) The delegation in this Law may include the authority to incur expenditure in accordance with any limits prescribed by the Accounting Officer.
- (4) Delegation of power does not take away the responsibility of the accountability from the Accounting Officer.

Designation of
Authority to incur
Expenditure by
the Accounting
Officer

- 23.** (1) An accounting officer may authorize a public officer designated under the entity to be an authority to incur expenditure (AIE).
- (2) An accounting officer who finds it necessary to authorise a public officer in another entity to incur official expenditure on his behalf, should do so by issuing an authority to incur expenditure addressed to the Accounting Officer of that entity.
- (3) The designation of AIE Holder shall be in writing in the form prescribed by the Accountant General.
- (4) An accounting officer shall maintain a register of all AIE Holders designated under this Law.
- (5) Where an accounting officer delegates this authority, the accounting officer shall remain responsible for any expenditure incurred as a result of that delegation.

PART III —STATE FISCAL STRATEGY

Fiscal
Responsibility
Principles

- 24.** (1) The following fiscal responsibility principles shall apply in the management of public finances
- (a) there shall be set a limit on the State government's expenditure on remuneration, salaries and benefit for its public officers;

- (b) the limit set under paragraph (a) above, shall not exceed thirty five percent (35%) of the government's total revenue;
 - (c) monthly debt service deduction shall not exceed forty percent (40%) of the average Federation allocation to the State for the preceding twelve months;
 - (d) the State public debt shall not exceed one hundred and fifty percent (150%) of the total revenue of the preceding year;
 - (e) the State annual fiscal primary balance shall be consistent with the debt target in paragraph (c);
 - (f) the approved expenditures of the House shall not exceed five percent (5%) of the total revenues of the State;
 - (g) if the State does not achieve the requirement of paragraphs (b) (c) and (d) of subsection (1) to this section at the end of the financial year, the Commissioner in charge of budget shall submit a responsibility statement to the House explaining the reasons for the deviation and provide a plan on how to ensure annual actual expenditure outturns as well as medium term allocation comply with the provisions of this Law in the subsequent years; and
 - (h) the compliance plan above shall be binding and the Commissioner shall ensure implementation.
- (2) In line with prudent management of risks, the Commissioner in charge of budget shall in the Fiscal Strategy Paper include a statement of fiscal risks outlining the potential policy decisions and key areas of uncertainty that may have a material effect on the fiscal outlook and the statement shall include:
- (a) potential policy decisions affecting revenue, tax payer behavioural responses and court decisions that are likely to affect revenue bases and overall tax and revenue collections and government income, including tax concessions, increase in tax rates, tax minimisation and avoidance by tax and rates payers;

(b) potential policy decisions that could increase or decrease expenses depending on decisions taken, and which constitute risks to the fiscal forecasts only to the extent that they cannot be managed within existing baselines or budget allowances;

(c) potential capital decisions that are risks to the fiscal forecasts only to the extent that they cannot be managed within existing government Consolidated Statement of Financial Position;

(d) matters dependent on external factors such as the outcome of negotiations or international obligations; and

(e) a list of contingent liability including debt guarantees;

(3) The Commissioner in charge of budget shall disclose the specific fiscal risks if:

(a) their impact in his view is significant enough;

(b) a decision has not yet been taken but it is reasonably possible (but not probable) that the matter will be approved or the situation will occur;

(c) it is reasonably probable that the matter will be approved or the situation will occur, but the matter cannot be quantified or assigned to particular years with reasonable certainty; and

(d) any other matters, the Commissioner in charge of budget considers, using their best professional judgement, that the matters may have a material effect on the fiscal and economic outlook, but are not certain enough to include in the fiscal forecasts.

25. (1) Fiscal Strategy Paper shall contain an assessment of the current state of the State economic environment which may include:

- (a) the medium term macroeconomic framework and its outlook as contained in the Budget Policy Statement and how it implies on the State economic environment;
- (b) a medium-term fiscal framework defining a top-down aggregate resource envelope and broad expenditure levels;
- (c) indicative allocation of available resources among government entities;
- (d) the economic assumptions underlying the budgetary and fiscal policy over the medium term; and
- (e) a statement of fiscal responsibility principles, as specified in this Law and Fiscal Responsibility Law.

(2) In addition, the fiscal strategy paper shall contain a fiscal risk statement as provided for under section 24(2) of this Law.

(3) Before tabling a report containing recommendations on the Fiscal Strategy Paper for adoption by the House, the relevant committee of the House shall seek the views of the Commissioner in charge of budget on its recommendations.

(4) Once the Fiscal Strategy Paper is adopted by the House it shall serve as the basis of expenditure ceilings specified in the fiscal framework.

(5) The Commissioner in charge of budget shall submit a copy of the adopted Fiscal Strategy Paper to the Commissioner.

(6) The ceiling for the Medium Term Expenditure Framework shall be approved by the House and be binding for the next three budget years.

(7) The Commissioner in charge of budget shall include a statement explaining any deviation to the provisions of subsection (4) of this section.

Contents of a
fiscal framework

26. (1) The fiscal framework in the Fiscal Strategy Paper shall contain:

- (a) updated forecasts expressed in Naira for the current budget year and three further years and actual results for the previous budget year for the consolidated government budgets for:

- i level of budgetary revenues by classification of the main categories of revenues;
- ii level of budgetary expenditures by economic and functional classifications;
- iii capital expenditures;
- iv the overall balance and primary balance position;
- v level of State public debt;
- vi sensitivity analysis taking account of possible changes in macroeconomic and other conditions; and
- vii any other information the Commissioner in charge of budget determines is material to fiscal strategy;

(b) an explanation of the fiscal policies in relation to fiscal responsibility principles, and any temporary measures to be implemented to ensure compliance, if necessary;

(c) an analysis and explanation of:

- i revenue policy, including planned changes to taxes and policies affecting other revenues;
- ii deficit and debt policy, including an analysis of State debt sustainability; and
- iii expenditure policy including expenditure priorities, aggregate expenditure intentions, including the State consolidated budgets, and expenditure ceilings and other targets of limits implied by or required by the fiscal responsibility principles; and

(d) an analysis of the consistency of the updated fiscal strategies with the previous fiscal strategies, providing all explanation of any significant changes.

(2) The Commissioner shall issue a circular conveying effective date, general guidelines and formats for preparing a consolidated government accounts for statistical purposes.

(3) The guidelines and formats under subsection (2) of this section shall be in conformity with the National Chart of Accounts.

Revision to the
framework

27. Revision to the fiscal framework

(1) The fiscal framework in this Law may be revised as a result of:

- (a) a significant and unexpected change in the macroeconomic indicators and assumptions;
- (b) policy changes arising from change of government.

PART IV — BUDGET PREPARATION

Responsibility for
Preparing Annual
Estimates of
Expenditure

28. (1) The accounting officer shall ensure that the draft estimates relating to his entity are prepared in conformity with the Constitution and this Law and any other relevant Law.

(2) The accounting officer is responsible, in particular for ensuring that:

- (a) all services which can be reasonably foreseen are included in the estimates and that they are within the capacity of his entity during the financial year;
- (b) the estimates prepared are complete and accurate as possible;
- (c) the estimates have been framed with regard to economy and efficiency;
- (d) the requisite authority has been obtained, where necessary, before provision is made in the estimates; and
- (e) the estimates are submitted to the Ministry of Budget and Economic Planning in the manner and format as contained in budget circular.

Budget
Preparation
Process

29. (1) The budget preparation process for the following financial year shall start not later than the 15th July of the current financial year with the issuance of the annual budget call circular by the Commissioner in charge of budget and in compliance with formats and recommendations contained in the annual budget preparation circular, guidelines, instructions and the budget manual:

- (a) on the basis of budget sector ceilings contained in the Medium Term Expenditure Framework, the sector shall

submit by 1st September of each year the sector reports to the Ministry of Budget and Economic Planning which shall include printed estimates for the current year and for the forthcoming financial year and two outer years on a rolling basis;

- (b) the estimates for the sector referred to in paragraph (a) shall be consistent with section 26 of this Law; and
- (c) budget proposals shall be submitted in the prescribed formats that support program-based budgeting in line with National Budget Classification and Chart of Account.

(2) All budget Proposals shall be supported by the entity strategic plan.

(3) The preparation and submission of estimates shall be done exclusively through prescribed automated integrated financial management systems.

(4) The proposed sector ceilings for the next three financial years contained in Medium Term Expenditure Framework, may be firmed up or readjusted in the Fiscal Strategy Paper submitted at the middle of July of the financial year and adopted by the House by end of July of same financial year;

(5) The approved Fiscal Strategy Paper shall be published on the State website.

(6) The State entities, or corporations when required, shall readjust their estimates following the approval of the Fiscal Strategy Paper and submit their estimates for year by the September of financial year to the Commissioner in charge of budget.

(7) Budget estimates of all entities shall be reviewed and consolidated and the draft budget estimates submitted to Executive Council not later than 15th October of each financial year.

(8) The reviewed and consolidated budget estimates shall be presented to the House, by end of October of each financial year.

Budget guidelines

30. Unless provided otherwise in this Law, or any other relevant Law, the following guidelines shall be observed at all times during budget formulation and approval

- (a) all revenue and expenditure shall be entered into the State budget estimates;
- (b) expenditure entered in budget estimates shall be authorised for one financial year only;
- (c) budget revenue and expenditure appropriations shall be balanced;
- (d) the Naira shall be the unit of account for drawing up and implementation of the State budgets, as well as the presentation of those accounts;
- (e) total budget revenue shall cover total budget expenditure and therefore:
 - (i) except as provided by Law, there shall be no use of specific revenue to finance specific expenditure; and
 - (ii) appropriation shall be for a specific purpose or a specific programme or item of expenditure; and
- (f) budget estimates, shall take into account expenditure priorities, which contributes to the realisation of the required output and desired policy outcome.

Determination of Budget Ceilings

31. The budget ceiling contained in the Fiscal Strategy Paper shall take into account:

- (a) the aggregate resource envelope following the forecast of major revenue (including the equitable share) and expenditure categories (the latter according to both, economic and administrative classification);
- (b) the non-discretionary expenditure (debt service, wages, remuneration, salaries and other related items);
- (c) the overall expenditure taking into consideration the fiscal rules;
- (d) breakdown of the overall expenditure into recurrent and capital by sector ceilings; and

- (e) expenditure priorities as set out in State Development Plan policies.

Audit of Budget Estimates

32. (1) Each Accounting Officer may cause any proposed budget estimates to be examined and reported on by the internal audit unit of the entity.

(2) The Accounting Officer in subsection (1) of this section shall take into account any recommendations made in respect thereto before submitting estimates to the Ministry of Budget and Economic Planning.

(3) A person who fails under subsection (1) of this section to provide information, or submit information which he knows to be misleading or incorrect, commits an offence under this Law.

Budget Discussion Processes

33. (1) On receipt of estimates from Accounting Officers, the Commissioner in charge of budget shall cause to be conducted budget discussion to review strategic plans and estimates of the entities concerned in order to ensure that these plans and estimates are in accordance with the State economic policy and fiscal framework.

(2) Where the budget discussion in subsection (1) of this section necessitates changes, the Commissioner in charge of budget may require an Accounting Officer to make adjustments to his estimates.

Provisions in Appropriation Bills

34. Appropriation Bills shall provide for:-

- (a) the Votes and Programs of the financial year;
- (b) financial provision in respect of activities of the Government during that financial year; and
- (c) enable the withdrawal from the Consolidated Revenue Fund, or any other State public fund.

Supplementary budget estimates

35. (1) Each Accounting Officer shall within the guidelines of the supplementary budget circular and in conformity with budget guidelines issued by the Commissioner in charge of budget, prepare revised budget estimates in the format to be issued by the Ministry of Budget and Economic Planning;

(2) Prior to incurring any expenditure under subsection (1) of this section, the Governor shall send the bills for passage to the House, and if passed, the Commissioner in charge of

budget shall communicate to the relevant Chief Executive through a notification which shall be copied to the Attorney General, Commissioner and Auditor-General, which shall be accessible after assent;

(3) The purpose for which approval is sought for a supplementary budget shall be:

- (a) unforeseen and unavoidable, in circumstances where no budget provision was made; or
- (b) unavoidable, in circumstances where there is an existing budgetary provision which, however, is inadequate.

(4) For purposes of subsection (3) of this section, the following shall not be considered unforeseen and unavoidable expenditure:

- (a) expenditure that, although known when finalising the estimates of the original budget, could not be accommodated within allocations; and
- (b) tariff adjustments and price increases.

(5) Accounting Officers may seek supplementary budget if the expenditure cannot be met by budget reallocation.

(6) The request for supplementary budget in subsection (5) of this section shall be presented in a format that facilitates comparison with the original budget and shall contain all the information necessary to enable a decision on the application to be reached and shall include:

- (a) the Vote, program, sub-programme and broad expenditure category which it is desired to supplement, the original sum voted thereon and any supplements which may have since been added;
- (b) the actual expenditure and the outstanding liabilities or commitments against the item on the date when the request is made;
- (c) the amount of the supplement required, the reasons why the supplement is necessary and why it has not been possible to keep within the voted provision;
- (d) the basis for the calculation underpinning the supplementary;

- (e) the proposed source of financing of the additional expenditure;
- (f) an analysis of the fiscal impact of the additional expenditure, or of the implications, if any, for the planned outputs and outcomes of the affected programmes;
- (g) any implied deviation from the Medium Term Expenditure Framework and the financial objectives; and
- (h) the latest fiscal projections.

(7) The Government entity requesting additional funds through a supplementary budget process shall submit a memorandum to the Ministry of Budget and Economic Planning on a date determined by the Ministry of Budget and Economic Planning.

(8) For avoidance of doubt, budget allocations for new policy options and service delivery initiatives shall only be considered when introduced in the annual estimates.

(9) In approving any estimates under this section, the House approval shall not exceed ten percent (10%) of the approved budget estimates of a programme of code unless it is for an unforeseen and unavoidable need.

(10) The State Commissioner in charge of budget shall submit a copy of the budget estimates approved under this section to the Ministry of Finance.

Budget
classification and
the standard chart
of accounts

36. (1) Government's budget estimates shall be prepared, accounted for and reported in accordance with the National Chart of Accounts.

(2) As much as practicable, these classifications shall be designed to support financial and economic reporting requirements in the National Chart of Accounts and generally accepted international accounting standards.

(3) The expenditure incurred under subsection (1) of this section, shall form part of expenditures for the financial year.

PART V – BUDGET EXECUTION

General rules
relating to budget
Execution

37. (1) Overall control of Government budget execution shall be exercised through strict application of the following general rules, which shall apply to all transactions with the specific exception of debt service payments:

- (a) aggregate reallocations for a particular appropriation line in a given fiscal year may not exceed the amount appropriated for that line in the annual Appropriations Law amended from time to time through budgetary reallocations and any supplementary Appropriations Law;
- (b) Total payments for a detailed budget line in a given fiscal year may not exceed the reallocations issued against that budget line.

(2) Debt service payments shall be a first charge on the Consolidated Revenue Fund and the Commissioner shall ensure this is done to the extent possible that the Government does not default on debt obligations.

(3) Debt payments shall be made whether or not they meet the general rules, provided that the Commissioner reports of any excess over appropriations, with full explanations of the circumstances to the House in the next quarterly reporting cycle.

(4) Other than temporary treasury liquidity management operations, no payment shall be made from the Consolidated Revenue Fund as a direct charge, except under an item identified in the annual budget estimates.

Accounting Officers to
exercise budgetary
control measures

38. An Accounting Officer shall:-

- (a) sign financial statements thereby making himself responsible for their correctness;
- (b) ensure that public funds entrusted to their care are properly safeguarded and are applied for purposes for only which they were intended and appropriated by the House;

- (c) ensure all appropriation-in-aid due to Government entity are collected and properly accounted for in accordance with the relevant laws and rules; and
- (d) manage control and ensure that policies are carried out efficiently and wastage of public funds is eliminated;

Accounting Officers to request cash on the basis of an approved quarterly cash disbursement schedule

39. (1) Accounting Officers shall provide the Commissioner with an annual cash flow plans as a requisition for funds needed for that financial year.

(2) The government entities shall execute their approved budgets based on the annual appropriation Law, and the approved annual cash flow plan with the exception of unforeseen and unavoidable spending dealt with through the Contingency Fund or supplementary estimates.

(3) The annual cash flow plans prepared by Accounting Officers shall be broken down into a three month rolling basis and shall be adjusted to reflect any implementation realities in consultation with the Commissioner.

(4) As far as possible, quarterly cash flow projections prepared by the Accounting Officers shall be supported by a procurement plan approved in accordance with the Public Procurement Law.

Consolidation and approval of cash limits issued to chief executive

40. (1) The Commissioner shall consolidate all expenditure requirements and projections as forwarded by Chief Executives, compare with the projected revenues including State net domestic borrowing, and thereafter in consultation with Chief Executives, agree on an indicative annual cash flow forecast limit for that financial year.

(2) The Commissioner shall issue a Treasury Circular communicating cash flow projections agreed with the Chief Executives.

(3) In the event of unanticipated cash flow fluctuations, the Commissioner shall inform the Chief Executives through a circular requesting them to review and submit revised cash flow projections in line with the guideline set out in the circular.

Release of funds to meet expenditure

- 41.** (1) The basis for requisition of funds for grant of credit by the Commissioner on the account of the Chief Executives from the State Treasury shall be based on the approved cash flow plans communicated to that Chief Executives by the Commissioner.
- (2) Release of Funds from the Consolidated Revenue Fund to Government entities shall be in accordance with the authority granted by the Governor together with the written instructions of the Commissioner.
- (3) The Accountant General shall make requisition from the Commissioner as necessary for the treasury withdrawal of funds which shall be placed to the credit of a Chief Executives' entity account.
- (4) Pursuant to the grant of credit in subsection (3) of this section, the Accountant General shall issue a treasury circular informing the entity of the amounts authorised.
- (5) The Commissioner may require Chief Executives to review their cash flow plans in line with changes in revenue realisation, shortfalls in borrowing and unforeseen expenditures.
- (6) The Commissioner shall publish and publicise the quarterly liquidity position reports reflecting the impact of revenue collection efforts, spending and the public debt operations on the cash position of the government.

Budget Variation

- 42.** (1) The Accounting Officer shall inform his responsible Chief Executive immediately of any circumstances that are likely to affect materially the budgetary results either through revenue and expenditure or other receipts and payments of the Government entity
- (2) The Accounting Officer shall inform his responsible Chief Executive of action taken to mitigate any budget variations.
- (3) The Chief Executive of an entity shall take the necessary steps to bring to the notice of the Commissioner in charge of budget, any warnings of significant or material budget variations.

Budget Reallocation

- 43.** (1) For purposes of this Law, Chief Executive, may recommend reallocation of funds within programmes or

sub-vote to the Commissioner in charge of budget provided that:

- (a) this does not affect the total voted provision;
- (b) the provisions in the budget of the programme or sub-vote from within which the funds are to be transferred are unlikely to be utilised;
- (c) reallocation is in accordance with donor conditions in the case of reallocation impacting on donor-funded expenditure;
- (d) the reallocation does not affect the voted provisions from wage to non-wage expenditure or from capital to recurrent expenditure; and
- (e) allocations earmarked by the Commissioner in charge of budget for a specific purpose may not be used for other purposes, except with his approval.

(2) Chief Executive shall keep a register of all budgetary reallocations and use it to prepare a report of all reallocations to the Commissioner in charge of budget not later than the 10th day of each month and the report shall state measures taken by the Chief Executive to mitigate against future reallocations.

(3) The report referred to in subsection (2) of this section shall state the impact that the reallocations may have had on programme objectives, planned programme outputs and outcomes.

(4) The Commissioner in charge of budget shall consolidate all reallocations and include them in the next revised budget.

(5) The reallocations under this section shall be approved by the House.

Advances from the
State Contingency
Fund

44. (1) Where a Chief Executive accesses the Contingency Fund in accordance with section 123(2) of the Constitution, that Chief Executive shall first identify resources within his vote through identification of savings for re-allocation before applying for financing from the State Contingency Fund;

(2) If a Chief Executive is satisfied that there are no savings within his vote and the need meets the criteria set under section 123(2) of the Constitution, the Chief Executive shall:-

- (a) give reasons why he believes the need meets the criteria under section 123 of the Constitution;
- (b) confirm that the need meets the criteria under section 123 of the Constitution and subsection (1) of this section; and
- (c) submit the request to the Commissioner in charge of Budget for consideration.

(3) The Commissioner in charge of Budget shall consider the request and assess if the need meets the criteria set under section 123 of the Constitution and may process for approval.

Commitment for
goods or services

45. (1) All commitments for supply of goods or services shall be done not later than the 30th November each year except with the express approval of the Chief Executive in writing.

(2) Expenditure commitments for goods and services shall be controlled against spending and procurement plans approved by the responsible Chief Executive, based on allocations and allotments from approved budgets.

(3) The Chief Executive of that entity shall make an expenditure commitment only against the procurement plan approved for that entity in accordance with the Public Procurement Law made there under.

(4) At minimum, a procurement plan shall include proper descriptions of the procuring items, unit cost, the estimated contract value, and the procurement method relating to the annual portion of a multi-year contract and delivery schedule.

(5) Any changes to approved procurement plan during the year shall be approved by the responsible Accounting Officer in consultation with the Commissioner responsible for that entity.

(6) Any public officer who contravenes the provisions of this section commits an offence.

Vote Control Procedures

46. (1) Any public officer who holds any post involving, in any level, the management of public funds, and in particular every officer to whom is delegated the power to expend or receive such funds shall, in the government's interest and in his own interest, be aware of the essentials of vote control procedures outlined here below:-

- (a) no public officer shall spend or commit funds until he has been properly authorised by means of an Authority to Incur Expenditure to do so;
- (b) Authority to Incur Expenditure holders shall be made to understand that the limit to which they may spend is that prescribed by the authority and not their expectations, however justified these may seem;
- (c) the Authority to Incur Expenditure issued to a public officer shall in the minimum contain:-
 - (i) the Authority to Incur Expenditure number and to whom issued;
 - (ii) the authorised total expenditure;
 - (iii) a description of the expenditure item; and
 - (iv) the account code to which the expenditure is to be debited;
- (d) when the Authority to Incur Expenditure is issued by the department or agency, the allocation shall be entered as a commitment in the department's or agency's master vote book so as to ascertain at all times the availability of uncommitted funds;
- (e) Accounting Officers whose votes cover field Programmes and projects shall issue Authority to Incur Expenditure to their field programmes, Project Officers not later than the 15th day of each quarter;
- (f) Public Officers issued with Authority to Incur Expenditure's shall also be informed in writing that the actual expenditures shall not exceed the limit authorised in the Authority to Incur Expenditure's;
- (g) all Authority to Incur Expenditure's to field public officers shall show the gross total amount of funds per Vote allocated and applied against the Authority to Incur Expenditure issued at the minimum and copies submitted to the Auditor-General.
- (h) each accounting officer shall cause records to be kept in such a form as shall clarify at any time, in respect of each of his votes:

- (i) the total amount of expenditure approved for service of the year;
 - (ii) the amount of the expenditure charged;
 - (iii) any further known liabilities in respect of the year; and
- (j) the Authority to Incur Expenditure holders shall note the following in terms of control of expenditure:
- (i) there shall be no divided responsibility, only the officer to whom the Authority to Incur Expenditure has been issued is permitted to commit or incur expenditure against it; and
 - (ii) an Authority to Incur Expenditure holder shall not wait for suppliers to submit invoices in order to clear his commitment, but he shall regularly have his outstanding commitments checked and enquiries made from the suppliers.

Receipt of goods and services beyond the stipulated period

- 47.** (1) A local purchase order or local service order shall be valid for a period of thirty (30) days from the date of issue.
- (2) Any public officer who receives goods or services beyond the stipulated period specified in subsection (1) of this section commits an offence under this Law.
- (3) Any public officer involved in the processing of a payment with regard to goods or services delivered after due date shall inform the Chief Executive of this anomaly before proceeding to process the payment.
- (4) The public officer in charge who fails to ensure the local service order or local purchase order is cancelled after thirty (30) days commits an offence under this Law.

Unauthorised spending

- 48.** (1) Except as provided for in this Law or any other Law, a Chief Executive of an entity may not authorise payment to be made out of funds earmarked for specific activities for purposes other than those activities.
- (2) A public officer who makes a payment contrary to subsection (1) of this section commits an offence under this Law.

49. (1) A Chief Executive of an entity shall not later than the 10th day of each month submit a monthly financial and non-financial budgetary reports in the format to be issued by the Commissioner relating to the activities of his entity for the preceding month to the Accountant General with copies to the Commissioner in charge of budget and the Auditor-General.

(2) The contents of the report under subsection (1) of this section shall include:

- (a) actual revenues, including appropriations in aid;
- (b) expenditures classified in economic classification as follows:-
 - (i) personnel cost;
 - (ii) pension and gratuity;
 - (iii) use of goods and services;
 - (iv) transfer to other levels of government; and
 - (v) capital expenditure;
- (c) pending payments with an age of over ninety days;
- (d) projection of expected expenditure and revenue collection for the remainder of the financial year;
- (e) when necessary, an explanation of any material variances; and
- (f) a summary of the steps that are to be taken to ensure that the projected expenditure and revenue remain within budget.

50. (1) Government entity may enter into a contract which will impose financial obligations on the government entity beyond a financial year.

(2) Contract imposing financial obligations in excess of one year may be concluded by the Chief Executive only if:

- (a) the Chief Executive discloses all finalised and signed contract by the beginning of a financial year;
- (b) the finalised and signed contract are budgeted for first, before new projects are considered by the Chief Executive of the entity; and

- (c) the Chief Executive secures the resources required in line with the financing requirements set out in the contract.

Reorganisation
of government
functions

51. (1) The government may make policy changes in a financial year leading to:

- (a) creation of additional entities; or
- (b) transferring certain functions or services of an existing departments or agencies to:
 - (i) another existing department or agency;
 - (ii) a new department or agency; or
- (c) abolition of an existing department or agency and transferring its functions or services to one or more department(s) or agency.

(2) Before embarking on accounting entries and other adjustments to reflect the changes in subsection (1) of this section, it shall be necessary to agree on the actual status of the vote in respect of the following aspects of the affected functions and services on a date to be communicated by the Accountant General:

- (a) the gross budgetary provision;
- (b) the approved appropriation in aid, if any, and whether in cash or credit purchase;
- (c) the approved development partner assistance and the entity own revenue whether in cash or credit purchase if any;
- (d) the net budgetary provision;
- (e) the gross expenditure incurred;
- (f) the amount of an entity own revenue and development partner assistance applied in cash or in credit purchases; and
- (g) the sharing of amounts held in the below-the-line group of accounts.

(3) When a department or agency is abolished, its vote shall cease to function and consequently it shall be necessary to ascertain the state of financial affairs of that vote which shall include:

- (a) the budget provision;
- (b) expenditure incurred; and
- (c) cash balance.

(4) The statement shall also be accompanied by analysis of the below the line group of accounts, on the basis of which, it should then be agreed on the amount of the related budget provision, expenditure incurred and the below the line balances to be shared out, if necessary.

(5) The supplementary Appropriation Law will provide the details of the affected votes, and the Commissioner, shall inform the affected Chief Executive of the effective date when they shall effect accounting entries in their books and other necessary inter-vote adjustments.

(6) The accounting entries of a new vote shall be effected as outlined in the Financial Instruction issued.

PART VI-MANAGEMENT OF REVENUE AND OTHER RECEIPTS

Classification of
Government
Revenues

52. (1) Government receipts may be classified into domestic receipts and external receipts.

(2) Domestic receipts under subsection (1) of this section shall comprise of:

- (a) tax revenues;
- (b) non tax revenues;
- (c) statutory revenues;
- (d) domestic grants and aids;
- (e) domestic loans receipts.

(3) External receipts under subsection (1) of this section shall comprise of:

- (a) external grants and aids;
- (b) external loans including credit purchase.

Format of estimates
of revenue

53. (1) The estimates of revenues shall be in the format issued by the Chairman and shall include:

- (a) the description of the source of revenue in terms of Chart of Account Codes;
- (b) estimated revenues;

- (c) the receiver of revenue;
- (d) for each revenue head, there shall be shown revenue items and the amounts.

(2) The estimates of revenue shall include the actual revenue for the previous year, the current financial year revenue estimates, next financial year and the projected revenue estimates for the next two outer years.

Basic principles in deciding whether sums shall be applied as Appropriation In-Aid

54. (1) The following shall be the basic principles in deciding whether sums shall be applied as Appropriation in-Aid:

- (a) receipts arising directly out of expenditure on a service, the primary purpose of which is not collection of revenue (including user charges, user fees and sale of stores) and may be Appropriated in-Aid of the vote from which expenditure on the service is met;
- (b) Appropriations in-Aid shall be applied against a vote;
- (c) where miscellaneous receipts are individually and collectively small, and circumstances of receipt unimportant in themselves, such receipts may be credited to Appropriations in-Aid; and
- (d) sums due as Appropriations in-Aid in the previous year shall be credited to the Appropriations in-Aid head of the year in which they are actually received.

(2) Despite the provision under subsection (1) of this section, the Commissioner may designate any type of Appropriations in-Aid as revenue in furtherance of certain government policies.

Main forms of receipts in development estimates

55. The following shall be the main forms of receipts which occur in development estimates”

- (a) Appropriations in-Aid inform of receipts collected by any authorised Government agency or derived from the sale of goods and services directly derived from projects contained in the appropriate expenditure head;
- (b) credit purchases charged to the appropriate head representing expenditure on the cost of goods or services supplied and credited to the entity, but such

transactions may be carried out only after Commissioner's advice;

- (c) direct payments from grants from external sources charged to the appropriate head representing expenditure on the cost of goods or services supplied and credited to the entity of which may be carried out only after Commissioner's advice;
- (d) Statutory Allocations, loans and grants receipts through the State account; and
- (e) tax and non-tax revenue through the State account.

Receivers of
revenue

56. (1) A Chairman who shall be appointed by the Governor shall be responsible for the collection of and accounting for, such items of revenue as provided in any Law of the State.
- (2) A letter for the designation of receiver of revenue under subsection (1) of this section shall indicate his responsibility and the manner in which he may delegate the duties of collection of revenue to officers under him or of another Government entity.
- (3) Despite the provisions of subsection (2) of this section, the receiver for Statutory Allocations, loans, Aids and grants funds shall be the Accountant General.

Collectors of
revenue

57. (1) The Chairman shall authorise a public officer or any of the Government entities to be a collector of revenue for Government for the collection of and accounting for, such items of revenue as he may specify.
- (2) Except with the specific authority of the Chairman, in no case may a public officer whose duty involves the posting of assessment registers, rent rolls and similar documents be authorised to collect public funds or to post collections into a cash book.

Responsibility for
revenue
management

58. (1) An accounting officer and a revenue collector are personally responsible for ensuring that:
- (a) adequate safeguards exist and are applied for the prompt collection and proper accounting for, all government revenue and other public funds relating to their entity;

- (b) adequate measures, including legal action where appropriate, are taken to obtain payment;
- (c) Official receipts shall be issued for all revenues received.

(2) An accounting officer or revenue collector who experiences difficulty in collecting revenues due to the Government shall in consultation with Chief Executive report the circumstances to the Chairman without delay.

(3) Except with the authority of the Governor, no revenue collector may convert public funds received in local currency into foreign currency and vice versa.

(4) All public funds collected by revenue collectors shall be paid into the designated bank accounts of the Government and shall not be used by any public officer in any manner between the time of their receipts and payment into the bank except as provided by this Law or any other Law.

(5) The Chairman shall take disciplinary measures in line with any relevant Law against a public officer who contravenes subsection (4) of this section.

(6) An accounting officer or revenue collector shall ensure adequate books of accounts are kept relating to revenue collection and management.

(7) A public officer who makes payment from funds collected under this Law commits an offence.

In-year reporting of 59.
revenue collection

(1) The Chief Executive shall prepare a quarterly report not later than the 15th day after the end of the quarter;

(2) The quarterly report in subsection (1) of this section shall include:

- (a) a statement of receipts and disbursements in conformity with the National Chart of Accounts;
- (b) a statement of arrears of revenue which shall be classified by financial year; and
- (c) reasons for material differences between approved estimates and the actual revenue collected.

(3) The Chief Executive shall include in the report under subsection (1) of this section, the following details in respect of each waiver or variation:

- (a) the full name of each person benefiting from the waiver or variation;
- (b) the amount of tax, fee or charge affected by the waiver or variation;
- (c) the year to which the waiver or variation relates;
- (d) the reasons for the waiver or variation; and
- (e) the Law in terms of which the waiver or variation was granted.

(4) The quarterly report under subsection (1) of this section shall be submitted to the Chairman, with a copy to the Ministry of Finance, Ministry of Budget and Economic Planning, Auditor General and to the House.

Fees for services rendered by the government

60. (1) The Chief Executive of an entity may when finalising their budgets, review all licences, fees, fines, sales, earnings, rents, and charges that are not fixed by any law and that relate to revenue accruing to the Consolidated Revenue Fund.

(2) The Chief Executive shall obtain approval from the Commissioner for the proposed tariff structure.

(3) Information on the tariff structure shall be disclosed in the annual report, including information on exemptions, discounts, free services and any other aspect of material influence on the revenue yield.

Agency services and revenue management

61. (1) When a government entity renders agency services to another entity, Local or Federal Government entities, all revenue receipts collected shall be accounted for fully by the agent to the revenue collector or accounting officer.

(2) Any exception to subsection (1) of this section on the expenses arising from the revenue administration costs shall be expressly agreed between the Chairman and the Service Agent based on a service level agreement signed between them.

(3) Claims for agency services rendered on behalf of Government shall be based on actual revenue collected and accounted for and shall be supported by original

vouchers and shall be reflected in the books of accounts of transacting institutions.

Refund of revenue 62.

(1) Refunds of revenue may become necessary because of collections or over collections made in error or although properly collected in accordance with this Law, or any other Law for the revenue to be reclaimed under certain circumstances in the form of a rebate or drawback.

(2) Refunds of revenue and drawbacks under subsection (1) of this section shall be in accordance with the relevant Law.

(3) Any refunds under subsection (1) of this section shall be provided for under an expenditure item appropriated by the House in an Appropriation Law.

(4) Where the collection, over-collection or drawback is made in the same financial year as that in which the revenue was originally collected, it may be authorised by the officer prescribed in the relevant Law to be charged as a debit item in the appropriate revenue head.

(5) The Chief Executive shall prepare estimates of refunds from taxes, licences, fees, fines, sales, earnings, rents and other charges for the following financial year, and submit the budget to the Commissioner in charge of budget for consideration and inclusion in the budget estimates of the State for appropriation by House.

(6) The estimates of refunds submitted under subsection (5) of this section by the Chief Executive shall include assumptions underpinning the refund estimates.

Format of monthly, quarterly and annual reports submitted by the receivers of revenue 63.

(1) The format of monthly, quarterly and annual reports by the Chairman submitted to the Commissioner shall at the minimum include:

- (a) the actual revenue received by the Chairman and transmitted to the Consolidated Revenue Fund;
- (b) the actual revenue received by the Chairman and not transmitted to the Consolidated Revenue Fund;
- (c) the revenue arrears due but not collected; and
- (d) a responsibility statement by the Chairman on the revenue reports.

PART VII — MANAGEMENT OF GRANTS AND DONATIONS

Grants, donations
and sponsorships

64. (1) Upon approval by the Governor, the Chief Executive of an entity may receive any grant, donation, or, sponsorship made in favour of the entity irrespective of whether such grant, donation, or, sponsorship is in cash or in kind provided that the Chief Executive of an entity confirms with the relevant entity that donations given in kind are:
- (a) not harmful to health and the environment; and
 - (b) in good and serviceable conditions.
- (2) All cash grants and donations shall be deposited in the Consolidated Revenue Fund provided that:
- (a) such grants, donations and sponsorships are from a credible source and from persons or entities in good standing with the State; and
 - (b) such grants, donations and sponsorships are intended to address government development policies.
- (3) Where the purpose of the grant, donation, or sponsorship is not apparent, the Governor shall have the discretion to instruct the Chief Executive on its application.
- (4) An entity is not allowed to give another entity cash donations to augment the budgetary resources of designated departments.
- (5) Grants, donations or sponsorships received during the year shall be disclosed in the annual financial statements.

Grants
administration

65. (1) Projects implemented through grants, donations and sponsorships shall be aligned to the National and State development policies.
- (2) In identification and designing of projects funded by development partners, the areas covered and amount allocated shall be determined by objective criteria and as far as possible on need-based formula which may include geographical area, population and poverty index.
- (3) The Chief Executive shall disclose the details under subsection (2) of this section.

(4) Grants and donations shall be disbursed through the revenue mode of disbursement or supply of goods and services in which case development partners shall undertake to submit expenditure returns in a prescribed format by the Commissioner in the grant agreement.

(5) All grants shall be appropriated by the House before commencement of disbursements.

(6) Issues to do with tax exemptions, issuance of work permits, counter-part personnel, counter-part funding, office space, demand driven technical assistance, community contribution either in cash or in kind shall be clearly spelt out in the grant agreements, and the government and community contribution shall be properly assessed and quantified in all grant supported projects.

(7) The Chief Executive of an entity shall ensure grants are factored in the budgets and counterpart funds appropriated accordingly.

Disclosure of
authorisation and
disbursement

66. (1) Where authorisation has been granted for the project to start, the Chief Executive of an entity shall ensure public disclosure to the intended beneficiaries within thirty days of the allocation and disbursement of the grants.

(2) After disbursement of grants, the Chief Executive of an entity shall report within fifteen days after the end of each quarter to the intended beneficiaries on the expenditures and performance achieved in relation to the grant.

(3) During the project identification and design, the intended beneficiaries shall be involved through public participatory approach for planning.

(4) The views of the intended beneficiaries shall be received during public forums provided for under subsection (3) of this section and their views will be considered appropriately or during budgeting process of the next budget cycle.

(5) Where non-compliance by the Chief Executive of an entity with grant, conditions is established through an audit or fiduciary review process, the Governor may suspend the disbursements and institute measures to recover any amounts misappropriated by the public officer.

Accounting and reporting on donations, aids and grants

Funds received by way of grants, aids and donations to be paid into a designated account

67. (1) All funds received by way of grants, aids and donations shall constitute public funds and shall be paid into the Consolidated Revenue Fund.
- (2) The Commissioner in charge of budget shall make provisions in the budget estimates for grants and donations receivable in kind such as commodity aid for purposes of raising cash locally.
- (3) Where the quantum of the grant, aids or donation referred to in subsection (2) of this section is not known, a provision shall be included in the estimates and when the quantum becomes known a supplementary estimate shall be raised for the amount involved.
- (4) Where grants, aids and donations are receivable in kind, the value of such donations shall be determined and included in the estimate and reflected as expenditure in the financial year:
- (5) Funds received for specified projects which have been paid into the Consolidated Revenue Fund, shall be released when required to the appropriate project bank account.
- (6) A Project Manager shall:
- (a) cause to be kept and maintained proper books of accounts and records in respect of all projects and donations;
 - (b) ensure that whenever projects are completed, the project assets including buildings, plant, vehicles, furniture, fittings and equipment are properly recorded and handed over to the Chief Executive of the supervising entity in accordance with the financing agreement;
 - (c) where no time frame is provided for the project, ensure that the assets are handed over within three months from the date of the closure of the project; and
 - (d) in the absence of any instructions to the contrary, any unexpended balance standing in the credit of the project account shall be paid into the Consolidated Revenue Fund.

Project selection
criteria

68. It shall be the responsibility of the Commissioner to ensure that any project approved for financing through grants and donations:

- (a) has been approved by the Governor; and
- (b) the project feasibility study report has been inspected and approved by the relevant entity.

Project bank
account

69. (1) For the purpose of disbursement of project funds, there shall be opened and maintained a project account for every project at Central Bank of Nigeria unless it is exempted by the Commissioner in writing where the Central Bank of Nigeria has no branch or banking facilities, into which all funds shall be kept and such an account shall be known by the name of the project for which it is opened and each project shall maintain only one bank account.

(2) All foreign currency designated bank accounts shall be kept at the Central Bank of Nigeria for entities unless exempted in writing by the Commissioner under subsection (1) of this section.

(3) Every payment or instruction for payment out of the project account shall be strictly on the basis of the approved estimates of budget and financing agreement.

Records of receipts
and disbursements

70. The Project Manager shall compile and maintain a record showing all receipts, disbursements and actual expenditure on a monthly basis in respect of every project and subproject and shall:

- (a) make monthly interim financial returns;
- (b) make quarterly financial management returns;
- (c) make annual financial management returns; and
- (d) submit a summary of all the records to the Commissioner not later than fifteen (15) days after the end of every quarter.

Responsibilities of
Non-Governmental
Organisations where
the project is
implemented by the
by Non-Governmental

71. (1) Non-Governmental Organisations that implement development programs funded by public funds, including donor funding shall be accountable through regular financial reporting and submission of audited annual financial statements to the Auditor General in a format prescribed by the International Public Sector Accounting Standards.

(2) Non-Governmental Organisations in subsection (1) of this section shall be registered by the responsible national licensing authority and in accordance with the relevant law under which that authority is established.

Documents to be attached by NGOs where the Project is implemented by NGO

Vote Control
Procedures

72. (1) Documents to be attached to the financial reports and annual audited accounts shall include a certificate of registration confirming that the Non-Governmental Organisation:

- (a) is a body corporate and separate from its members, with perpetual succession;
- (b) can engage in public interest activities and public fund-raising within the State; and
- (c) is eligible for such fiscal or other benefits and privileges, as may be applicable to Non-Governmental Organisations from time to time.

(2) In addition to requirements under subsection (1) of this section, the Non-Governmental Organisation shall also submit:

- (a) its annual performance report outlining the activities undertaken by the Non-Governmental Organisation in the year;
- (b) an annual return reflecting details of its trustees, directors, office bearers and auditors;
- (c) its sources of funding; and
- (d) in the event of any amendment to its constitution or governance instrument during the financial year, a certified copy of such amendment.

PART VIII — TREASURY AND CASH MANAGEMENT

Composition of
Consolidated
Revenue Fund

73. (1) The Ministry of Finance shall administer the Consolidated Revenue Fund in accordance with the provisions of appropriation Law in controlling revenue receipts to ensure that:

- (a) all revenue receipts by the government are paid into the State Account, except revenue receipts reasonably excluded by the Law, or any other Law of the House; and
- (b) withdrawals from the Consolidated Revenue Fund are done:
 - (i) in accordance with an appropriation law by the House; or
 - (ii) as a direct charge against the Consolidated Revenue Fund authorised by the Constitution, or any other Law of the House.

(2) The Accountant General shall keep proper books of accounts of the Consolidated Revenue Fund in accordance with standards and formats prescribed by the International Public Sector Accounting Standards.

Process of receipt into Consolidated Revenue Fund

74. (1) Receivers of revenue shall promptly deposit into the treasury all receipts due to the Consolidated Revenue Fund;
- (2) Receivers of revenue shall promptly pay the revenue received into the Consolidated Revenue Fund as soon as possible and in any case not later than five (5) days after receipt thereof;
- (3) The treasury shall issue receipt to a Receiver of Revenue to acknowledge the receipt of revenue thereof.

Cash and Banking Arrangements

Criteria for approval of opening and operating government entities bank accounts

75. (1) The following criteria shall be considered by the Accountant General before granting approval to an entity to open and operate a government bank account:
- (a) all Government accounts shall be opened at the Central Bank of Nigeria unless it is exempted by the Commissioner in writing where the CBN has no branch or banking facilities;
 - (b) subject to the provision of subsection (1) (a) of this section, all government bank accounts shall be opened at the Central Bank of Nigeria except for imprest bank accounts for petty cash.

(2) All State entities operating bank accounts outside the provisions of subsection (1) of this section, shall comply with the provisions under this Law within six (6) months from the date of commencement of this Law.

(3) Except with the prior authority of the Ministry of Finance, no Chief Executive may open a bank account for the deposit, custody or withdrawal of public funds or other funds for which he is responsible in his official capacity or for the transaction of official banking business.

(4) The authority of Ministry of Finance shall be conveyed in writing to the responsible Chief Executive with a copy to the Auditor-General.

(5) The Ministry of Finance may prescribe the banking rules and the maximum balance which may be held in any operational account or other bank accounts, and if at any time this balance seems likely to be exceeded, the officer operating the accounts shall consult Ministry of Finance on the action to be taken.

(6) No government bank account shall be overdrawn, nor shall any advance or loan be obtained from a bank account for official purposes beyond the limit authorised by the Governor.

(7) The authority in subsection (6) of this section shall be conveyed in writing to the responsible Chief Executive and copied to the Ministry of Finance and the Auditor-General.

(8) Personal cheques shall not be deposited in an official bank account.

Guiding principles for
cash management

76. (1) The Ministry of Finance shall be responsible for establishing sound cash management systems, procedures and processes, to ensure efficient and effective banking and cash management practices.

(2) For the purposes of this Law, sound cash management Includes:

- (a) assessing the cash inflows and outflows expected at any one time;
- (b) ensuring payments, including transfers to Other levels of government and the entities are made when due for efficient, effective and economical programme

delivery and the government's normal terms for account;

- (c) avoiding accumulation of idle balances;
- (d) using short term borrowing only when it is necessary;
- (e) avoiding repayments for goods or services unless required by the contractual arrangements with the supplier;
- (f) accepting discounts to effect early payment only when the payment has been included in the monthly cash flow estimates provided to the Ministry of Finance;
- (g) pursuing debtors with appropriate sensitivity and rigour to ensure that amounts receivable by the government are collected and banked promptly; and
- (h) recognising the time value of money and managing inventories to the minimum level necessary for efficient and effective programme delivery, and selling surplus or under-utilised assets.

(3) government overdraft shall be retired by the end of the financial year.

Surrender of End-of-Year
Surplus Cash Balances

77. Not later than the 15th January each year, Chief Executives shall surrender to the State treasury unexpended voted money or excess Appropriations-in-Aid.

Cheques and
electronic
payments

78. (1) The Accounting Officers and Heads of Finance of entities shall be signatories in respect of cheques, electronic payments and fund transfers.

(2) There shall be two authorised signatories to sign a cheque drawn or electronic payment or fund transfer on a Government bank account.

(3) The names and designation of those officers in subsection (1) of this section and their specimen signatures shall be advised to the bank where the account is held by the entity, with copies of the advice sent to the Accountant General, and any change in signatories shall be advised in writing.

(4) The signatories under this Law shall:

- (a) initial the counterfoil or enter with their personal passwords;
- (b) be equally responsible for the regularity of the payment; and
- (c) thoroughly scrutinise the documents supporting the payment.

(5) Spoilt cheques shall be marked prominently with the stamp "cancelled", and fixed securely to the cheque-list used for controlling the cheques issued each day.

Cash Management
Advisory Committee

79. (1) The Governor may establish a Cash Management Advisory Committee.

(2) The Cash Management Advisory Committee under subsection (1) of this section shall comprise:

- (a) The Secretary to the State Government who shall be the chairman;
- (b) the Commissioner Ministry of Finance;
- (c) the Commissioner Ministry of Budget and Economic Planning;
- (d) the Attorney General of the State;
- (e) the Permanent Secretary Ministry of Finance;
- (f) the Permanent Secretary Ministry of Budget and Economic Planning;
- (g) the Accountant General of the State;
- (h) the Chairman Board of Internal Revenue;
- (i) the Director Budget of the Ministry of Budget and Economic Planning; and
- (j) the Director of Treasury Operations of the State who shall be the secretary.

(3) The Cash Management Advisory Committee shall perform the following functions:

- (a) Review and approve the aggregate monthly expenditure projection prepared by Ministry of Budget and Economic Planning in collaboration with Ministry of Finance;

- (b) Advice on the mobilisation of Government financial resources and on the judicious allocation of the monthly revenues based on the approved aggregate monthly expenditure projections;
- (c) Monitor revenue inflow and expenditure performance and review expenditure projections to be in line with inflow and level of expenditure performance; and
- (d) Any other functions that may be assigned to them by the Governor.

Registers and records of government bank accounts

80. (1) The Treasury shall maintain a register of Treasury Single Account and its subaccounts and other bank accounts opened by entities including public funds and donor funded projects.

(2) The Treasury shall reconcile periodically the bank accounts list, with the records maintained by banks.

(3) The Chief Executive of an entity shall, by the 31st January of each year, provide the Treasury with up-dated list of bank accounts held by the entity.

(4) The list referred to under subsection (3) of this section shall include the following information:

- (a) name of the bank where the account is held;
- (b) name of the bank account;
- (c) type of bank account;
- (d) signatories of the bank account;
- (e) date on which the bank account was opened;
- (f) the bank account number;
- (g) purpose for the bank Account, if different from the main operational bank account of the entity;
- (h) the bank account balances as at 31st December each year; and
- (i) the reference number and date of the Accountant General, letter granting approval for opening and operating the bank account.

Authority to have access to government bank accounts

81. (1) The Accountant General shall, when granting authority to Chief Executive to open and operate bank accounts, require them to include as a pre-condition to that bank, that

the Commissioner may request bank statements for that account without any reference to the authorised bank signatories of that bank account.

(2) The Commissioner may suspend the operations of any government bank account or impose certain conditions, if he reasonably believes the purpose of that account no longer exists, or that fraud or fraudulent transactions are being undertaken in that specific account and shall institute investigations immediately.

(3) Where in the opinion of the Commissioner finds it necessary, he may share the report of the investigation carried out in subsection (2) of this section with the Auditor-General.

Security for cash in transit 82.

The Chief Executive shall ensure that adequate arrangements are made to protect both cash and staff for cash in transit and such measures shall include the followings:

- (a) safe or strong rooms and restricted access to the cash handling locations;
- (b) police or armed security escorts;
- (c) the security bags locked to the vehicle; and
- (d) suitable transport and variation of movement, times, and routes.

Reconciliation of bank accounts 83.

(1) Accounting Officers shall ensure bank accounts reconciliations are completed for each bank account held by that entity, every month and submit a bank reconciliation statement not later than the 10th of the subsequent month to the Ministry of Finance with a copy to the Auditor-General.

(2) Similar reconciliations shall be carried out when responsibility for any bank account or cheque book is handed over from one officer to another and on the occasion of any surprise inspection or survey.

(3) Accounting Officers shall ensure any discrepancies noted during bank reconciliation exercise are investigated immediately and appropriate action taken including updating the relevant cash books.

(4) The Ministry of Finance shall analyse and review the bank reconciliation statements submitted under subsection (3) of this section and take the necessary action.

Managing Imprest Transactions

- Nature of imprest 84. (1) For the purposes of this subpart, an imprest is a form of cash advance or a float which the Chief Executive may authorise to be issued to officers who in the course of duty are required to make payments which cannot conveniently be made through the cash office of an entity or bank account.
- (2) The officer authorised to hold and operate an imprest shall make formal application for the imprest through an imprest warrant.
- (3) Funds disbursed for imprest shall not be kept or held in an official bank account, but in a separate or personal bank account operated by the imprest holder or in the form of cash under safe.
- Determination of imprest levels 85. (1) The Chief Executive shall approve the establishment of an imprest facility including the maximum amount for the specific purpose of that facility.
- (2) In determining the level of an imprest, many factors shall be considered, but in the interest of economy and as a matter of prudence, an imprest shall be fixed at the lower figure compatible with requirements and in any case a standing imprest shall not exceed one month's estimated expenditure on the intended purpose.
- Classes of imprest 86. (1) An imprest shall be issued for a specific purpose, and any payments made from it, shall be only for the purposes specified in the imprest warrant.
- (2) There are two types of imprest namely:
- (a) Temporary imprest; and
 - (b) Standing Imprest.
- (3) Temporary imprest shall be issued mainly in respect of official journeys and are intended to provide officers with funds with which they can meet travelling, accommodation and incidental expenses.

(4) Before issuing temporary imprest under subsection (2) of this section, the Chief Executive shall ensure that:

- (a) the main objective of the journey cannot be achieved by other cheaper means;
- (b) the applicant has no outstanding imprest;
- (c) the applicant imprest has been recorded in the imprest register including the amount applied for; and
- (d) that adequate funds are available against the relevant items of expenditure to meet the proposed expenditure.

(5) A holder of a temporary imprest shall account or surrender the imprest within seven (7) working days after returning to duty station.

(6) In the event of the imprest holder failing to account for or surrender the imprest on the due date, the Chief Executive shall take immediate action to recover the full amount from the salary of the defaulting officer.

(7) If the Chief Executive does not recover the temporary imprest from the defaulting officer as provided for in this Law commits an offence under this Law.

(8) In order to effectively and efficiently manage and control the issue of temporary imprest, the Chief Executive shall ensure that no second imprest is issued to any officer before the first imprest is surrendered or recovered in full from his salary.

(9) If the Chief Executive under subsection (8) of this section does not comply with the provisions of this section, commits an offence under this Law.

(10) If an imprest is to be recovered from any public officer by instalments, the Chief Executive shall personally authorise such recovery and such moneys shall no longer be an imprest but an unauthorised advance from government funds, and in addition, the Chief Executive shall take appropriate disciplinary action against the officer concerned for the abuse of the imprest.

(11) Standing imprest shall be intended to be in operation for a time and requires bringing the cash level of the

advance continuously up to the agreed fixed level by systematic reimbursement of expenses.

(12) Standing imprest shall involve personal responsibility as it shall be issued to an officer in his own name, and not to the holder of an office.

(13) When an imprest holder leaves the service, or is transferred, he shall surrender the total standing imprest which includes cash plus payment vouchers which together amount to the fixed level of the imprest, and a new imprest issued to his successor.

(14) The holder of a standing imprest shall keep a memorandum cash book to record all receipts and payments and the balance on hand shall agree with the cash balance recorded in the memorandum cash book, and in the absence of any receipts, the actual cash balances plus the expenses paid shall equal at all times the fixed level of the imprest for which the imprest holder is personally responsible.

(15) When the imprest holder needs to have his funds replenished, he shall send an abstract and analysis of his memorandum cash book, plus originals of the supporting payment vouchers to accounts department.

(16) If the accounts department in subsection (15) of this section is satisfied that the expenditure has actually been incurred, and that it has been incurred for the intended purposes, and there is no irregularity in the payment vouchers, it shall arrange for the analysed expenditure to be posted to the various codes, and arrange for the cash to be transferred to the imprest holder so as to "top-up" his fund.

(17) In addition to subsection (15) of this section the head of internal audit shall also ensure that frequent spot checks are made of the standing imprest itself by a responsible officer as follows:

- (a) count the cash on hand;
- (b) Confirm that the actual cash on hand corresponds with the balance on hand as recorded in the memorandum cash book;

- (c) ensure that the documents justify the difference between the fixed imprest level and the actual cash balance; and
- (d) report on any anomalies found to the head of the accounts section.

Duties of imprest Holders

87. An officer holding an imprest shall ensure that:

- (a) the imprest issued to him shall be used for the intended purpose only;
- (b) the imprest funds and any payment vouchers awaiting replenishment are adequately safeguarded at all times;
- (c) proper cash sale receipts are received for all payments out of the imprest;
- (d) the full amount of the imprest can be accounted for at all times in cash, stamps, money at bank and completed payment vouchers; and
- (e) goods purchased through imprest are taken on charge and certificate issued.

Treasury Single Account

Establishment of Treasury Single Account

88. (1) There is hereby established in the State a Treasury Single Account (TSA) which shall become operational within six (6) months after the commencement of this Law and shall be kept at the Central Bank of Nigeria or Deposit Money Bank (DMB).

(2) The Commissioner shall from time to time issue Treasury Single Account guidelines to entities for the operations of the Treasury Single Account.

Operation of the Treasury Single Account

89. (1) The Ministry of Finance shall ensure operating cash balances in the TSA subaccounts are kept to a minimum through consolidation into Treasury Single Account.

(2) The Treasury Single Account shall reflect at the minimum the following features:

- (a) unified banking arrangements to enable the State Treasury to have proper oversight of government cash inflows and outflows on these bank accounts;

- (b) that no government entity shall operate bank accounts outside the Treasury Single Account unless expressly authorised by the Commissioner; and
 - (c) the comprehensive consolidation of government controlled public funds encompassing all government cash resources, including Consolidated Revenue Fund, special funds, trust funds and other public funds unless expressly exempted by the Commissioner.
- (3) government deposits or funds releases to government entities by the Ministry of Finance shall be deposited in the TSA sub-accounts and shall form part of cash balances of these accounts.
- (4) Unless exempted by any Law of the State or by judicial order, all deposit bank accounts of the government's entities shall be sub-accounts of the Treasury Single Account for the State.

PART IX— ACCOUNTING AND REPORTING

Forms and Basic Structure of Government Accounts

- Accounting period 90. (1) The accounts of the government entities shall record transactions which take place during a financial year running from the 1st January to 31st December.
- (2) Government accounts may be kept open for adjustments or a financial year may be kept open for a month in the following financial year for completion of the following end of year accounting processes:
- (a) in respect of the transactions up to 31st December each year to capture expenditure for field services;
 - (b) for carrying out certain inter departmental agency adjustments; and
 - (c) for closing the accounts of special funds and suspense accounts.
- (3) Adjustments may also be made after the close of the year by journal entries for the correction of accounts due to miss-postings or mis-classifications impacting on fair presentation of financial statements that may be noticed after the 31st December each year.

(4) An actual cash transaction taking place after the 31st December, shall not, be treated as pertaining to the previous financial year even though the accounts for that year may be open for the purposes referred to in subsection (2) and (3) of this section.

(5) The Ministry of Finance shall issue guidelines on the closure of the financial year not later than the 15th December each year.

Charging of expenditure
to year of accounts

91. (1) The date of payment of any amount shall determine the date of the recording of the transaction in the accounts.

(2) No advance payment shall be paid to suppliers of goods and services unless provided for in the contractual terms and conditions contained in a valid contract signed between the procuring entity and the supplier.

Account codes and
standard chart of
accounts

92. (1) As a general rule, the classification of financial transactions in government entity's accounts shall be based on the standard chart of accounts approved by the Federal Executive Council.

(2) The approved estimates of expenditure shall form the basis of the accounts for the financial year.

(3) Every entry in the accounts shall be supported by a voucher or other approved document containing the full details, clear narrations and particulars of the item or items to which it relates.

Books of
accounts to
be kept by
Accounting

93. Accounting Officers shall keep in all offices concerned with receiving cash or making payments a cash book showing the receipts and payments and shall maintain such other books and registers as may be necessary for the proper maintenance and production of the accounts of the Vote for which he is responsible.

Recording and
reporting basis

94. (1) The structure of the reporting formats shall be based on the requirements of International Public Sector Accounting Standards.

(2) The Ministry of Finance shall issue financial instructions and guidelines on application of accounting policies, bases, standards and classification to be applied in financial reporting in line with International Public Sector Accounting Standards.

(3) The Accountant General shall prepare the financial statements in a form that complies with the relevant accounting standards prescribed by International Public Sector Accounting Standards, not later than six months after the end of the financial year and submit them to the Auditor-General.

Financial records
and automation of
financial operations

95. (1) Financial records may be maintained in manual and or electronic form.

(2) An Accounting Officer shall take all reasonable precautions to guard against damage, destruction of or falsification of any financial record required to be kept by this or any other law.

(3) An Accounting Officer shall satisfy himself that where an alteration of a financial record requires the authorisation, approval or deletion of any transaction or data, whether electronic or manual by any means other than in writing, that there is sufficient audit trail which shall identify the person who approved the transaction.

Accounting
adjustments
journal

96. (1) Journal entries prepared for all adjustments shall be authorised by the accounting officer or an officer designated by him before posting them in a financial record.

(2) In all cases journal vouchers shall be supported by sufficient explanations, authorisations and documentation to facilitate accounting adjustments to be understood.

Vouchers

97. (1) All receipts and payments vouchers of public funds shall be properly supported by pre-numbered receipt and payment vouchers and shall be supported by the appropriate authority and documentation.

(2) All receipt and payment vouchers shall be or made out in indelible ink and shall contain adequate narration of the particulars of the services, goods or works procured and being paid for.

(3) All amounts appearing in a voucher shall be written in words as well as in figures.

(4) All electronically generated vouchers shall have their numbers automatically generated by the system.

Powers to delegate
Voucher approval

98. (1) An Accounting Officer or any other officer delegated in writing by him may authorise payment vouchers on his behalf for expenditure chargeable to his vote, provided such expenditure is in respect of and within the provision of the services in a warrant, in accordance with this law or any other Law, tariff, contract or agreement that may be applicable, and does not require special authority in terms of any law or Financial instruction.

(2) Accounting Officers may prescribe the financial limits and other conditions within which this authority in subsection (1) of this section may be exercised.

Deposit accounts

99. Unless otherwise exempted by any Law of the State, any deposit which has remained unclaimed for 5 years may, with the approval of the Commissioner, be paid into Consolidated Revenue Fund and thereafter the Commissioner may refund the deposit to any person entitled thereto, if he is satisfied that the claim is authentic.

Clearance and
suspense accounts

100. (1) All the transactions relating to clearance and suspense accounts shall be supported by authentic and verifiable source documents, clearly indicating the approved allocation.

(2) Where it is necessary, to account for revenue and expenditure transactions in a clearing or suspense account, the Accountant General shall ensure that:

- (a) amounts included in clearing or suspense accounts are cleared and correctly allocated to the relevant cost centres on a monthly basis;
- (b) monthly reconciliations are performed to confirm the balance of each account; and
- (c) reports on uncleared items are prepared on a monthly basis.

Payments to
beneficiaries
residing outside
the State

101. Wherever practicable all payments of public funds made to persons outside the State shall be made by direct payment or payment advice through the Central Bank of Nigeria or deposit money bank to such persons' banks account or use of banker's draft or through the national payment systems.

Use of electronic
systems for financial
operations

102. (1) For efficient and effective utilisation of electronic systems in processing financial data, the Ministry of

Finance shall develop and regularly issue standard operating procedures and instructions on the automated integrated financial management system operations, use and maintenance.

(2) The Permanent Secretary shall designate a person or persons in writing to administer the automated integrated financial management system.

(3) The system administrator shall ensure compliance of assigned responsibilities and when necessary take appropriate measures.

Restricted access
to systems

103. (1) The Commissioner shall institute appropriate access controls needed to minimise breaches of information confidentiality, data integrity and loss of business continuity.

(2) Access controls to be instituted shall include:

- (a) uniform application forms for registration of new users, deregistration of users and modification of user roles;
- (b) processes of safeguarding completed application forms;
- (c) segregation of duties;
- (d) use of multi-factor authentication including standardisation of user primary identity linked to national identification numbers, payroll numbers and assigned responsibilities; and
- (e) utilisation of appropriate password length for login.

(3) Users of the system under this Law shall:

- (a) not use or attempt to use the automated public financial management system without authorisation of the system administrator;
- (b) take all reasonable steps to maintain the integrity of passwords and other security mechanisms;
- (c) where a password becomes insecure or potentially insecure, as soon as is practicable, implement a new secure password;
- (d) not do anything that damages, restricts, jeopardises, impairs or undermines the performance, usability,

reliability, confidentiality or accessibility of any digital information system, programme, or other stored information data;

- (e) not alter, delete or in any other way interfere with, any information, data or files;
- (f) be responsible for any unlawful entry on the automated public financial management system using such person's password;
- (g) undertake any tasks assigned; and
- (h) take all measures to ensure that on the last day of each month, the financial period of the month is closed.

(4) Failure to adhere to the closing of financial periods or to adhere to operational protocols in subsection (3) of this section commits an offence under this Law and any other relevant Law.

PART X—EXPENDITURE MANAGEMENT

Consolidated
Revenue Fund
Charges

104. (1) Where a Law of the State provides for some specific categories of expenditure to be a direct charge on the Consolidated Revenue Fund, such expenditures shall be included in the recurrent budget estimates of the government as part of the Consolidated Revenue Fund Charges.

(2) Subject to any other Law of the State, the Consolidated Revenue Fund Charges shall be limited to the followings:

- (a) public debt services;
- (b) salaries and allowances of the Governor and the Deputy-Governor;
- (c) ten percent (10%) of Internally Generated Revenue contribution to the local government;
- (d) pension and gratuity;
- (e) Auditor General;
- (f) Chairmen and members of Statutory Commissions;
- (g) Director of Public Prosecution.

(3) the Consolidated Revenue Fund Charges shall be administered by the Ministry of Finance.

Excess Vote 105. If a Chief Executive finds, after Appropriation Accounts are completed, that he has spent more than the total vote, that Chief Executive shall seek House approval through the Commissioner in charge of budget for that Excess Vote.

Payments to which an Accounting Officer object 106. (1) An Accounting Officer who is instructed by his Chief Executive to make payment which for any reasons the accounting officer has concerns; he shall raise those concerns in writing to his Chief Executive;

(2) In the event his Chief Executive approves for the processing of the payment despite the concerns raised by the Accounting Officer, he shall obey the instructions without further responsibility.

(3) Upon payment, the accounting officer may bring those concerns in writing under subsection (1) of this section, to the attention of the House with a copy to the Auditor-General.

Goods, works and services to be procured according to an approved procurement plan 107. (1) All purchases of goods, works and services from suppliers, including capital investments, shall comply with the provisions prescribed in the Public Procurement Law and any other relevant Law and shall have the prior approval of the Chief Executive.

(2) Every year a procurement plan shall be prepared by Chief Executive to form the basis for procurement activities undertaken by entities in the fiscal year.

(3) The procurement plan in subsection (2) of this section shall, where necessary, include estimated costs of procurement, insurance, clearing, forwarding, warehousing and demurrage charges for goods imported and have to undergo clearing and forwarding through ports of entry into the country.

Recovery, disallowance and adjustment of payments 108. (1) Amounts charged to Voted Funds, which are recovered in the financial year in which payment was made, shall on or before the closing of books of that financial year, be allocated to the budget item that was originally debited.

(2) Such amounts which are recovered after the closing of books of a financial year shall be paid to the Consolidated

Revenue Fund, provided that such amounts have not been allocated to a clearing or suspense account during the financial year in which payment was made.

Re-Vote of Budget 109. (1) Where a Chief Executive observes that it will not be possible to utilise all the funds allocated for a particular activity in a given financial year, he shall inform the Commissioner in charge of Budget not later than the 30th September each year.

(2) The Chief Executive shall then surrender the resources to the Commissioner in charge of budget who shall ensure that the funds are re-voted for the activity in the following financial year in order to continue the implementation of the activity.

Accountable documents 110. (1) Accountable documents whether manual or electronic shall be under strict control at all times and they shall include:

- (a) indent forms;
- (b) job order;
- (c) local purchase order;
- (d) local service order;
- (e) authority to incur expenditure;
- (f) cheques;
- (g) payment mandates;
- (h) expenditure authorisation form;
- (i) remittances form;
- (j) payroll printouts;
- (k) cashbooks;
- (l) Payment vouchers;
- (m) Journals;
- (n) receipt books;
- (o) imprest warrants; and
- (p) overseas payment authority form.

(2) The Head of Accounts department shall keep his stock of accountable documents whether manual under lock and key, issuing them in accordance with the daily needs of the service, and

keeping an accurate up-to-date record of their use by means of continuity control sheets.

(3) Where the accountable documents are in electronic form, the Head of Accounts department shall ensure appropriate mechanism are put in place for safeguarding and tracking them.

Preservation of
accountable
documents, books
and records

111. (1) Accounting Officers shall, subject to the provisions of the relevant law, retain certain documents, of whatever kind, which shall be preserved in the following circumstances:

(a) where they may be of value to the State archives;

(b) if they are the subject of unfinished audit enquiries; or

(c) if they are likely to be needed for pension purposes (including salary records).

(2) After the expiry of the retention periods under subsection (3) of this section, the information may, if required, be secured in an alternative form that ensures the integrity and reliability of the data and ensures that the information can be reproduced, where necessary.

(3) Subject to the overriding consideration under subsection (1) of this section, certain classes of documents and records are to be preserved for a stipulated minimum period of time as detailed in the table below:

S/ No	TYPE OF DOCUMENT	PRESERVATION PERIOD
1	Principal ledger	10 years
2	Cashbook	10 years
3	Journals	3 years
4	Payment vouchers	5 years
5	Paid Cheques or electronic payments	5 years
6	Completed indent warrant	12 months after the end of financial year to which they relate

7	Completed order forms	12 months after the end of financial year to which they relate
8	Duplicate receipts	12 months after the end of financial year to which they relate
9	Duplicate payment vouchers	12 months after the end of financial year to which they relate
10	Receipt books (a) fully used obsolete partly used	6 months after date of completion but must be inspected by the Auditor-General and the disposal noted in the main counterfoils receipts, book registers

Expenditure in relation to human resources

112. (1) Personnel management activities relating to gazettement of appointments, the authorisation of payments and the recording of those payments may not be performed by the same officer.
- (2) The budgetary allocation for personnel costs shall be determined on the basis of a detailed costing of a human capital plan of an entity as approved by the office of the Head of Service.
- (3) The Chief Executive of an entity shall ensure that the personnel cost of all appointees, as well as promotion and salary increases, can be met within the budgetary allocation voted for the entity.
- (4) The office of the Head of Service shall only approve establishment of new public service positions after, getting confirmation of availability of budgetary provisions from the Ministry of Budget and Economic Planning.
- (5) For purposes of ensuring a sustainable wage bill, where the Head of Service intends to approve any changes under this section, he may consult the Commissioner in charge of budget.

(6) No change relating to the above matters shall be introduced into the expenditure estimates of the respective entity without the requisite authority.

Payroll certification
by accounting
officer

113. (1) Personnel costs shall be classified based on the Personnel costs template and the standard chart of accounts used in capturing expenditure.
(2) Each employee shall be linked to a program in the budget of an entity's Vote.
(3) At least once every quarter, the accounting officer shall certify the correctness of the payroll.

Deduction codes to
be assigned to all
payroll deductions

114. (1) The Ministry of Finance shall issue payroll deduction codes for all discretionary and non-discretionary deductions.
(2) The State Treasury may levy a fee on the discretionary deductions which shall be paid by the receiving institution.

Remuneration of
members of
committees and
commissions of
inquiries

115. Remunerative benefits and other allowances for members and the staff of the secretariat of special committees and commissions of inquiry shall be determined by the Head of Service in consultation with the Governor.

Services rendered
by members during
private time

116. Where a chairman of the Commission or Committee requests a non-official member of a commission or committee to render services in his private time, other than the normal preparations for meetings, the person may be paid an allowance as determined by the said Chairman.

Compensation and
ex-gratia payment

117. **Compensation and *ex-gratia* payment**

No offer of compensation in settlement of any claim against the government or *ex-gratia* payment may be made without prior authority of the Governor, except where powers are available to Chief Executive to settle such claims.

Benefits and Allowances of Public Officers

Authority for Loans
and advances

118. (1) Chief Executive may only authorise salary advances for public officers under him to be paid if there exists a budgetary provision in his Vote.
(2) No staff loan or advance which is properly chargeable to a head of expenditure shall be debited to a salary advance expenditure item.

Benefits and allowances for Public Officers

119. (1) The Head of Service may establish a mechanism for public officers to access loans including car, mortgage, housing, furniture, refurbishing, animal tractions and bicycle loans which shall be within the guidelines issued by the Commissioner.

(2) Despite the provisions of subsection (1) of this section, the Commissioner may also issue guidelines on benefits and allowances for public officers by way of a notice in the State Gazette with the approval of the Governor.

Lease Financing and Joint Infrastructure Investments

Lease financing transactions by government entities

120. (1) For the purpose of this Law, a lease is regarded as a contract that gives the lessee (the renter) the right to the use of property, plant or equipment for a fixed period of time with a fixed schedule of payments to the lessor (the owner).

(2) Chief Executive of an entity may, for the purpose of conducting the entity's business, enter into finance lease transactions.

(3) The Chief Executive of an entity may under no circumstances enter into finance leases (non-operating lease) without the approval of the Governor which shall be transmitted to the Ministry of Finance and the Auditor General.

(4) For the purpose of subsection (3) of this section, a lease is considered to be finance lease if:

- (a) the lease transfers ownership of the asset to the government entity by the end of the lease period;
- (b) the government entity has the option to purchase the asset at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable, so that at the inception of the lease it is reasonably certain that the option will be exercised;
- (c) the lease term is for the economic life of the asset even if the title is not transferred;
- (d) at the inception of the lease, the present value of the minimum lease payments amount to at least 90% of the fair value of the leased asset;

- (e) the leased asset is of specialised nature such that only the government entity can use the asset without major modifications being made;
- (f) the lessor's losses associated with cancellation of the lease by the lessee is borne by the lessee; and
- (g) the leased asset cannot be easily replaced by another asset.

(5) The Ministry of Finance shall monitor all finance lease transactions and report associated obligations.

Joint Infrastructure
Investments

121. (1) For purposes of this Law, "joint infrastructure investment" means any capital project(s) initiated and undertaken as a joint venture between two or more State governments which involve development expenditures for the project(s) where:

- (a) the nature and costs of the project(s) is beyond the means of one State government;
- (b) the project traverses more than one State government territory; or
- (c) the project benefits can be enjoyed by more than one State government.

(2) A joint infrastructure investment shall be solemnised through an intergovernmental agreement which shall be filed with the office of the Attorney-General and shall specify:

- (a) the State governments involved;
- (b) the management and administrative structure of the joint investment project;
- (c) the description of the joint investment project and its objectives;
- (d) the responsibilities and obligations of each State government involved;
- (e) the joint investment project implementation modalities including procurement procedures and administrator of the project;
- (f) the joint investment project financing options;

- (g) the dispute resolution mechanisms between the State governments involved and the arbitrator in case of any dispute;
- (h) the reporting mechanism including the regularity of the reports by the management to all State governments involved; and
- (i) the apportionment of sharing of the benefits and maintenance costs, if any, between the State governments involved.

PART XI— MONITORING AND REPORTING

Responsibility
for monitoring,
evaluation and
reporting

122. (1) The Commissioner in charge of budget shall prescribe a framework for monitoring and reporting on non-financial performance for use by Chief Executive in evaluation of programmes and projects by measuring:
- (a) financial indicators which shall capture expenditures on the implementation of programmes and projects;
 - (b) outputs indicators which shall measure what is directly supplied through the implementation of the programmes and projects; and
 - (c) outcomes or results indicators of the programme or projects which capture the expected effects on intended beneficiaries of the programme or project.
- (2) The Commissioner in charge of budget shall also set up a system that shall facilitate efficient and effective data collection, storage and exchange to monitor and report on non-financial performance of the entity's individual programmes and projects.
- (3) Chief Executive shall put in place efficient and effective systems to monitor and report on non-financial performance for his entity's individual programmes and projects based on the prescribed format under subsection (1) and (2) of this section and submit a report to the Commissioner in charge of budget with a copy to the Auditor-General.
- (4) The Commissioner in charge of budget shall consolidate all the reports received under subsection (3) of this section, and submit a report to the Executive Council.

Footnotes to
appropriation
accounts

123. (1) Accountant General shall provide footnotes to the annual financial statements prepared and submitted to the Auditor-General.

(2) The footnotes to the financial statements referred to under subsection (1) of this section, shall at the minimum include:

- (a) the details of Appropriation-in-Aid;
- (b) excess Appropriation-in-Aid, if any;
- (c) reasons for material differences between approved estimates and actual expenditure, or actual collection of Appropriation-in-Aid;
- (d) losses and write-offs;
- (e) nugatory and similar payments, compensation and ex-gratia payments;
- (f) arrears of Appropriation-in-Aid and Appropriation-in-Aid abandoned; and
- (g) advances appropriately analysed including imprest.

(3) where, in respect of any footnotes referred to, in this section, there is nil return that particular footnote shall be omitted entirely.

Special State
public funds and
State corporations
additional reporting
responsibilities

124. Chief Executive of an entity shall disclose in the annual financial and non-financial report a list of special funds or State corporations controlled by that entity.

PART XII — ASSET MANAGEMENT

Responsibility for
Assets Management

125. (1) Chief Executive of an entity shall take full responsibility and ensure that proper control systems exist for assets and that:

- (a) preventive mechanisms are in place to eliminate theft, security threats, losses, wastage and misuse;
- (b) movement and conditions of assets can be tracked; and
- (c) stock levels are at an optimum and economical level.

(2) Chief Executive shall ensure that processes and procedures both electronic and manual are in place for the

effective, efficient, economical and transparent use of the entity's assets.

(3) Ministry of Finance shall provide guidelines on government assets management.

Responsibility for
an entity inventory

126. (1) Accounting Officer shall be responsible for the proper custody, care and use of government inventories under their control including imported goods in vessels awaiting discharge and in customs warehouses awaiting clearance.

(2) Despite subsection (1) of this section, an Accounting Officer shall be responsible for the general management of government inventories held within his entity.

(3) Accountability shall only be discharged when government inventories have been:

- (a) consumed in the course of public business and records are available to show that the government inventories have been consumed; or
- (b) worn out in the normal course of public business and removed from the stores records and has been approved by the Chief Executive or;
- (c) lost, stolen, destroyed, damaged or rendered unserviceable other than by fair wear and tear, and if removed from the store's records and has been approved.

(4) If the Accounting Officer is satisfied that the retention of any government inventories is no longer in the public interest, the Chief Executive may authorise disposal in accordance with the Public Procurement Law; and

(5) Removal from the store's records under subsection (3) of this section shall be reported to the Ministry of Finance by the Chief Executive.

(6) Where an Accounting Officer has reason to believe that any person:

- (a) has received Government inventory and has not duly handed it over; or
- (b) has received government inventory for which the person is accountable but has not duly accounted for it; or

- (c) has in hand government inventory which has not duly been applied to the purpose for which they were collected.

The Accounting Officer shall serve a notice on the public officer requesting that within a time specified in the notice, the person shall pay for, account for, or apply the inventory and submit to the Accounting Officer satisfactory evidence that this has been done.

(7) The Chief Executive of an entity shall in consultation with a technical department, review at least annually when finalising the budget, taxes, licences, fees, fines, sales, earnings, rents and other charges relating to the letting of state property to ensure sound financial planning and management.

Chief Executive's responsibilities upon transfer of assets and liabilities

127. (1) When assets or liabilities of an entity are transferred to another entity or other institution in terms of legislation or following a re-organisation of government functions, the Chief Executive for the transferring entity shall be required to:

- (a) identify an inventory of such assets and liabilities; and
- (b) provide the Chief Executive for the receiving entity or other institution with necessary records, including human resource records of staff to be transferred.

(2) Both the Chief Executive for the transferring entity and the Chief Executive for the receiving entity or other institution shall sign the inventory when the transfer takes place.

(3) The Chief Executive for the transferring entity shall file a copy of the signed inventory with the Ministry of Finance and the Auditor-General within four weeks of the transfer.

Assets accruing to the government by operation of Law

128. Where any money, property or right accrues to the government by operation of law, the Ministry of Finance, may exercise all powers, authority and prerogatives, and fulfil any obligation on behalf of the government.

- Register of assets 129. (1) The Accounting Officer shall be responsible for maintaining a register of assets under his control or possession as prescribed by the relevant laws.
- (2) The register of land and buildings shall record each parcel of land and each building and the terms on which it is held, with reference to the conveyance, address, area, dates of acquisition, disposal or major change in use, capital expenditure, lease hold terms, maintenance contracts and other pertinent management details.
- (3) All major items including furniture and equipment issued for a government's quarters or offices, large tools for the government works, plant, equipment, vehicles or large motor boat shall be recorded in a register.
- (4) All acquisitions or assignment of immovable property shall be notified to the Ministry of Finance.
- (5) All acquisitions or assignment of land with or without buildings shall be notified to the Ministry of Finance.

Losses and Write-offs

- Definitions 130. For purposes of this Part the term losses is defined to include:
- (a) actual loss or destruction of, or damage (other than fair wear and tear) to, or failure to account for the disposal of public money, stamps, securities or property, movable or immovable (including any money or other property not belonging to the government which is held or used by an officer in his official capacity either alone or jointly with any other person); or
 - (b) non-collection of any moneys due or belonging to government, or for collection of which the government is responsible; or
 - (c) payments made or liabilities incurred without or in excess of any statutory, administrative or any other authority, including nugatory and similar payments and payments arising from incorrect certificates, and irregular or excess issues of stores, rations; or

- (d) unauthorised use of government stores, vehicles, buildings, plants, equipment or any other property, or of service (e.g. repair workshops) provided for official purposes; or
- (e) compensation and similar payments (including third party claims in respect of vehicle accidents) legal and court costs and any other additional expenditure or liability which was avoidable and need not have been incurred.

Accounting Officer's
responsibility

131. When a loss as defined in this part is discovered, the Accounting Officer shall investigate the circumstances of the loss:

- (a) to ascertain the extent and amount of the loss;
- (b) to determine whether control or operational arrangements need to be improved in order to prevent the occurrence of similar losses in his entity; or
- (c) to determine whether any offence or other fault of a public officer has been revealed by the loss.

Disclosure of
offences

132. The investigation of a loss does not constitute a disciplinary enquiry and if the investigation reveals that an offence has been committed, it shall be dealt with in accordance with the relevant laws pertaining to that offence, as appropriate, and the relevant disciplinary measures.

Procedure for
handling losses

133. (1) A loss may be revealed by defalcation or loss due to any cause, and thereafter investigation proceedings shall be commenced immediately and a report made to the Accounting Officer and where necessary, to the relevant authority.

(2) The report referred to under subsection (1) of this section, shall give details of the amount involved and any other information available including a brief account of actions to prevent further loss, and effect recovery.

(3) On receipt of the report, the accounting officer shall give instructions regarding accounting entries, if any, to be made and any other action which appears to him to be necessary.

(4) Where a liability has been established for a third party, payment shall be made, provided that there is no reason to suspect that the third party had any responsibility for the loss and the payment shall not await the results of the investigations of the loss.

(5) If the loss falls within the Chief Executive's threshold provided in the Public Procurement Law, he shall authorise the write off of the loss in any one incidence and submit a report to the Ministry of Finance and the Auditor-General.

(6) If the loss falls within the threshold of the Chief Executive of the entity provided in Public Procurement Law, the accounting officer shall seek the approval of the Chief Executive to authorise him to write off the loss.

(7) The approval of the Chief Executive shall be communicated to the accounting officer in writing with a copy to the Ministry of Finance and Auditor-General.

(8) Any loss exceeding the threshold set for the Chief Executive shall fall within the Governor's power.

The Accounting Officer shall:

- (i) Seek the approval of the Governor through the Chief Executive to authorise him to write off the loss;
- (ii) The approval of the Governor shall be communicated to the Accounting Officer through the Chief Executive in writing with a copy to the Ministry of Finance and the Auditor-General;
- (iii) also make a disclosure in the financial statements of that entity.

(9) The Accountant General shall also make a disclosure in the financial statements of the Government.

Categories of losses 134. (1) For the purposes of this Law, cash deficiency is a loss arising from a deficiency of cash or other negotiable instrument, whether it arises from a simple cash shortage or from the use of fictitious entries or vouchers to conceal the existence of a deficiency.

(2) Revenue losses may arise from:

- (a) uncollectable revenue when debts due to government cannot be collected by reason that the debtor cannot be traced or is insolvent; and
 - (b) loss of revenue, arising from failure to assess or collect in circumstances which preclude subsequent assessment or collection, and include any loss of interest caused by delay in making payments into the appropriate public funds or from the making of irregular advances.
- (3) Expenditure losses may arise from:
- (a) irrecoverable overpayments, when an excess payment has been made by error and recovery cannot be effected because the recipient cannot be traced or is otherwise incapable of making repayment; or
 - (b) nugatory payments, which arise in circumstances such as, the incurrance of a penalty in which an entity has been legally obliged to make payment, but for which no corresponding receipt of goods or services has been derived; or
 - (c) fraudulent payments, which arise from transactions which involve a breach of the penal code, by the use of falsified documents or certificates to steal money or other property belonging to the government and it is not recoverable.
- (4) Inventory and equipment losses may arise from:
- (a) deficiencies, including fraudulent issues of stores from stock and issues of stores without proper evidence of use; or
 - (b) damage or deterioration of goods in stock; or
 - (c) loss by accident in so far as they relate to equipment and inventories in use.
- (5) Financial losses may arise from:
- (a) irrecoverable advances and loans when money due to an entity cannot be recovered by reason of a debtors default and include default on government guarantees; or

- (b) irregular advances and loans when money cannot be recovered because an entity cannot establish a claim against any person or institution, as in the case of expenditure wrongly charged to advances, or advances and loans made without agreement for recovery;
 - (c) reduction of financial asset where the value of any financial asset has to be reduced by reason of failure or capital restructuring of an enterprise; or
 - (d) losses on sale of securities where the losses are aggregated with gains over the financial year, and any net loss is written off at the end of the year.
- (6) Miscellaneous losses may arise from:
- (a) loss of fixed fee receipts; or
 - (b) the loss of safe keys of any entity's safe or the compromise of any combination lock; or
 - (c) the cost of altering locks and providing new keys or combinations;
 - (d) the value of any missing items from the safe; or
 - (e) irrecoverable claims dealt with as laid down in this Law.

Investigation of every case of loss 135.

(1) The accounting officer of an entity shall cause an investigation to be conducted into every reported case of loss, and where the accounting officer of that entity is implicated in the loss, the Chief Executive shall be the appropriate authority to cause investigation to be conducted.

(2) In the case where the investigation report implicates the accounting officer, the Chief Executive shall revoke the designation and also report the matter to the relevant authority, and

(3) Where the Chief Executive and the Accounting Officer of an entity are implicated in the investigation report, the investigation authority shall submit the report to the relevant authority.

- Defective systems 136. If the report of the investigating authority indicates that systems currently in operation, including those for the training of staff are defective, the Chief Executive of an entity shall consult with the Ministry of Finance to consider measures for rectification.
- Financial liability of officers 137. (1) Recovery of the value of a loss, whether by recovery proceedings under this Law, shall constitute a settlement of a civil claim against the officer arising from the loss.
(2) Recovery of a loss shall not be a substitute for prosecution or disciplinary proceedings.
- Annual statement of losses 138. The Accounting officer shall maintain a register of all losses incurred by his entity and attach a list of all losses incurred during that year to the financial statements submitted to the Auditor-General for audit with a copy to the Ministry of Finance.
- Clarification on classification of losses 139. Where any doubt arises on the correct classification of a loss or the accounting procedure required the directions of the Ministry of Finance shall be sought.
- Claims on damaged or incomplete goods 140. Where goods are received damaged or incomplete and such goods are subject to a claim on suppliers, insurers or carriers, they shall not constitute a loss until the claims prove irrecoverable.
- Investigation of losses 141. (1) The fact that losses arise from uncollectable revenue, irrecoverable overpayments, or irrecoverable claims at the time of disposal does not preclude the prior investigation of circumstances of the losses.
(2) Applications for write-off shall be accompanied by an investigation report indicating whether remedial accounting or other action is necessary.
- Writing-off- of losses 142. (1) Chief Executive may only write-off losses owed to his entity if he is satisfied that:
(a) all reasonable steps have been taken to recover the loss and the loss is irrecoverable; or
(b) he is convinced that:
(i) recovery of the losses would be uneconomical; and

- (ii) it would be to the advantage of the entity to effect a settlement of its claim or to waive the claim.

(2) Chief Executive shall ensure that all losses written-off are done in accordance with this Law or any other relevant law.

Interest payable on recoverable losses 143. Interest may be charged on recoverable losses arising from cases of losses reported to the government at the Central Bank Monetary Policy Rate (MPR).

Right of Auditor-General 144. The authorisation of disposal of a case of loss does not prejudice the right of the Auditor General to carry out further investigation.

PART XIII — INTERNAL AUDIT

Mandate of Internal Auditors 145. Internal auditors shall:

- (a) review and evaluate budgetary performance, financial management, transparency and accountability mechanisms and processes in an entity;
- (b) have a duty to give reasonable assurance on the state of risk management, control and governance within the organisation; and
- (c) review the effectiveness of the financial and non-financial performance management systems of the entity.

Compliance with professional standard and code of ethics 146. Internal auditors shall comply with the International Professional Practices Framework as issued by the Institute of Internal Auditors from time to time and shall conduct audits in accordance with policies and guidelines issued by the International Public Sector Accounting Standard to ensure uniformity and consistency across the State.

Independence of the internal auditor 147. (1) The Head of Internal Audit unit in an entity shall enjoy operational independence through the reporting structure by reporting administratively to the Chief Executive.
(2) Chief Executive shall ensure that the organisational structure of the internal audit unit facilitate;

(a) the entity to accomplish its internal audit responsibilities;

(b) internal auditor with sufficient authority to promote independence and to ensure broad internal audit coverage, adequate consideration of audit reports;

(c) appropriate action to be taken on internal audit recommendations; and

(d) the internal auditor to be independent of the programs, operations and activities he audits to ensure the impartiality and credibility of the audit work undertaken.

(3) The internal auditor shall have unrestricted, direct and prompt access to all records, officials or Personnel holding any contractual status and to all the premises and properties of the entity.

(4) The internal auditor shall respect the confidential nature of information and shall use such information with discretion and only in so far as it is relevant to reach an audit opinion.

(5) All internal audit activities shall remain free of influence by any element in the organisation, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of an independent and objective mental attitude necessary in rendering reports.

(6) Internal Auditors shall have no direct operational responsibility or authority over any of the activities they review accordingly, they shall not develop nor install systems or procedures, prepare records, or engage in any other activity which would normally be audited.

The State Head of Internal Audit Services

Independence of
the State Head of
Internal Audit
services

148. The State Head of Internal Audit Services shall be a department in the Ministry of Finance.

Functions of State
Head of Internal
Audit services

149. The State Head of Internal Audit Services, in leading the internal audit function within the Ministry of Finance, is responsible for operational aspects of internal audit function within the government entities including:

- (a) advising the Commissioner and Chief Executives on emerging issues in internal auditing;
- (b) developing and implementing the use of innovative approaches in performing independent assessment of systems, controls and efficiencies guided by professional standards;
- (c) promoting government-wide risk management and provide the management with consulting services to improve the overall government operations;
- (d) providing capacity building for government entities including developing curriculum, training materials and undertake training; and
- (e) reporting to the Commissioner on the internal audit function performance.

The role of Chief Executive in risk management

150. The Chief Executive shall ensure that:

- (a) the entity develops risk management strategies, which include fraud prevention mechanism; and
- (b) the entity develops a system of risk management and internal control that builds robust business operations.

Performance appraisal

151. (1) Each year the head of internal audit department shall assess its own effectiveness through an internal performance appraisal and shall carry out annual review of the performance of the internal audit activity commenting on its effectiveness in the annual report to the Commissioner.

(2) At least once every three years, but not more than five years, internal audit department shall undergo a professional assessment of its effectiveness undertaken by a professionally recognised body or institution.

Reporting material breaches and persistent material breaches

152. (1) When indications of fraud, material breaches and wasteful expenditure have been identified in an entity, the head of the internal audit unit shall immediately notify the Chief Executive.

(2) The Chief Executive may notify the Governor of the findings of subsection (1) of this section with a copy to the Auditor-General.

Prohibition from conducting assurance services

153. An internal auditor shall not perform audit assignments for providing assurance relating to activities and structures on which he has provided consulting services or in which he had been employed over in the last twenty four months.

Disciplinary liability of internal auditors

154. Head of internal audit and the internal auditors shall bear legal and disciplinary liability for failure to discharge their responsibilities under this Law and any other relevant law: **Provided** that assurance procedures alone even when performed with due professional care shall not be a guarantee that all significant risk shall be identified.

Internal Audit Planning, Performance and Reporting

Risk based audit assessment strategic plan

155. (1) Internal audit planning shall be carried out on the basis of risk assessment and shall be set out in a three-year strategic plan, on the basis of which an annual internal audit activity plan shall be developed.

(2) The annual work plan developed in subsection (1) of this section shall be:

- (a) submitted to the Chief Executive by 15th June each financial year; and
- (b) approved and shared with the Accounting Officer of that entity, in sufficient time for inclusion in the budget of that entity for the following year.

Communicating results

156. (1) The findings and recommendations arising from each internal audit assignment shall be promptly reported to the Chief Executive.

(2) The final report, including the actions taken by the Chief Executive should be reported to the Commissioner and the Auditor-General in a format to be provided.

(3) When updating the management of the progress of an audit assignment, the internal auditor shall:

- (a) give an oral preliminary report which shall be confirmed in writing within seven (7) days;
- (b) discuss the findings, conclusions and recommendations with the auditee;

- (c) issue a signed written report after each internal audit assignment that is objective, clear, concise and timely;
- (d) give reports which clearly present the purpose, scope and results of the audit; and
- (e) give reports with recommendations for potential improvement, suggestions of corrective actions and acknowledgement of satisfactory performance.

Implementation of audit recommendations

Enforcement of Internal Audit recommendations

157. (1) The Chief Executive shall direct the accounting officer of the concerned entity for the implementation of the recommendations made in the audit report and shall develop response and action plan which they shall submit to the Commissioner and Auditor-General within fourteen days.
- (2) The response and action plan submitted to Commissioner and Auditor-General in subsection (1) of this section shall be followed up to ensure its implementation.

Preparation and submission of quarterly and annual audit reports

158. (1) Each head of internal audit unit shall prepare a quarterly internal audit report which shall cover areas provided for in guidelines and shall be in a format issued by the Commissioner.
- (2) The quarterly report in subsection (1) of this section shall be submitted within 14 days of the end of the quarter to the Chief Executive of the concerned entity, the Auditor-General and the Commissioner.
- (3) At the end of each financial year, the Head of Internal Audit Services shall prepare for the government, clear and comprehensible annual report that consolidates the quarterly audit assurance reports prepared by all internal audit units' activities in the State, in accordance with formats prescribed by the Commissioner.

PART XIV — PUBLIC DEBT MANAGEMENT

Objectives of public debt management

159. The objectives of public debt management are to ensure that the State government's financing needs and payment

obligations are met at the lowest possible cost over the medium to long term, with a prudent degree of risk, and to promote development while ensuring the equitable sharing of benefits and burdens of public debt between the current and future generation.

Guiding principles
for Government
borrowing

160. Government borrowing shall be guided by the following principles:

- (a) promotion of inter-generational equity in the sharing of burdens and benefits of public borrowing;
- (b) determination of thresholds of borrowing rights;
- (c) use of objective criteria for evaluating State government eligibility for national government debt guarantee; and
- (d) prudence and equity in setting limits for debt stock levels.
- (e) The provision of this part shall be subject to the provisions of section 47 of the Fiscal Responsibility Law.

Borrowing
powers for State
Government

161. (1) The Commissioner shall, with the approval of Governor derives powers to raise loans for the Government subject to the House resolution.

(2) State Government may from time to time borrow within and outside the State such sums of money in such amount and on such terms and conditions as to interest, repayment, disbursement or otherwise as the Governor may think fit, in any of the following manners:

- (a) by issuing State Treasury Bonds;
- (b) by bank overdraft facility; and
- (c) by any other loan or credit evidenced by instruments in writing.

(3) Any borrowing by State government under subsection (2) (a) and (c) of this section shall require a Federal Government guarantee.

(4) Any borrowing under subsection (2) (b) of this section, shall:

- (a) be a short term borrowing for cash management purpose only, authorised by the House;
- (b) not exceed 5% of the most recent audited revenues of the State;
- (c) be repaid within a year from the date on which it was borrowed.

Borrowing Purposes **162.** The Government may borrow for the purpose of:

- (a) financing budget deficits; or
- (b) cash management; or
- (c) refinancing outstanding debt or repaying a loan prior to its date of repayment; or
- (d) mitigation against adverse effects caused by an urgent and unforeseen event in cases where the Emergency Fund has been depleted; or
- (e) meeting any other development policy objectives that the government shall deem necessary, consistent with this law and any other relevant law, and as House may approve.

State total public debt threshold **163.**

- (1) Notwithstanding the provision of section 47 of Fiscal Responsibility Law, State public debt shall not exceed one hundred and fifty percent (150%) of the State government's most recent audited revenues, as approved by the House.
- (2) The annual debt service cost of government shall not exceed fifteen percent (15%) of the most recent audited revenue of the government, as approved by the House.
- (3) Monthly debt service deduction shall not exceed forty percent (40%) of the average Federation Account Allocation Committee for the preceding 12 months;

Government medium term debt management strategy **164.**

- (1) Any borrowing by the government shall be informed by its medium term debt management strategy and shall set out the framework for the management of public debt.
- (2) The medium term debt management strategy, which is reviewed annually, shall be prepared by the Ministry of Budget and Economic Planning and executed by the Ministry of Finance.

(3) Medium term debt management strategy shall be formulated annually on a three year rolling basis.

(4) The Strategy shall be approved by the Executive Council.

(5) The medium term debt management strategy shall be prepared taking into account:

- (a) the borrowing needs of the government;
- (b) fiscal responsibility principles;
- (c) prevailing macro-economic conditions;
- (d) prevailing conditions of the financial markets; and
- (e) any other relevant factors.

(6) The medium term debt management strategy shall include measures for minimising borrowing costs with a prudent degree of risks.

Setting Debt
Limit in the
Medium Term
Debt
Management
Strategy

165. (1) The debt limit at any given time shall not exceed the nominal value of the total public debt that is determined by the House within the limits set under this Law and any other relevant law.

(2) The debt limit under subsection (1) of this section shall be specified annually in the fiscal strategy paper and the medium term debt management strategy paper.

(3) The annual new government debt shall be consistent with the debt limits set out under subsection (1) of this section.

(4) For the purposes of monitoring compliance with the limits under subsection (1) of this section, the amount of government debts which are not denominated in Naira shall be recalculated at the prevailing exchange rate of the Central Bank of Nigeria.

Criteria for
borrowing

166. Capital project expenditures of government for which a loan is requested, shall meet the followings:

- (a) the government shall demonstrate that the project could not be financed on reasonable terms and conditions without a loan;

- (b) an economic analysis is made demonstrating the project's cash flow clearly setting out a borrowing and repayment plan;
- (c) it is a feasible project that has been approved by the Executive Council as contained in the appropriation law;
- (d) the government meets all the fiscal responsibility principles set out in the Fiscal Responsibility Law and this Law;
- (e) the application of the guarantee shall be submitted with a signed loan agreement;
- (f) the lender is of good credibility and standing with the Government of Nigeria; and
- (g) the guarantee is in the public interest;

Criteria for
issuance of
government
securities

167. (1) The issuance of government securities to raise debt capital shall be by way of auction or such other method as Commissioner may determine with the concurrence of the Governor.

(2) Despite the provisions of subsection (1) of this section, the auction of domestic government securities shall take into account the following factors:

- (a) pricing of the domestic government securities;
- (b) refinancing risk of the domestic government securities;
- (c) the domestic market stability when taking up domestic government securities; and
- (d) the borrowing programme which is consistent with the medium term debt strategy and fiscal strategy paper.

Credit purchases

168. Where development partners have opted to give loans through credit purchase or commodity loan arrangements, for the purposes of budgeting and accounting, the following procedures shall be followed:

- (a) the amount of expenditure and matching direct payment as agreed and as applicable, shall be included in the development estimates under separate items;

- (b) Chief Executive shall apply through the Ministry of Finance for utilisation of the credit purchase facility in the prescribed manner as set-out in the loan instrument;
- (c) after supplying goods or services, the development partner shall notify Ministry of Finance the amount disbursed against the loan;
- (d) the State Treasury shall record the amounts disbursed as a drawing against each loan facility;
- (e) the Ministry of Finance shall forward invoices and debit advices to the Chief Executive concerned to bring the expenditure involved into account;
- (f) the accounting officer shall, on satisfying himself of receipt of goods and services, record the transactions in the stores ledger card and the Chief Executive shall notify the Ministry of Finance on the receipt of goods and services; and
- (g) upon receipts of the notification under paragraph (f) of this section, the Commissioner shall notify the Governor of the receipt of goods and services.

Setting Debt
Limit in the
Medium Term
Debt
Management
Strategy

169. The Commissioner may, on such terms and conditions as he may determine, and when necessary, with the concurrence of the lender and the Governor:

- (a) repay any loan prior to the redemption date of that loan; or
- (b) convert the loan into any other loan; or
- (c) restructure and reschedule two or more loans into an existing or new loan.

Government
entities to provide
data on debt

170. Government entities shall submit to the Ministry of Finance a report on entity's public debt quarterly.

Annual
reporting

debt 171. (1) Not later than three months after the end of each financial year the Commissioner shall prepare and submit an annual report to the House on public debt.

(2) The annual public debt report shall be in a format that shall include the following information:

- (a) review of previous years financing of budget deficit;
- (b) composition of domestic debt;

- (c) composition of external debt;
- (d) on-lent loans and contingent liabilities;
- (e) debt strategy and debt sustainability;
- (e) nugatory and similar payments, compensation and ex-gratia payments;
- (f) outlook for the medium term; and
- (g) any commitment fees and penalties paid on any undisbursed amounts of loan.

(3) The Ministry of Finance shall maintain an inventory of all loans made to the government and make the record available to the House on request.

(4) The following information shall be included in the inventory under subsection 3 of this section:

- (a) the principal of the loan and the terms and conditions of the loan, including interest and other charges payable and terms of repayment and location of the project financed; and
- (b) the amount of the loan advanced at any particular time.

Rules and responsibilities of Chief Executives in loan administration

172. For the purposes of loan administration, the Chief Executive of an entity shall be responsible for the following:

- (a) preparing project proposals and submitting them for approval to the Executive Council;
- (b) where authorisation has been granted for the project to start, the Chief Executive shall ensure public disclosure to intended beneficiaries within thirty days of the allocation and disbursement of the loan;
- (c) after disbursement of loans, the loan recipient entity shall report within fifteen days after the end of each quarter to the intended beneficiaries on the expenditures and performance achieved in relation to the loan;
- (d) during the project identification and design, the intended beneficiaries shall be involved through the public participatory approach to planning through public forums to enhance leadership, ownership, social accountability and sustainability of the project;

- (e) preparing expected disbursements profiles;
- (f) making comments on draft loan agreement from the Ministry of Justice;
- (g) participating in all consultations and negotiations of all loan agreements for projects and programmes under their jurisdiction; and
- (h) implementing, monitoring and evaluating, in close collaboration with the entity responsible for State planning, all projects and programmes within their jurisdiction.

PART XV: STATE CORPORATIONS

Definitions 173. For the purposes of this Part:

“governing body” in relation to a public entity means a commission, a board of directors, a board of trustees, governing council and council.

“government owned enterprise” means an organisation which:

- (a) is a legal person under the ownership and control of State government;
- (b) has been assigned financial and operational powers to carry on a business activity;
- (c) as its main business, supplies goods or services in accordance with ordinary commercial principles; and
- (d) is financed wholly or substantially from sources that do not require annual appropriation by House, or imposition of a tax, levy or other charge under any relevant Law.

Declaration of
government
entities and
Classification of
State
Corporation

174. (1) The Commissioner may declare and classify government entities in accordance with the Schedules as indicated in this Law.

(2) Ministries and departments fully funded by the State Government shall be listed as Schedule 1 government entities.

(3) State owned enterprises operating on the basis of commercial principles shall be listed as Schedule 2 government entities.

(4) Regulatory agencies shall be categorised as Schedule 3 government entities.

(5) Executive agencies, and State referral health institutions, boards and commissions fully or partially funded through the State government budget shall be categorised as Schedule 4 government entities.

(5) The Commissioner shall have powers to amend the Schedules classified under this Law.

Guiding principles for
the establishment of
State corporations

175. The following principles shall apply when determining the need for the establishment of a State corporation:

- (a) there shall be a role for a government entity to fill a gap left by the market forces through:
 - (i) social inclusion, where the government entity addresses social inequity by redistributing resources in ways that improve opportunity and support for individuals, families and communities, allowing them to participate in the economy and society consistent with the government's social inclusion agenda; or
 - (ii) correction of market failure, where the government entity's activity shall address market failures by improving social and economic welfare through improved resource allocation, where the benefits of government intervention outweigh its cost;
- (b) activities promoted by the State corporation shall have clear and consistent objectives and be effective in achieving the State's objectives and represent value for money for the expenditure of taxpayer funds;
- (c) Government owned enterprise shall operate on commercial principles and with a defined commercial income stream that substantially supports the associated commercial activities;

- (d) where activities involving tax expenditures demonstrate that public expenditure is less effective in achieving the State government objective but can effectively be undertaken on a commercial basis; and
- (e) there is no overlap or duplication of functions when establishing State corporation within the State government.

Criteria for
establishing
State
corporations

176. (1) State Corporation may be established only with the prior approval of the Executive Council, with reference to a legislation enacted to govern the establishment, management and dissolution of such corporation.

(2) In order to establish a State corporation or a subsidiary of a State corporation:

- (a) the responsible Commissioner shall submit a memorandum to the Executive Council, with detailed justification for establishing the State corporation or the subsidiary; and
- (b) the memorandum in paragraph 2 (a) shall be accompanied by a feasibility assessment of the proposed corporation or the subsidiary for the purpose of ascertaining:
 - (i) the economic and financial viability of establishing the corporation or subsidiary;
 - (ii) whether the proposed activity cannot be conducted through an existing corporation or the parent department;
 - (iii) whether or not there is need to establish a new corporation;
 - (iv) the functions and objective that its establishment is supposed to attain;
 - (v) how the activities of the proposed corporation will fit in the parent department's legislative mandate and medium term strategy;
 - (vi) how the activities of the proposed corporation will fit in the overall medium term plan of the State;
 - (vii) how they impact the fiscal position of the State;and

(viii) the amount of State's share.

(3) The feasibility and viability assessment conducted under subsection (2) (b) of this section shall be submitted to the Executive Council for approval.

(4) Upon approval of the memorandum by the Executive Council, the necessary establishment processes shall be undertaken by the relevant department as required by a law on formation, management and dissolution of the corporations to allow it perform the functions stipulated in the instruments for incorporation.

(5) The entity responsible for investment portfolio management in the State shall be constantly updated on the progress of the corporation.

(6) The entity responsible for investment portfolio management in the State shall conduct regular review of the corporation to assess the relevance of the mandate and the justification for their continued existence and where necessary make recommendations to the Executive Council for the dissolution or merger of corporations.

177. Dissolution of State corporations

Dissolution
of State
Corporation
s

(1) State Corporation may be dissolved only with the prior approval of the Executive Council, with reference to a legislation enacted to govern the establishment, management and dissolution of such corporation.

(2) Subject to the provisions of a legislation enacted for the formation, management and dissolution of the Corporation, the Corporation may be dissolved:

- (a) upon expiry of the lifespan of the corporation as may be defined in the instrument of establishment;
- (b) where a corporation has carried out the mandate for which it was created;
- (c) upon reorganisation of the corporation and associated government functions; and
- (d) upon a merger of the corporation with another.

(3) The Chief Executive responsible for the corporation in question shall follow-up implementation of the findings and

eventual recommendations for dissolution to ensure compliance.

(4) The Commissioner for the concerned entity may by notice prescribe guidelines for dissolution and mergers of the corporations.

(5) Upon approval by the Executive Council of the recommendations to dissolve or merge a corporation, the Commissioner(s) responsible shall cause the dissolution or merge the corporation with another.

(6) Upon dissolution of a corporation, the funds corresponding to government equity in the corporation shall be deposited into the Consolidated Revenue Fund.

(7) Upon ceasing of an entity to be a public entity, the Commissioner responsible shall vest all the assets and liabilities of the entity concerned to the responsible Government entity.

(8) No corporation shall vest its assets in another entity without prior approval of the Executive Council.

Annual budget 178. (1) The Commissioner responsible for the corporation shall cause to be prepared the annual budget of the corporation and shall, not later than end of September every year, submit to the Commissioner in charge of budget for inclusion in annual budget of the State for the following financial year.

(2) The Commissioner in charge of budget shall provide guidelines and the format on which the budget shall be prepared.

(3) Budget estimates submitted under subsection (1) of this section shall be classified as follows:

- (a) personnel cost;
- (b) pension and gratuity
- (c) use of goods and services;
- (d) transfers to other levels of government; and
- (e) capital.

Dividend policy and surplus funds 179. (1) The Ministry of Finance shall prepare and issue dividend policy guidelines on how Corporations shall

declare and remit dividends and surplus funds to the Treasury.

(2) A Corporation established by law shall remit into Consolidated Revenue Fund, two third (2/3) of its surplus funds reported in the audited financial statements after the end of each financial year.

(3) A Corporation to which this section applies shall be exempted from the income tax.

(4) The Corporations listed in Schedule 2 of this Law, shall formulate an appropriate dividend policy in line with the policy guidelines referred under subsection (1) of this section, and submit to the Ministry of Finance.

Semi-annual reporting by State corporations

180. (1) A Chief Executive of a corporation shall prepare and submit semi-annual financial and non-financial statements in a format prescribed by the Commissioner within 15 days after the end of each half year to the Commissioner responsible for the corporation with a copy to the Ministry of Finance and the Auditor-General.

(2) The reports prepared under subsection (1) of this section shall include information on:

- (a) revenue, including funding from grants;
- (b) expenditure;
- (c) borrowing, including any outstanding loan arrears; and
- (d) amount of profit or loss of the corporation.

Annual financial statements

181. The Chief Executive of a corporation shall prepare and submit annual financial and non-financial statements in the format prescribed by the commissioner within three months after the end of the financial year to the Auditor-General with copies to the responsible Commissioner and Ministry of Finance.

PART XVI — BUDGET AND ECONOMIC FORUM

Establishment of Budget and Economic Forum

182. (1) There shall be established in the State, Budget and Economic Forum to be constituted by the Governor;

(2) The Forum shall consist of the following:-

- (a) the Governor who shall be the Chairman;
- (b) members of Executive Council

- (c) a number of representatives, not being State public officers, appointed by the Governor from persons nominated by, Civil Society Organisations, professional bodies, business, labour issues, women, persons with disabilities, traditional institution, and faith based groups at the State level.

Objectives of the Forum

183. The objective of the Forum is to provide a means for consultation by the State Government on:

- (a) review of State development plan;
- (b) review of Economic and Fiscal update, Fiscal Strategy Paper and Budget Policy Statement.

The role of Budget and Economic Forum

184. (1) Budget and Economic Forum established under this Law shall consult on:

- (a) federal and State government policies and legislations relating to planning and financial matters affecting the State interests;
- (b) matters arising from Intergovernmental Budget and Economic Council and other intergovernmental forums; and
- (c) any other matter as may be referred to the forum by the Governor.

(2) The forum shall meet at least once a year and the Governor shall decide the time and agenda for the meeting of the forum in consultation with other members of the forum.

(3) The forum may determine its own rules and procedures in such a manner as it considers appropriate.

(4) The forum may invite other persons with relevant expertise to attend any of its meetings.

(5) The Ministry of Budget and Economic Planning shall provide secretarial services to the forum for effective performance of its functions.

PART XVII — COMPLIANCE AND ENFORCEMENT

Offences of financial misconduct

185. (1) A public officer employed by the government or an entity commits an offence of financial misconduct if, without lawful authority, the officer:

- (a) issues public government securities, or varies their terms and conditions; or
- (b) opens a bank account in the name of the government; or
- (c) lends money on behalf of the government; or
- (d) issues guarantees or indemnities on behalf of the government; or
- (e) issues securities for loans made to the government; or
- (f) disposes of property belonging to, or under the control of the government or entity; or
- (g) fails to pay into a government bank account any public money entrusted to the officer or received by the officer for or on behalf of the government or the entity; or
- (h) incurs expenditure or makes a commitment on behalf of the government or the entity; or
- (i) incurs wasteful expenditure on behalf of the government or the entity; or
- (j) fails to deliver to the government or the entity a gift or donation made on a public or official occasion; or
- (k) fails to provide any information in his possession, or under his control, in relation to the financial management, financial performance, or banking activities of the government or the entity or in relation to the management or control of an asset or liability of the government or the entity when required to do so, except where such refusal or failure is required or authorised by this Law or any other relevant law; or
- (l) fails to keep proper records or conceals, or wrongfully destroys information that is required to be recorded; or
- (m) intentionally or recklessly obstructs or hinders a person while that person is acting in the performance or exercise of his functions or powers under this Law; or

- (n) makes any statement or declaration, or gives any information or certificate, lawfully required by or under this Law or any other Law knowing it to be false or misleading in any material respect for the purpose of procuring for himself or any other person or organisation; or
- (o) makes improper payment of public money belonging to or entrusted to the government or the entity, or makes improper use of any public property of the government or the entity; or
- (p) fails to remit revenue received contrary to the provisions of this Law; or
- (q) any other offence not mentioned under this law but punishable under any other relevant Laws of the State.

(2) Any officer who commits an offence under this Law is liable to punishment as provided under the civil service rules and regulations or any other relevant law.

PART XIII — MISCELLANEOUS


Publication of financial accounting and reporting formats

186. The Commissioner shall publish the financial, accounting and reporting formats in compliance with International Public Sector Account Standard and International Financial Reporting Standard listed for use by the government and entities soon upon commencement of this Law.

Repeal

187. The provision of Public Finances (Control and Management) Law Cap 104 Laws of Yobe State is hereby repealed.

This printed impression has been carefully compared by me with the bill which has passed the Yobe State House of Assembly and found by me to be the correctly printed copy of the said bill.


SULYMAN ALIYU
 CLERK

YOBE STATE HOUSE OF ASSEMBLY

SCHEDULE 1

FULLY FUNDED MINISTRIES AND DEPARTMENT

1. GOVERNMENT HOUSE
2. OFFICE OF THE DEPUTY GOVERNOR
3. OFFICE OF THE SECRETARY TO THE STATE GOVERNMENT
4. HOUSE OF ASSEMBLY
5. MINISTRY OF YOUTH & SOCIAL DEVELOPMENT
6. MINISTRY OF WOMEN AFFAIRS
7. MINISTRY OF AGRICULTURE AND NATURAL RES.
8. MINISTRY OF EDUCATION
9. MINISTRY OF FINANCE
10. ACCOUNTANT GENERAL OFFICE
11. MINISTRY OF HEALTH
12. MINISTRY OF COMMERCE
13. MINISTRY OF INFORMATION
14. HEAD OF SERVICE
15. MINISTRY OF JUSTICE
16. MINISTRY OF WORKS
17. MINISTRY OF ENVIRONMENT
18. MINISTRY OF BUDGET & ECONOMIC PLANNING
19. OFFICE OF THE STATE AUDITOR GENERAL
20. OFFICE OF THE AUDITOR GENERAL LOCAL GOVT
21. MINISTRY FOR LOCAL GOVERNMENT
22. MINISTRY OF WATER RESOURCES
23. MINISTRY OF LAND AND HOUSING
24. MINISTRY OF RELIGIOUS AFFAIRS

SCHEDULE 2

**STATE OWNED ENTERPRISES OPERATING ON THE BASIS OF
COMMERCIAL PRINCIPLES**

25. YOBE INVESTMENT COMPANY
26. STATE HOTELS
27. DAFORGA SPRING WATER COMPANY
28. POLYTHENE BAGS & WOVEN SACKS COMPANY
29. YOBE MICRO FINANCE BANK
30. YOBE TELEVISION (YTV)
31. YOBE BROADCASTING CORPORATION
32. PRINTING CORPORATION
33. YOBE LINE

SCHEDULE 3

REGULATORY AGENCY

- 34. PUBLIC PROCUREMENT BUREAU
- 35. FISCAL RESPONSIBILITY BOARD

SCHEDULE 4

AGENCIES, REFERRAL HEALTH INSTITUTION, BOARD AND COMMISSION

- 36. SPORT COUNCIL
- 37. LOCAL GOVERNMENT PENSION BOARD
- 38. STATE EMERGENCY RELIEF AGENCY
- 39. YOBE STATE AGENCY FOR CONTROL OF AIDS (YOSACA)
- 40. PILGRIMS WELFARE COMMISSION
- 41. HOUSE OF ASSEMBLY SERVICE COMMISSION
- 42. PILOT LIVESTOCK
- 43. AGRICULTURAL DEV. PROGRAMME
- 44. AFFORESTATION PROJECT
- 45. STATE UNIVERSAL BASIC EDUCATION BOARD
- 46. LIBRARY BOARD
- 47. AGENCY FOR MASS EDUCATION
- 48. STATE POLYTECHNIC GEIDAM
- 49. YOBE STATE UNIVERSITY
- 50. ARABIC AND ISLAMIC BOARD
- 51. TEACHING SERVICE BOARD
- 52. SCIENCE & TECHNICAL EDUCATION BOARD
- 53. SCHOLARSHIP BOARD
- 54. EDUCATION RESOURCE CENTRE
- 55. COLLEGE OF EDUCATION GASHUA
- 56. COLLEGE OF ADMINISTRATIVE AND BUSINESS STUDIES (CABS) POTISKUM
- 57. COLLEGE OF AGRIC GUJBA
- 58. COLLEGE OF LEGAL AND ISLAMIC STUDIES
- 59. JUDICIAL SERVICE COMMISSION
- 60. BOARD OF INTERNAL REVENUE
- 61. PRIMARY HEALTH CARE MANAGEMENT BOARD
- 62. HOSPITAL MANAGEMENT BOARD
- 63. YOBE STATE UNIVERSITY TEACHING HOSPITAL
- 64. COLLEGE OF NURSING AND MIDWIFERY DAMATURU
- 65. COLLEGE OF HEALTH SCIENCE TECHNOLOGY NGURU
- 66. COUNCIL FOR ARTS & CULTURE
- 67. FIRE SERVICE BOARD

68. PERORAGATIVE OF MERCY
69. RENT TRIBUNAL
70. SANITATION COURT
71. REVENUE COURT
72. HIGH COURT
73. SHARIA COURT DIVISION
74. SHARIA COURT OF APPEAL
75. RURAL ELECTRIFICATION BOARD
76. NORTH-EAST ARID ZONE DEVELOPMENT PROGRAMME (NEAZDP)
77. ENVIRONMENT PROTECTION AGENCY
78. AFFORESTATION PROJECT
79. CIVIL SERVICE COMMISSION
80. LOCAL GOVERNMENT SERVICE COMMISSION
81. STATE INDEPENDENT ELECTION COMMISSION
82. RURAL WATER SUPPLY & SANITATION AGENCY
83. HOUSING & PROPERTY DEVELOPMENT
84. YOBE MOSQUE AND ISLAMIC CENTRE
85. SMALL SCALE INDUSTRIES
86. WATER CORPORATION