

A BILL

FOR

AN ACT TO REGULATE THE PLANNING, PREPARATION, PASSAGE AND EXECUTION OF THE BUDGET OF THE GOVERNMENT OF FEDERATION, AND FOR RELATED MATTERS

Sponsored by Hon. Abbas Tajudeen

[] Commencement

ENACTED by the National Assembly of the Federal Republic of Nigeria:

PART I - GENERAL PROVISIONS

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1.-(1) This Act shall regulate the content and planning of the budget, the preparation, passage and implementation of the budget of the of the Federal Government (2) Subject to the Constitution, where existing Laws are inconsistent with this Act, the provisions of this Act prevail.

Purpose

PART II - BUDGET CONTENT AND PLANNING

2.-(1) The budget shall refer to the fiscal year and shall be valid during the year for which it is passed.

Fiscal Year and Temporary Financing

(2) The fiscal year shall be a period of twelve months, which commences on 1 January and concludes on 31 December of each calendar year.

(3) Unless otherwise provided in the Constitution, where the budget is not passed before the commencement of the fiscal year, funding shall be done on a temporary basis for a maximum period of the first three months of the fiscal year.

(4) In subsection (3), temporary funding shall be executed in proportion to funds utilized in the same periods in the preceding year's budget up to a maximum of one-fourth of the total revenues allocated through the preceding year's budget.

(5) Any decision on temporary funding of capital commitments or

1 expenditure shall be approved by a resolution of the National Assembly.

Passage of the
Budget

2 3.-(1) The budget shall be passed in compliance with the procedure
3 stipulated in the Constitution, this Act or any other Act.

4 (2) Budget expenditure shall be met by revenues and receipts defined
5 by this Act or any other Law.

Scope of Budget

6 4.-(1) All budget commitments and expenditure shall be determined
7 in the budget, and commitments shall balance out with revenues and receipts.

8 (2) No unplanned or uncommitted expenditure may be paid out of the
9 Consolidated Revenue Fund of the Federation.

10 (3) The actual collection of revenues shall not be limited by estimates
11 stated in the budget.

12 (4) Where during the fiscal year a regulation or a Law is passed, which
13 has an effect of decreasing the planned revenues and receipts or increasing the
14 planned expenditure, a regulation or a law shall be passed, in compliance with
15 budgetary procedure determining additional revenues needed to balance the
16 budget.

17 (5) Where during the fiscal year due to extraordinary circumstances
18 and needs, there occurs an increase in expenditure or a decrease in revenues or
19 receipts, the budget shall be balanced out by either lowering the planned
20 expenditure or by finding new revenues.

21 (6) Budget balancing shall be done through budget amendments
22 passed in compliance with the budgetary procedure.

23 (7) No Law or regulation may be passed or action taken which creates
24 extra-budgetary spending.

Revenues

25 5. Revenues and receipts of the budget shall consist of:

26 (a) tax revenues,

27 (b) non-tax revenues, such as profits of public and Federal
28 Government-owned companies, profit of the Central Bank of Nigeria, duties,
29 fines for misconducts or federal offences and repayments on loans granted, (c)
30 revenues earned on core activities of Ministries, Departments and Agencies i.e

1 budget beneficiaries, under regulations or law (d) domestic and foreign
2 grants,

3 (e) domestic and foreign borrowing aimed at financing the budget
4 deficit,

5 (f) other revenues paid to the Federal Government in accordance
6 with law.

7 6. Expenditure and other outlays from the budget shall consist of: Expenditures

8 (a) recurrent expenditure, such as salaries, allowances, outlays for
9 goods and services, current transfers, interest payment and grants in cash
10 and in kind,

11 (b) capital expenditure, such as purchase of fixed assets, capital
12 transfers and grants in cash and in kind,

13 (c) lending and equity participation,

14 (d) interests in companies' capital,

15 (e) repayment of principal on borrowing.

16 7.-(1) All budget revenue, receipt, commitments expenditure and Accounting and
17 payment transactions shall be entered into the Treasury's general ledger. Cash Management

18 (2) All revenue raised pursuant to section 5 of this Act shall form
19 one Treasury Consolidated Fund.

20 (3) The Minister responsible for budget shall open, one or more
21 bank accounts for the receipt, safekeeping, payment and transfer of
22 revenues and expenditure.

23 (4) The Minister responsible for budget is authorized to enter into
24 an agreement with any bank, including the Central Bank of Nigeria,
25 regarding the conduct of banking business of the Federal Government,
26 including the establishment of overdraft arrangements.

27 (5) Subject to consent of the President, the Minister responsible for
28 budget may defer the collection of a claim and allow collection in
29 installments.

30 (6) The balance of the Consolidated Revenue Fund of the

1 Federation may be invested by the Minister responsible for budget in a form of
 2 investment approved by the Central Bank of Nigeria with the expenses of
 3 investing the money being debited from the Consolidated Revenue Fund of the
 4 Federation and interest received credited to the Fund.

5 (7) The budget shall be debited with all outlays in connection with the
 6 deposits referred to in subsection (6) and credited with interest receivable.

Borrowing and
 deficits

7 8.-(1) The budget shall determine the manner in which budget surplus
 8 is to be used and budget deficit financed.

9 (2) The budget deficit shall be financed by borrowing from home or
 10 abroad.

11 (3) The borrowing referred to in subsection (2), excluding short-term
 12 liquidity borrowing, may be done only for the purpose of financing capital
 13 commitments or expenditure, except in cases of National emergency or when
 14 the economy is in recession.

15 PART III - BUDGET PREPARATION AND DRAFTING

Bases of Budget
 Preparation

16 9. The bases for the preparation of the budget shall rest on the needs of
 17 economic development, macroeconomic stability and the policies and
 18 regulations or laws passed or adopted by the National Assembly, the Federal
 19 Executive Council and the Minister responsible for budget in accordance with
 20 their jurisdiction and competence.

Budget Development
 process and
 Schedule

21 10.-(1) In co-operation with the administrative body responsible for
 22 economic development, the Minister responsible for budget shall prepare a
 23 report on economic and fiscal policy in the month of July for the following
 24 fiscal year.

25 (2) In co-operation with the competent administrative bodies, the
 26 Minister responsible for budget shall propose the guidelines and objectives of
 27 fiscal policy to the Federal Executive Council and prepare an estimate of the
 28 main types of revenues and expenditure for the following fiscal year.

29 (3) On the basis of an opinion of the Federal Executive Council, the
 30 Minister responsible for budget shall send to Ministries, Departments and

1 Agencies i.e budget beneficiaries, an instruction on the method and
2 elements of budget preparation in the month of September.

3 (4) The instruction referred to in subsection (3) shall lay down the
4 basic elements of the policies which must be observed, the key parameters
5 that must be utilized and the procedures and deadlines for the preparation of
6 requests for the allocation of funds.

7 (5) The instruction referred to in subsection (3) shall contain the
8 estimated amount of expenditure for each Ministry, Department and Agency,
9 i.e budget beneficiary.

10 11.-(1) The Minister responsible for budget shall determine the
11 content and method of preparation of Ministries, Departments and Agencies
12 i.e budget beneficiaries' requests for funds, as well as the procedure for the
13 allocation of said funds.

Spending Agency
Budget request

14 (2) The Ministries, Departments and Agencies i.e budget
15 beneficiaries' requests for Funds shall contain:

16 (a) commitment and expenditure planned for the budget year (by
17 class and sub-class), as categorized under the accounting regulations and the
18 budget chart of accounts, including estimated expenditures resulting from
19 prior year commitments and current year commitments;

20 (b) commitment and Expenditure planned for the next two years,
21 by expenditure groups prescribed by the Minister responsible for budget as
22 needed,

23 (c) a brief overview and structure of staff and officials for whom
24 budget funds are sought,

25 (d) an explanation of planned requirements enabling the Ministry
26 responsible for budget to approve the received requests,

27 (e) request proposals pertaining to future liabilities or expenditure
28 planned for several years in advance, including investment projects, to be
29 submitted separately from requests pertaining to expenditure projected for
30 each following year.

Resolving Ministry
Budget Requests

1 12.-(1) The Minister responsible for budget shall consider the
2 estimated revenues and requests for budget funds, propose necessary
3 modifications to Ministries, Departments and Agencies i.e budget
4 beneficiaries, and determine requirements and examine potential sources of
5 borrowing.

6 (2) The Minister responsible for budget shall prepare a draft budget
7 for the following fiscal year and submit it to the Federal Executive Council by
8 10th October of the current year.

9 (3) Where during discussion of the proposed budget any
10 disagreement occurs between the Minister responsible for budget and
11 Ministers or chief executive officers of Ministries, Departments and Agencies
12 i.e budget beneficiaries, the Minister responsible for budget shall prepare a
13 report for the President who shall reach a final and binding decision.

Submission of
Budget to National
Assembly

14 13. The President shall submit the draft budget to the National
15 Assembly for passage not later than 1st November.

Content of Budget
submission to
National Assembly

16 14.-(1) The budget as well as reports submitted therewith to the
17 National Assembly shall contain:

18 (a) an explanation of the macroeconomic assumption used in
19 developing total revenue and expenditure estimates included in the budget,

20 (b) the economic growth projections (Gross Domestic Product) and
21 other key economic variables as used by the Federal Executive Council in
22 developing the budget,

23 (c) estimates for the same economic variables for the fiscal year as
24 projected by the competent administrative bodies and Central Bank of Nigeria,

25 (d) the macroeconomic forecasts of reputable International Monetary
26 Organisations, and Nigerian or foreign private sector forecasts, as available,

27 (e) the median forecast for estimate Gross Domestic Product growth,
28 and include an explanation of the major sources for variation in the Federal
29 Executive Council forecast from the median forecast,

30 (f) the explanation will also include estimates of total Federal

1 Executive Council revenue and expenditure if the median Gross Domestic
2 Product forecast were used;

3 (g) a detailed presentation of budget revenues, commitments and
4 expenditure,

5 (h) a proposal for the use of budget surplus and, in the event of
6 budget deficit, sources for its financing, provided that the amount of any
7 such deficit is equal to the ceiling referred to in the provisions of Sections 27
8 and 29 of this Act,

9 (i) a functional classification of commitments and expenditures to
10 be incurred by each Ministry, Department and Agency i.e spending agency,
11 presented in accordance with such methodology as may be determined by
12 the Minister responsible for budget,

13 (j) revenue, commitments and expenditure of each Ministry,
14 Department and Agency i.e spending agency presented in accordance with
15 revenues, commitments and expenditures (by class, sub-class and item)
16 presented under the chart-of-accounts classification;

17 (k) revenue, commitments and expenditure of each Ministry,
18 Department and Agency i.e spending agency presented by major program or
19 activity, including identification of major outputs or levels of service
20 associated with the program or activity.

21 (l) description and estimate of tax expenditure;

22 (m) Summary and structure of total outstanding debt and
23 guarantees, including totals for the prior year, estimate for the current year,
24 and the budget year,

25 (n) brief assessment of the risk of expenditures deriving from the
26 outstanding guarantees, and the Federal Executive Council plan for
27 financing activated guarantees;

28 (o) brief assessment of other contingent liabilities and their
29 potential impact on the budget.

30 (2) The document referred to in Section 14 (1) (b), above shall

1 contain the corresponding data for the preceding fiscal year, updated estimates
2 for the current fiscal year and projections for the following two fiscal years.

3 (3) The document referred to in Section 14 (1) shall also contain an
4 itemized annual overview of planned commitments and expenditures for
5 investment projects planned for two fiscal years.

6 (4) The document referred to in Section 14 (1) shall contain a proposal
7 of legal provisions and/or decisions enabling the implementation of the
8 proposed budget.

Consideration of
Budget by National
Assembly

9 15.-(1) Each modification made by the National Assembly to the
10 proposed budget shall be in compliance with the deficit ceiling of the Federal
11 Executive Council proposal budget.

12 (2) Any proposal to increase an item of commitment or expenditure
13 shall also state measures to increase revenues or reduce other commitment or
14 expenditure by the same amount.

15 (3) Any Amounts stated in the budget, except debt principal and
16 interest repayments, shall be considered maximum amounts, ensuring that
17 actual expenditure does not exceed revenues allocated under the law and/or the
18 decision on the implementation of the budget.

19 (4) Any proposed increase in commitment or expenditure, along with
20 proposed measures to offset any such increase by increasing revenues or
21 reducing expenditures under another item, shall be formulated as an
22 amendment to the budget, i.e. its balancing, and submitted to the National
23 Assembly for consideration and passage prior to implementation.

Emergency
Budget Reserve

24 16.-(1) Urgent and contingent expenditures occurring in the course of
25 the fiscal year shall be covered from reserves established in the budget.

26 (2) Up to specific amounts, the use of such reserves shall be approved
27 by President or the Minister responsible for budget, whereas the use of the
28 remaining amount established in the budget shall be approved by the Federal
29 Executive Council.

30 (3) The Federal Executive Council shall submit to the National

1 Assembly a quarterly report on the use of budget reserves referred to in
2 subsection

3 17. The budget shall be published in the Official Gazette of the
4 Federation.

Publication of
Budget

5 PART IV - BUDGET IMPLEMENTATION

6 18. -(1) Upon the passage of the budget, the Ministry responsible
7 for budget shall inform other Ministries, Departments and Agencies i.e.
8 budget beneficiaries, on the approved funds.

Allocation of
Spending Authority

9 (2) Each Ministry, Department and Agency i.e budget beneficiary
10 shall be responsible for the collection of revenues under its jurisdiction and
11 spending in accordance with previously established purposes.

12 (3) Within its jurisdiction and competence, each Ministry,
13 Department and Agency i.e budget beneficiary shall be responsible for the
14 compliance with budget-related regulations or laws.

15 (4) The Minister responsible for budget shall have the right to
16 suspend the execution of any decision contravening this Act or the budget
17 itself.

18 19.-(1) Each Ministry, Department and Agency i.e. spending
19 agency, shall prepare a financial plan based upon the budget levels of the
20 passed Budget.

Financial Plans

21 (2) The financial plan shall include the:

22 (a) planned schedule of revenues and other receipts

23 (b) planned commitments;

24 (c) estimated expenditures resulting from the commitments, for
25 each month of the fiscal year or on such other time period and on such other
26 basis as the Minister responsible for budget may determine.

27 (3) Financial plans are submitted to the Budget Office for review
28 and approval.

29 (4) The Budget Office shall review and approve Ministry,
30 Department and Agency spending plans for consistency with:

- 1 (a) the National Assembly-passed Budget,
2 (b) policies of the Federal Executive Council and National Assembly
3 as contained in the Budget,
4 (c) current law,
5 (d) sound financial practices, and
6 (e) in conjunction with the Federal Government Treasury, effect on
7 cash management

8 (5) Approved financial plans are forward to the Federal Government
9 Treasury for execution.

Revenue Collection
responsibilities

10 20-(1) Ministries, Departments and Agencies in charge of the
11 collection of budget revenues, shall be responsible for a complete and timely
12 collection of revenues payable into the Consolidated Revenue Fund of the
13 Federation in accordance with relevant laws and regulations.

14 (2) Moneys received by the Federal Government must be banked
15 promptly in an official account of the Consolidated Revenue Fund of the
16 Federation.

Commitment and
Expenditure
responsibilities

17 21-(1) Actual commitment incurred by each Ministry, Department
18 and Agency shall comply with budgeted amounts planned for each quarter or
19 any such other period as the Minister responsible for budget may determine.

20 (2) The funds referred to in subsection (1) shall be allocated on the
21 basis of funds currently available in the budget and the amount shall be
22 announced to each Ministry, Department and Agency i.e budget beneficiary at
23 least ten working days before the commencement of the period to which they
24 pertain.

25 (3) The Ministry responsible for budget remits the planned budgetary
26 funds to Ministries, Departments and Agencies i.e budget beneficiaries
27 according to a written schedule of the Ministry, i.e. body responsible for budget
28 implementation.

29 (4) Budget beneficiaries may conclude procurement contracts based
30 on amounts planned on a quarterly basis, in compliance with effective

1 regulation or law pertaining to this particular area and instructions issued by
2 the Minister responsible for budget.

3 (5) The provisions of subsection (4) shall not apply to long-term
4 commitments related to transactions and investment projects requiring
5 long-term liabilities.

6 22.-(1) Committed financial assets remaining in the Consolidated
7 Revenue Fund of the Federation at the end of the fiscal year shall be retained
8 for payment of those commitments in future years, unless the commitment is
9 cancelled or becomes inactive.

Commitment
Management

10 (2) Financial assets associated with commitments that are
11 cancelled after the end of the fiscal year in which the commitment was
12 originally made shall return to the Consolidated Revenue Fund of the
13 Federation for inclusion in subsequent budgets.

14 (3) Commitment cancelled during the fiscal year in which
15 originally budgeted may be re-committed by the Ministry, Department and
16 Agency i.e spending agency for the same purposes for which they were
17 budgeted.

18 (4) Commitment authority and associated financial assets that
19 remain uncommitted at the end of the fiscal year in which budgeted to a
20 Ministry, Department and Agency i.e spending agency are retained for use
21 of that spending agency in future years for the purposes for which they were
22 budgeted, provided they are reported in future budgets.

23 (5) Ministries, Departments and Agencies i.e spending agencies
24 shall enter into commitments on the basis of written agreements unless
25 otherwise provided by law.

26 (6) Expenditures arising from commitments entered into in prior
27 years shall be included in the budget of the year they fall due and are paid.

28 (7) In entering into commitments, Ministries, Departments and
29 Agencies i.e spending agencies must follow guidelines on terms and

1 conditions of payment as may be determined by the Minister responsible for
2 budget.

3 (8) Commitments incurred in excess of authority granted in the
4 Budget or incurred in contravention of this Act or other Laws, shall not be a
5 financial obligation of the Federal Government.

Reallocation of
commitment
authority

6 23.-(1) Funds allocated in the budget shall not be reallocated among
7 the Ministries, Departments and Agencies i.e budget beneficiaries unless the
8 law regulating budget implementation expressly provides for such
9 reallocation, which shall be determined by the Minister responsible for budget.

10 (2) Under the budget item of each Ministry, Department and Agency
11 i.e budget beneficiaries, the established funds may be reallocated among
12 individual expenditure items or among individual budget beneficiaries, which
13 shall be subject to approval from the Minister responsible for budget.

14 (3) The amount of funds reallocated under subsection (2) shall not
15 exceed 5 percent of the total funds earmarked for the item being reduced.

Minister
responsibilities
for Budget reporting
responsibilities

16 24.-(1) The Minister responsible for budget shall submit to the
17 Federal Government Executive Council a report on the implementation of the
18 budget for the first six months of the current fiscal year by the end of July.

19 (2) The report referred to subsection (1) shall contain: a presentation
20 of macroeconomic and fiscal situation,

21 (a) a comparative presentation of budgeted and actual revenues,
22 commitments, expenditures, shortfalls and borrowings, accompanied by an
23 explanation of discrepancies, if any,

24 (b) proposed measures to improve the current situation, if and as
25 necessitated by the circumstances.

Federal Executive
Council reporting
responsibilities

26 25. The Federal Executive Council shall submit to the National
27 Assembly a report on the implementation of the budget for the first six months
28 by 5 August of the current fiscal year.

Scope of Budget
Accounts

29 26.-(1) The budget shall be implemented until 31 December of the
30 fiscal year.

1 (2) Any commitments financial obligations not settled by 31
2 December of the current year shall be settled from the earmarked funds,
3 approved in the budget of the following fiscal year.

4 PART V - BORROWING AND PUBLIC DEBT

5 27.-(1) The law regulating the implementation of the budget shall
6 also provide for a ceiling amount for borrowing, which shall also include
7 liabilities incurred by way of account overdrafts.

8 (2) The total ceiling amount referred to in subsection {1} shall also
9 include loans raised from the Central Bank of Nigeria and debts assumed by
10 the budget.

11 {3} The budget shall determine the total amount of guarantees to be
12 issued.

13 28.-(1) Public debt may be incurred by way of loans, securities
14 issue or by entries into the book of accounts.

Public Debt

15 (2) Data on each holder of securities referred to in subsection (1)
16 shall be kept by the Central Bank of Nigeria and/or financial institution
17 authorized therefor by the Central Bank of Nigeria.

18 29.-(1) All decisions on public debt and government guarantees
19 shall be approved by the National Assembly, on the recommendation of the
20 Federal Executive Council.

Public Debt
Limitations

21 (2) The decisions referred to in subsection (1) shall be approved in
22 compliance with amounts and purposes established in the budget.

23 (3) All agreements on budget borrowings and the issue of
24 guarantees shall be signed by the Minister responsible for budget.

25 (4) The Minister responsible for budget shall make all decisions on
26 loan terms and the type of collateral.

27 (5) The Minister responsible for budget shall conclude with the
28 Central Bank of Nigeria a contract on the performance of services required
29 to implement all decisions on public debt.

Debt Record 1 30. Unless otherwise provided by law the Ministry responsible for
2 budget shall keep a record of debt raised, guarantees issued and loans taken.

Debt Reporting 3 31. (1) All decisions on public debt, federal government guarantees
4 and loans shall be published in the Official Gazette of the Federation.

5 (2) The Federal Executive Council may not unilaterally modify
6 contractual terms related to public debt, Federal Government guarantees and
7 loans granted.

Permanent
Authority for
Debt Service 8 32. For the purposes of this Act, any amount of interest and principal
9 related to public debt and federal government guarantees may be paid out of the
10 Consolidated Revenue Fund of the Federation budget account, in accordance
11 with terms and conditions agreed to by the Republic of Nigeria.

12 PART VI - BUDGET ACCOUNTING, CONTROL AND AUDIT

Responsibilities 13 33. (1) Ministers and Chief Executive Officers shall be responsible
14 for the accounting and internal control of transactions related to revenues and
15 expenditure of their Ministries, Departments and Agencies.

16 (2) Along with revenues and expenditure of the Ministry responsible
17 for budget, the Minister responsible for budget shall, on behalf of the Federal
18 Executive Council, bear responsibility for accounting and internal control of
19 borrowing and debt transactions.

20 (3) The Ministry responsible for Finance may control accounting
21 documents related to revenues and expenditure of Ministries, Departments and
22 Agencies i.e budget beneficiaries.

23 (4) The control referred to in Subsections (1), (2) and (3) shall be
24 carried out according to methodology determined by the Minister responsible
25 for budget and may take place periodically.

Authority to
establish Accounting
Regulations 26 34. (1) On the recommendation of the Federal Government, the
27 National Assembly shall enact an Act on the accounting system applicable to
28 the budget.

29 (2) The Minister responsible for budget shall make regulation on
30 accounting and the content and mode of financial reporting for all Ministries,

1 Departments and Agencies i.e spending entities.

2 (3) All revenues and expenditure shall be entered as gross amounts
3 independent of the actual amounts crediting or debiting the budget account.

4 35.-(1) The Minister responsible for budget shall issue by 20
5 December of the fiscal year an instruction on the closure of the budget
6 accounts and on the preparation of the annual statement.

Closing Accounts

7 (2) Ministries, Departments and Agencies i.e spending entities
8 shall prepare their annual statements for the preceding year.

9 (3) The annual statement for the preceding year referred to in
10 subsection (1) shall be submitted to the Ministry of responsible for budget
11 by 31 March of the fiscal year.

12 (4) On the basis of the annual statements for the preceding year
13 referred to in this section, the Ministry responsible for of budget shall
14 produce the budget statement by 15 April of the fiscal year.

15 36.-(1) The Minister responsible for budget shall submit to the
16 Federal Executive Council a report on the implementation of the budget for
17 the preceding year by 15 May of the fiscal year.

Reporting
Requirements

18 (2) The Federal Executive Council shall submit to the National
19 Assembly a report on the implementation of the budget for the preceding
20 year by 15 June of the fiscal year.

21 (3) The content of the reports referred to in Subsections (1) and (2)
22 of this Act shall follow the classification of accounts and shall contain:

23 (a) opening and closing balance on the budget account,

24 (b) clarification of major discrepancies,

25 (c) data on any borrowing and debt management operations,

26 (d) data on the use of budget reserves and on any guarantees issued

27 during the fiscal year.

28 37. Unless otherwise provided in the Constitution the Auditor
29 General of the Federation shall carry out the audit of the budget, in a manner
30 and by deadlines laid down in the regulation or law regulating Federal

Auditor General
of the Federation

1 Government audit activities.

Internal Control

2 38.-(1) There is established within the Ministry responsible for
3 budget a budget Inspectorate reporting to the Minister responsible of budget.

4 (2) The Budget Inspectorate shall have government- wide
5 responsibility for:

6 (a) conducting internal audits of Ministries, Departments and
7 Agencies;

8 (b) conduct internal control assessments to evaluate the effectiveness
9 of internal controls in Ministries, Departments and Agencies i.e spending
10 agencies;

11 (c) developing and issuing internal control and auditing guidelines,
12 standards, and best practices for internal controllers and auditors;

13 (d) developing and issuing professional standards for internal
14 controllers and auditors;

15 (e) issue written reports of the result of internal audits and internal
16 control assessments;

17 (f) assess penalties for offences detected through internal audits and
18 internal control assessments, as specified below in section.

19 (3) All Ministries, Departments and Agencies i.e spending agencies
20 shall establish internal control and audit functions for all transactions relating
21 to revenues, commitments, and expenditures, financial and other assets, and
22 liabilities:

23 (a) internal control shall be organized as a system of procedures and
24 responsibilities of all persons involved in the procedure of making
25 commitments or payments, as well as organized service of internal controllers
26 and auditors;

27 (b) internal control shall involve control over legality, economy,
28 efficiency, effectiveness, and stewardship of financial assets;

29 (c) persons exercising internal control shall be internal controllers and
30 auditors reporting directly to the head of the spending agency;

1 (d) the Minister responsible for budget shall determine common
2 criteria, procedures, and best practices for internal control and auditing for
3 all Ministries, Departments and Agencies.

4 (3) Should a budget inspector establish that a law, regulation, or
5 other Law has been violated; the inspector shall issue a written decision:

6 (a) the written decision shall identify the responsible party or
7 parties, and identify remedial action to be taken to correct the deficiency;

8 (b) on the basis of the written decision, the Budget Inspectorate
9 may impose disciplinary action against the responsible party or parties.

10 PART VII - MISCELLANEOUS PROVISIONS

11 39.-(1) The Minister responsible for budget shall subject to the
12 approval of the President the Federal Government make such regulations as
13 may be necessary to realizes the purpose and objective of this Act from time
14 to time

Power to make
regulations

15 (2) Any regulation made by the Minister shall not be operational
16 until such regulation is published in the official Gazette of the Government
17 of the Federation.

18 40. A person commits an offence under this Act:

Penalties

19 (a) If such person approves any borrowing which contravenes the
20 provisions of this Act;

21 (b) If such person defers the collection of any claim or approves the
22 collection in installments of any claim without prior consent as provided in
23 this Act;

24 (c) If such person pays out of a budget account any expenditure
25 which has not been approved in the budget;

26 (d) If such person borrows in a manner contravening the provisions
27 of this Act; and

28 (e) If such person fails to remedy problems identified in written
29 external or internal audit or control reports in a timely fashion;

30 (2) Any person who commits an offence under this Act shall be

1 liable to a minimum fine of N50,000.00 naira or a term of 14 days
2 imprisonment or both.

Interpretation

3 41. For the purposes of this Act, the terms used shall have the
4 following meanings:

5 "budget" means an estimate of annual revenues and receipts and the
6 established level of expenditure and other disbursements made by the Federal
7 Government approved by the National Assembly in accordance with the
8 provisions of the Constitution and other laws;

9 "Budget beneficiaries" shall mean the Federal Ministries, Departments and
10 Agencies financed from the Consolidated Revenue Fund of the Federation;

11 "Constitution" means the constitution of the Federal Republic of Nigeria 1999
12 as amended;

13 "Revenues" shall mean all non-repayable and non-refundable current and
14 capital receipts with or without counter-obligation, except for non-obligatory
15 and non-repayable receipts without obligation;

16 "Grants" shall mean receipts without counter-obligation, non-repayable and
17 non-obligatory receipts from domestic and foreign units of state administration
18 or international institutions;

19 "Taxes" shall mean mandatory, non-repayable receipts without counter-
20 obligation which are determined by Act of the National Assembly;

21 "Expenditure" shall mean non-refundable current and capital payments with or
22 without counter-obligation and grants and transfers paid out to others;

23 "Counter-obligation" shall mean an instance when the delivery of goods or
24 service must occur in return for a received or paid amount;

25 "Financing" shall mean obtaining loans to fund the budget deficit or to use the
26 budget surplus. Financing shall include principal amortization of public debt;

27 "Capital expenditure" shall mean payments to obtain land, intangible assets,
28 stockpiles, non-financial and other assets whose life exceeds one year; all
29 expenditure towards purchasing military assets and all other expenditure shall
30 be regarded as current expenditure;

- 1 "President" means President of the Federal Republic of Nigeria;
2 "Federal Executive Council" includes the Federal Government of Nigeria
3 "Minister" means the Minister responsible for preparation and
4 implementation of the annual budget.

5 42. This Bill may be cited as the National Budget Bill, 2021.

Citation

EXPLANATORY MEMORANDUM

This Bill seeks to provide for an Act to regulate the Planning, Preparation,
Passage and Execution of the budget of the Government of Federation.

