

# ***ENSURING EFFECTIVE IMPLEMENTATION OF THE 2016 BUDGET***



**A Presentation at the 2016 Budget Review with CSOs  
Organized by BudgiT**



**By**

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# Outline



- 1.0 Introduction
- 2.0 Work/Expenditure Plans
- 3.0 Cash Plan
- 4.0 Treasury Single Account [TSA]
- 5.0 Capital Expenditure Releases
- 6.0 Personnel Costs
- 7.0 The Efficiency Unit
- 8.0 Utility Bills
- 9.0 Contract Denominated in Foreign Currency
- 10.0 Judgement Debt
- 11.0 Development Partners
- 12.0 Tax Exemptions
- 13.0 Monitoring and Evaluation
- 14.0 Budget performance Report
- 15.0 M&E Institutional/Governance Framework
- 16.0 Virements
- 17.0 Conclusion

# 1.0 Introduction



## The 2016 Budget Proposal

- Titled “Budget of Change”
- Presented to the National Assembly [NASS] by President Buhari on December 22, 2016.
- Passed into law by the NASS on April 6, 2016
- Assented to by the President on May 6, 2016
- Total size of ₦6.06 trillion, broken down into Capital of ₦1.76 trillion and Recurrent of ₦4.30 trillion
- Guided by the Medium-Term Expenditure Framework [MTEF] 2016 – 2018
- Based on the Zero-Based Budgeting [ZBB] approach
- Strategic Implementation Plan, containing 34 key actions developed for 2016 Budget

# 1.1 Introduction Cont'd



- MBNP is principally charged with ensuring effective implementation of the Budget
- MBNP Working in close collaboration with the Ministry of Finance to drive Budget Implementation

## 2.0 Work/Expenditure Plans



- the Budget Office of Federation [BOF]
  - after the President's assent will communicate to all MDAs their approved Revenue and Expenditure estimates.
  
- The MDAs will in turn submit
  - their monthly Work/Expenditure Plans for the full year to the Ministry of Budget & National Planning and Ministry of Finance

## 3.0 Cash Plan

the OAGF will upon receiving the Work/Expenditure Plan, prepare the 2016 monthly FGN Cash Plan based on the GIFMIS Cash Plan Module

The Cash Plan will be subjected to a review every month by the Cash Management Committee of the FGN, and

Adjusted as and when necessary following the Federal Accounts Allocation Committee [FAAC] meetings.

Any adjustments must be approved by the HMF and promptly forwarded to the HM-BNP.

# 4.0 Treasury Single Account [TSA]



- All MDAs required
  - to ensure full compliance with the FGN's policy on the TSA.
  
- Specifically, MDAs that are authorized to retain a portion of their Internally Generated Revenue [IGR]
  - are to ensure that they stay within the approved limit when accessing funds in their sub-accounts.
  - Any MDA that considers that it has justification for exemption from the TSA must follow due process in seeking such exemption.
  - Any cases of non-compliance will be appropriately sanctioned.

## 5.0 Capital Expenditure Releases



All requests by MDAs for capital releases must in the minimum:-

- Indicate the priority ranking of the project among the MDA's approval projects;
- Indicate the relevant budget classification based on the Chart of Accounts;
- State the uncommitted, available budget balance against which the request is to be charged;
- Provide evidence of compliance with the Bureau of Public Procurement procedures and;
- Attach any external Consultant's report on the project [where applicable]



# 5.1 Capital Expenditure Releases Con't



- The erstwhile procedure for quarterly releases of appropriated Capital Expenditure votes has been discontinued.
  
- In its place,
  - the HM-BNP will approve MDAs' funding requests based on government's priorities, M&E Reports, and available funds while the HMF will approve specific capital releases every month
  
  - The OAGF will also promptly provide the Cash cover for all such approvals.

## 6.0 Personnel Costs



- ❑ Personnel costs represent a very significant proportion of the FGN's budgeted expenditures.
  
- ❑ Every effort will be made to ensure that all MDAs implement the Integrated Personnel and Payroll Information System [IPPIS] during 2016 to eliminate “ghost workers”.
  
- ❑ Furthermore, MDAs will henceforth be required to submit a monthly reconciliation of funds received for personal emoluments and actual amounts paid; Any surplus funds must be promptly remitted back to the OAGF.

## 6.0 Personnel Costs Cont'd



- ❑ The Auditor-General of the Federation will be required to include a review of compliance with this directive in the audit programme for MDAs.
  
- ❑ Releases for payment of salary, allowances and pension arrears must be requested separately,, with relevant justification and attachments provided.
  
- ❑ No MDA is allowed to take any action that may result in increase in its personnel cost without following the due processes for approval of such action.

## 7.0 The Efficiency Unit



- The Government has set up an Efficiency Unit charged with reviewing government expenditures
- With a view to identifying areas where wastage can be curtailed and efficiencies enhanced.
- As a result of the work of the Efficiency Unit, there might be new policies/procedures regarding public expenditures in the course of this fiscal year.

## 8.0 Utility Bills



- Provisions for payment of utility bills incurred by MDAs have been included in their respective Overhead Budgets.
- MDAs must therefore accord settlement of their utility bills the deserved priority.
- MBNP and FMF may resort to a Cross Debt Settlement arrangement if MDAs continue to neglect payment of their utility bills.

## 9.0 Contract Denominated in Foreign Currency



- ❑ MDAs are to ensure that their contracts are wholly denominated in Naira.
- ❑ No MDA is authorized to enter into a contract denominated in any foreign currency without the prior approvals of the HM-BNP and HMF.

# 10.0 Judgement Debt



- ❑ Payment of any judgment debts by any MDA requires the approval of the President, in addition to that of the Honourable Attorney General and Minister of Justice.
- ❑ Any such approved judgment debts will normally be charged to the appropriate budgetary provision of the originating MDA

## 11.0 Development Partners



- ❑ All requests for support from development Partners are to be channeled through the International Cooperation Department [ICD] in MBNP.
- ❑ All such support received in cash/kind from any development partner by an MDA must be properly documented.
- ❑ Reports on all such development partners' support must be submitted monthly to the MBNP as well as the FMF.



## 12.0 Tax Exemptions



- ❑ MDAs do not have any authority to grant tax exemptions to parties with whom they enter into contracts.
- ❑ Due process, in accordance with relevant statutes, must be followed where any tax exemption is considered justifiable.

## 13.0 Monitoring and Evaluation



- ❑ The Department of Monitoring and Evaluation [DM&E] of MBNP will be required to actively monitor implementation of projects/programmes
- ❑ The DM&E's functions will cover Physical inspection/verification as well as Impact Assessment of projects/programmes implemented by MDAs.
- ❑ The DM&E will issue a monthly Budget Monitoring and Evaluation Report [BMER]

# 14.0 Budget Performance Report (BPR)



- On a monthly basis, every MDA will submit a Budget Performance Report [BPR] in the approved format to the BOF
- The BPR will show budgeted and actual revenues/expenditures and the resulting variances explained.
- On a quarterly basis, the BOF will prepare a comprehensive BPR for the FGN for the particular quarter and year-to-date.
- This report will be posted on the websites of the MBNP, BOF, FMF and FGN every quarter.
- In accordance with Part V s.30 (1) of the FRA 2007, the quarterly BPR will also be submitted to the Fiscal Responsibility Council and the Joint Finance Committee of NASS.

## 15.0 M & E Institutional/Governance Framework



- The Federal Executive Council [FEC] under the Chairmanship of His Excellency, the President has ultimate responsibility to drive the implementation of the 2016 Budget.
- The FEC Budget Implementation Committee [FBIC] will however effectively play this role.
- Below FBIC, there will be a Strategic Budget Implementation Committee [SBIC] composed mostly of Permanent Secretaries, and chaired by HMS-BNP

# 15.1 Institutional/Governance Framework

## Cont'd



- On a monthly basis, the BOF will update the BPR for all MDAs, with explanations for any variances in excess of 10% of projection.
- The DMER will also prepare a comprehensive BMER for each MDA
- The SBIC will review these reports, and initiate/direct any actions necessary to get budgetary performance on track in any MDA.

## 15.2 Institutional/Governance Framework Cont'd



- The SBIC will produce a comprehensive quarterly Budget Monitoring and Evaluation Report for consideration by the FBIC.
- The FBIC will be mainly concerned with policy decisions that may be needful to drive better budgetary performance. It will also resolve any inter-ministerial challenges militating against effective performance of the budget which the SBIC was unable to deal with.
- On the same quarterly basis, the FBIC will present a full report of budgetary performance for the preceding quarter, and year-to-date, to the FEC.
- The FEC will consider the report make any decisions presented for its consideration and generally direct any actions it may deem necessary to ensure that the objectives of the budget are met.

## 16.0 Virements



- ❑ Any requests for virement by an MDA must be forwarded through the Supervising Minister to the HM-BNP for consideration.
- ❑ The HM-BNP, after obtaining the President's approval, will send the virement request to the NASS, which is constitutionally empowered to approve all virements

## 17.0 Conclusion



- These guidelines have been developed in consultation with the FMF.
- The co-operation of all MDAs is critical to ensure effective implementation of the 2016 Budget.
- The Budget has been appropriately titled ‘Budget of Change’; The change includes changing some practices that have impeded achievement of FGN’s budgetary objectives in the past.
- We also count on the support of the CSOs especially in the area of Monitoring and Evaluation



## 17.0 Conclusion Cont'd



- I want to assure the CSOs that this Administration is committed to transparency in Budgeting.
- We are also committed to continuous improvement of our budgetary practices, and so we are open to your suggestions.



# Thank You

