

DMO COPY

KOGI STATE OF NIGERIA

A BILL

FOR

A LAW TO PROVIDE FOR THE PRUDENT MANAGEMENT OF THE STATE'S RESOURCES, ENSURE LONG-TERM MACROECONOMIC STABILITY, SECURE GREATER ACCOUNTABILITY AND TRANSPARENCY IN FISCAL OPERATIONS WITHIN A MEDIUM TERM FISCAL POLICY FRAMEWORK AND THE ESTABLISHMENT OF THE FISCAL RESPONSIBILITY COMMISSION TO ENSURE THE PROMOTION AND ENFORCEMENT OF THE STATE'S ECONOMIC OBJECTIVES AND FOR OTHER CONNECTED PURPOSES.

( )

Commencement

BE IT ENACTED by the Kogi State House of Assembly and by authority of same as follows:-

PART 1 – ESTABLISHMENT, FUNCTIONS AND POWERS OF THE FISCAL RESPONSIBILITY COMMISSION

1. (1) There shall be established a body to be known as the Fiscal Responsibility Commission.

Establishment of the Fiscal Responsibility Commission

(2) The Commission shall be a body corporate with perpetual succession and may sue and be sued.

2. (1) For the purpose of performing its functions under this Law, the Commission shall have power to:-

Responsibility, Power and functions of the Commission

(a) Compel any person or government institution to disclose information relating to public revenues and expenditure; and

(b) Cause an investigation into whether any person has violated any provisions of this Law.

(2) If the Commission is satisfied that such a person has committed any offence under this Law or violated any

provision of this Law, the Commission shall forward a report of the investigation to the State Attorney-General for possible prosecution.

(1) The Commission shall:-

(a) Monitor and enforce the provisions of this Law and promote the economic objectives contained in section 16 of the Constitution:

Functions of the Commission

(b) Disseminate such standard practices including international good practice that will result in greater efficiency in the allocation of public expenditure, revenue collection, debt control and transparency in fiscal matters;

(c) Undertake fiscal and financial studies, analyses and diagnosis, and disseminate the result of the general public.

(d) Make rules for carrying out its functions under this Law: and

(e) Perform any other function consistent with the promotion of the objectives of his Law.

(2) The Commission shall be independent in the performance of its functions.

(3) The provision of the public officers protection Law shall apply to the members of the Commission in the discharge of their functions under this Law.

(1) The Commission shall establish and maintain a Fund from which shall be defrayed all expenditure incurred by the Commission.

Establishment of a Fund for the Commission

(2) There shall be credited to the Fund established pursuant to subsection (1) the budgetary allocation from the State Government and grants from any other source.



10. The Commission shall consist of:-

- (a) a Chairman, who shall be the Chief Executive and Accounting Officer of the Commission;
- (b) one member representing the organized private sector;
- (c) one member representing Civil Society engaged in causes relating to probity, transparency and good governance;
- (d) one member representing organized labour;
- (e) one member from each Senatorial District in the State;
- (f) one representative of the Ministry of Finance and Economic Development; and
- (g) One representative of the Ministry of Justice.
- (h) A secretary who will be a legal practitioner with at least ten years post call experience.

Composition of  
the Commission

All members of the Commission shall be persons of proven integrity and must possess appropriate qualifications with not less than 10 years cognate post qualification experience.

The Chairman and other members of the Commission other than ex-officer members shall be appointed by the Governor subject to confirmation by the House of Assembly.

The Chairman and members representing the Senatorial Districts shall be full time members.

The Chairman and members of the Commission shall hold office for a single term of 5 years,.

Tenure of Office

The Commission shall have power to:-

- (a) formulate and provide general policy guidelines for the discharge of the functions of the Commission;
- (b) superintend the implementation of the policies of the Commission;
- (c) appoint for the Commission, such numbers of employees as may in the opinion of the Commission be expedient and necessary for the proper and efficient performance of the functions of the Commission;
- (d) determine the terms and conditions of service in the Commission, including disciplinary measures for the employees of the Commission;
- (e) fix the remuneration, allowance and benefits of the employees of the Commission as approved by the State Government;
- (f) do other things, which in its opinion are necessary to ensure the efficient performance of the functions of the Commission, and
- (g) regulate its proceedings and make standing orders with respect to the holding of its meeting, notices to be given, the keeping of minutes of its proceedings and such other matters as the Commission may from time to time determine.

Powers of the Commission

(1) Notwithstanding the provisions of section 6 a member of the Commission shall cease to hold office if:-

Cessation of Membership

- (a) He becomes bankrupt or makes a compromise with his creditors; or



(b) he is convicted of a felony or any offence involving dishonesty, corruption or fraud” or

(c) he becomes incapable of carrying out the functions of his office either by reason of an infirmity of mind or body; or

(d) the Governor is satisfied that it is not in the interest of the public that the member should continue in office and the Governor removes him from office subject to confirmation by simple majority of the House of Assembly; or

(e) he has been found guilty of violation of the Code of Conduct or misconduct;

(f) he resigns his appointment by a notice under his hand, addressed to the Governor; or

(g) in the case of a person who becomes a member by virtues of the office he occupies, he ceases to hold office for whatever reason;

Where a vacancy occurs in the membership of the Commission, it shall be filled by the appointment of a successor to hold office for the remainder of the term of office of his predecessor, and the successor shall represent the same interest as his predecessor.

There shall be paid to the Chairman and members of the Commission such salaries, allowances and benefits as are paid to Chairmen and members of other Commissions in the State as may be approved by the State Government.

Emoluments, etc  
of Commission  
members

The Commission shall prepare and submit to the House of Assembly not later than 30<sup>th</sup> June in each financial year, a report of its activities including all cases of contravention investigated during the preceding financial year, and shall include in the report a copy of its audited accounts for the

Submission of  
annual report of  
the Commission

preceding financial year.

## **PART II – THE MEDIUM TERM EXPENDITURE FRAMEWORK.**

(1) The State Government after consultation with the local governments shall:-

Medium-Term  
Expenditure

- (a) Not later than six months from the commencement of this law cause to be prepared and laid before the House of Assembly for its consideration, a medium term framework for the next three financial years; and
  - (b) Thereafter, not later than four months before the commencement of the next financial year, cause to be prepared a Medium Term Expenditure Framework for the next three financial years.
- (2) The Medium Term Expenditure Framework so laid shall be considered for approval with such modifications, if any, as the House of Assembly finds appropriate.
- (3) The Medium Term Expenditure Framework shall contain:-
- (a) a Macroeconomic Framework setting out the macroeconomic projections for the next three financial years the underlying assumptions for those projections and an evaluation and analysis of the macroeconomic projections for the preceding three financial years;
  - (b) a Fiscal Strategy Paper setting out:-
    - (i) The Government's medium term financial objectives;
    - (ii) The policies of the State Government for the



medium-term relating to taxation, recurrent (non-debt) expenditure, debt expenditure, capital expenditure, expenditure borrowings and other liabilities, lending and investment,

- (iii) The strategic, economic, social and developmental priorities of the State Government for the next three financial years;
  - (iv) An explanation of how the financial objectives, strategy, economic, social and developmental priorities and fiscal measures set out pursuant to paragraphs (i), (ii) and (iii) of this subsection relate to the Economic Objectives set out in section 16 of the Constitution,
- (c) An Expenditure and Revenue Framework setting out:-
- (i) Estimates of aggregate revenues for the State for each financial year in the next three financial years based on the predetermined Commodity Reference Price adopted and tax revenue projections;
  - (ii) Aggregate expenditure projection for the State for each financial years in the next three financial years;
  - (iii) Aggregate tax expenditure projection for the State for each financial year in the next three financial years; and
  - (iv) Minimum capital expenditure floor for the State for each financial year in the next three financial years;

Provided that, the estimates and expenditures provided pursuant to paragraph (d) of this subsection shall be:-

- (i) based on reliable and consistent data certified in accordance with section 13 (2) (b):
  - (ii) targeted at achieving the macroeconomic projections set out in pursuance of paragraph (a) of subsection (2) of this section, and
  - (iii) consistent with and derived from the underlying assumptions contained in the Macroeconomic Framework the objectives, policies, strategic priorities and explanations in the Fiscal Strategy Paper;
- (c) Consolidated Debt Statement setting out and describing the fiscal significance of the debt liability of the government and measures to reduce any such liability;
- (d) a statement describing the nature and significance of contingent liabilities and quasi-fiscal activities and measures to offset the crystallization of such liability.

The estimate of aggregate expenditure and the aggregate amount appropriated by the House of Assembly for each financial year shall not be more than the estimated aggregate revenue plus a deficit, not exceeding 3% of the estimated Gross Domestic Product or any sustainable percentage, as may be determined for each financial year.

Aggregate  
Expenditure  
Ceiling

(1) The Commissioner shall be responsible for the preparation of the Medium-Term Expenditure Framework

Preparation - the  
Medium - Term  
Expenditure  
Framework



(2) In preparing the draft Medium-Term Expenditure Framework the commissioner-

(a) may hold public consultation in the Framework, the Fiscal Strategy Paper, the Revenue and Expenditure Framework, the strategic economic, social and developmental priorities of government, and such other matter as the Commissioner deems necessary,

Provided that, such consultations shall be open to the public, the press and any citizen or authorized representatives of any organization or group of citizens who may attend and be heard on any subject matter properly in view.

(b) shall seek input from the-

(i) Ministry of Budget and Planning,

(ii) House of Assembly,

(iii) Central Bank of Nigeria,

(iv) State Bureau of Statistics,

(v) Revenue Mobilization, Allocation and Fiscal Commission

(vi) Any other relevant statutory body as the Commissioner may determine; and

(c) Shall consider and reflect as may be deemed appropriate the input of the bodies and persons referred to in sub-section (a) and (b) of this section.

(1) The Commissioner shall before the end of the second quarter of each financial year, present the Medium-Term Expenditure Framework to the State Executive Council for Consideration and endorsement.

Time limit for presentation of Medium - Term Expenditure Framework to State Executive Council

(2) The Medium Term Expenditure Framework as endorsed by the State Executive Council shall take effect upon approval by a resolution of the House of Assembly.

The Medium Term Expenditure Framework as approved by the House of Assembly shall be published in the State Gazette

Publication of Medium-Term Expenditure Framework in the Gazette

(1) Subject to subsection (2) the Governor may cause adjustments to be made to a medium-Term Expenditure Framework.

Adjustments to the Medium - Term Expenditure Framework

(2) Any adjustments to a Medium-Term Expenditure Framework shall be limited to:

- (a) The correction of manifest error and
- (b) Changes in the fiscal indicators, which in the opinion of the Governor are significant.

### PART III – THE ANNUAL BUDGET

(1) Notwithstanding anything to the contrary contained in this Law or any other law, the Medium Term Expenditure Framework shall be the basis for the preparation of the estimates of revenue and expenditure required to be prepared and laid before the House of Assembly under section 12 (11) of the constitution;

Annual Budget to be derived from Medium-Term Expenditure Framework

(2) The sectoral and compositional distribution of the estimates of expenditure referred to in subsection (1) shall be consistent with the medium term developmental priorities set out in the Medium Term Expenditure Framework.

The Estimates of revenue and expenditure in this Law referred to as the Annual Budget, shall be accompanied by:-

Annual Budget to be accompanied by certain documents



- (a) a copy of the underlying revenue and expenditure profile for the next two years;
- (b) a report setting out actual and budgeted revenue and expenditure and detailed analysis of the performance of the budget for the 18 months up to June of the preceding financial year.
- (c) a Revenue Framework broken down into monthly collection targets prepared on the basis of the predetermined Reference Commodity Price as contained in the Medium-Term Expenditure Framework;
- (d) measures on cost, cost control and evaluation of results of programmes financed with budgetary resources,
- (e) a Fiscal Target Appendix derived from the underlying Medium-Term Expenditure Framework setting out the following targets for that financial year:-
  - (i) Target inflation rate
  - (ii) Target fiscal account balances
  - (iii) Any other development target deemed appropriate; and
- (f) Fiscal Risk Appendix evaluating the fiscal and other related risks to the Annual Budget and specifying measure to be taken to offset the occurrence of such risks.

**PART IV – BUDGETARY PLANNING OF CORPORATIONS AND OTHERS RELATED AGENCIES**

- 19 (1) All government corporations and agencies and government owned companies shall, not later than 5 months from the commencement of this Law and for every three financial years thereafter, not later

Preparation of estimates of revenue and expenditure by corporations, etc

than the end of the second quarter of every year cause to be prepared and submitted to the Commissioner, their estimates of revenue and expenditure for the next three financial years.

(2) Each of the bodies referred to in subsection (1) shall submit to the Commissioner not later than the end of August in each financial year

(i) an annual budget derived from the estimates submitted in pursuance of subsection (1);

(ii) projected operating surplus which shall be prepared in line with acceptable accounting practices

(3) The Commissioner shall cause the estimates submitted in pursuance of subsection (2) to be attached as part of the Appropriation Bill to be submitted to the House of Assembly

(1) Notwithstanding the provisions of any law governing a corporation the corporation shall establish a general reserve fund and shall allocated thereto at the end of each financial year, one-fifth of its operating surplus for the year.

Operating Surplus and general reserve fund

(2) The balance of the operating surplus shall be paid to the Consolidated Revenue Fund of the State not later than one month following the statutory deadline for publishing each corporation's accounts.

(1) The corporations surpluses shall be classified as a State Treasury Revenue.

(2) Where a corporation's result is a deficit, the deficit shall be classified as the corporation's loss for the fiscal year.

Classification of corporation Operating Surplus

(3) Each corporation shall, not later than three months after the end of its financial year, cause to be prepared and; published its annual financial



reports in accordance with such rules as maybe prescribed from time to time

22 The provisions of sections 20,21 and 22 shall cease to apply to any of the corporations from the date of its privatization.

Cessation of Application of Part IV

### **PART V – BUDGETARY EXECUTION AND ACHIEVEMENT OF TARGETS**

23 (1) The government shall cause to be drawn up in each financial year an Annual Cash Plan which shall be prepared by the office of the Accountant-General of the State.

Annual Cash Plan

(2) The Annual Cash Plan shall be prepared in advance of the financial year setting out projected monthly cash flows and shall be revised periodically to reflect actual cash flows

24 The commissioner shall within 30 days of the enactment of the Appropriation Law prepare and publish a disbursement schedule derived from the Annual Cash Plan for the purposes of implementing the Appropriation Law.

Disbursement Schedule

25 (1) The sums appropriated for a specific purpose shall be used solely for the purpose specified in the Appropriation Law.

Power of Commissioner of approve virement

(2) Without prejudice to subsection (1) the Commissioner may in exceptional circumstance and the overall public interest, recommend for the approval for the House of Assembly varmint from sub heads under heads of account, without exceeding the amount appropriated to such head of account.

26 (1) Where at the end of three months after the enactment of the Appropriation Law, the Commissioner determines that the targeted revenues may be insufficient to fund the heads of expenditure in the Appropriation Law,

Power of restrict further commitments

the Commissioner shall within 30 days of such determination, take appropriate measures to restrict further commitments and financial operations according to the criteria set in the Risk Appendix

(2) Where the targeted revenue are re-established either in part or in full, the appropriations for which further commitments were restricted shall be restored proportionately.

(3) The provisos of subsections (1) and (2) shall not apply to statutory or constitutional expenditure

Any proposed Tax Expenditure shall be accompanied by an evaluation of its budgetary and financial implications in the year it becomes effective and in the three subsequent years, and shall only be approved by the Commissioner if it does not adversely impair the revenue estimates in the Annual Budget or if it is accompanied by countervailing measures during the period afore-mentioned through revenue increasing measures such as tax rate raises and expansion of the tax base.

Restriction on the grant of tax relief

(1) The Commissioner, through the Budget Office, shall monitor and evaluate the implementation of the Annual Budget, assess the attainment of fiscal target and report thereon quarterly basis to the Finance Committee of the House of Assembly.

Responsibility of the Budget Office to monitor and report on implementation

(2) The Commissioner shall cause the report prepared pursuant to subsection (1) to be published in the mass and electronic media and in the State Gazette not later than 30 days after the end of each quarter.

## PART VI – PUBLIC REVENUES

The executive arm of Government shall at least 30 days before the deadline or the submission of its budget proposals, place at the disposal of the House of Assembly, the revenue estimates for the following year including the net current revenue and the respective memorandum items.

Revenue Forecast



Estimated revenue shall be broken down by the executive arm of government into monthly collection targets, including, where applicable a separate description of measures to combat tax fraud and evasion

Executive to breakdown estimated revenue

## PART VII – PUBLIC EXPENDITURES

The creation, expansion or improvement in government action which result in an expenditure increase shall be accompanied by

Conditions for increasing personnel expenditure

(a) an estimate of the budgetary or financial impact in the year it becomes effective and in the two subsequent years.

(b) a statement by the person requesting for the expenditure stating that the increase is consistent with the Appropriation Law and The Medium-Term Expenditure Framework.

The granting of any advantage or increase of remuneration, the creation of posts or alteration of career structures and admission of personnel on any account by bodies and entities including foundations established and maintained by government, shall only be effected if there is a prior budgetary allocation sufficient to cover the estimated expenditure.

Conditions for increasing personnel expenditure

All contracts with regard to the execution of annual budgets shall comply with the rules and guidelines on-

All contracts to comply with rules and guidelines

(a) procurement and award of contract, and

(b) due process and certification of contract

Any violation of the requirements in section 31, 32, 33 shall be unlawful.

Effect of violation of Public Expenditure Rules

## PART VIII DEBT AND INDEBTEDNESS

(1) The framework for debt management during the financial year shall be based on the following rules-

Framework for debt management

- (a) the state government and the local governments shall only borrow for capital expenditure and human development, provided that such borrowing shall be on concessional terms with low interest rate and with a reasonably long amortization period subject to the approval of the appropriate Legislative Body;
- (b) the state government shall ensure that the level of public debt as a proportion of state income is held sustainable level as prescribed by the House of Assembly from time to time on the advice of the Commission;
- (c) notwithstanding the provisions of section 35 subsection (i) (a) and subject to the approval of the House of Assembly the state government may borrow from the capital market.

**PART IX – BORROWING**

(1) State government or its agencies and corporations and any local government desirous of borrowing, shall specify the purpose for which the borrowing is intended and present a cost-benefit analysis, detailing the economic and social benefits of the purpose to which the intended borrowing is to be applied.

Conditions of borrowing and verification of compliance with limits

(2) Without prejudice to subsection 1 each borrowing shall comply with the following conditions-

- (a) the existence of prior authorization in the Appropriation Law from the purpose for which the borrowing is to be utilized; and
- (b) the proceeds of such borrowing shall solely be applied towards long-term capital expenditures.

(1) Every bank and financial institution shall request

Lending by financial institutions



and obtain proof of compliance with the provisions of this part before lending to the State Government or any local government.

(2) Lending by any bank or financial institution in Contravention of this part shall be unlawful

(1) Subject to the provisions of this part the Commissioner may with the approval of the State Executive Council, grant guarantees on behalf of any Local government in the State.

Power of  
Commissioner to  
grant guarantees

(2) Any guarantee granted by the Commissioner shall be conditional upon the provision of a counter guarantee in an amount equal to or higher than the guarantee obligation provided that there are no overdue obligation from the requesting local government to the guarantor and such counter-guarantee required from the local government may consist in the appropriation of tax revenue directly collected and resulting from statutory transfers and guarantor shall be authorized to retain such revenue and use the respective amount to repay overdue debts.

(3) Any guarantee provided in excess of the debts limits set pursuant to subsection (1) section 36 shall be unlawful.

Power of the Commissioner to grant guarantees

(1) There shall be established a body to be known as the Debt Management Department in the Ministry of Finance

(2) The function of the Debt Management Department shall include but not limited to the following

(a) Maintain a reliable database of all loans take or guaranteed by the State Government or any of its agencies

(b) Prepare and submit to State Government a Forecast of loan service obligations for each financial year.

- (c) Verify and reconcile external Debts Services Guaranteed or directly taken by the State Government with the Federal DMO
- (d) Verify and service domestic Debt guaranteed by the Accountant General
- (e) On an agency basis service domestic Debt taken by Local Governments or any of their agencies, where such Debt are guaranteed by the State Government.
- (f) Advise the Debt Management Committee on the terms and conditions on monies to be borrowed.
- (g) Submit to the State Government, for consideration in the annual budget, a forecast of borrowing capacity in local and foreign currencies.
- (h) Establish and maintain tripartite relationships Between the State, Financial Institutions Donor Agencies and the DMO

The Debt Management Department shall be headed by an Executive Secretary who shall be a civil servant not below a Director with a University Degree in Economics and/or Financial management Background.

There shall be a State Debt Management Committee with the Governor or his representative as the Chairman.

Other member of the State Debt Management committee shall include:

- I. Commissioner of Finance
- ii. Commissioner of Budget and Planning;
- iii. Attorney-General and Commissioner for Justice;
- iv. The Accountant General
- v. Any other member that may be co-opted by the Governor on the recommendation of the Committee



- (6) The Executive Secretary shall serve as the Secretary to the State Debt Management committee.
- (7) The Function of the Debt Management Committee (DMD) shall include the following:
  - (a) Supervisory Board to the Debt Management Department (DMD)
  - (b) Meet with Stakeholder (DMD) Lender, Beneficiary to negotiate and Harmonize terms and condition of the both domestic and external loans
  - (c) Forward the details of the terms, condition and the use of the loan for approval by the State Executive council and the State House of Assembly.
  - (d) Forward the terms and conditions of loans approved by the Executive and State the House of Assembly to The Debt Management Office, Minister of Finance to secure the Federal Government Guarantee and arrange for public signing of the loan contract where the Commissioner of finance signs for the Federal Government Guarantee.
  - (e) Forward Project Schedule showing the detail of the financing gap to be financed in the State Economic Empowerment & Development Strategy Document (SEEDS) to the State Executive Council for inclusion into the Appropriation Bill.
  - (f) Formulate the general policies and guidelines relating to the State Debt Management.
  - (g) Perform any other function that may be appropriate in furtherance to the State Debt Management

## **PART X – TRANSPARENCY AND ACCOUNTABILITY**

- (1) The State Government shall ensure that its fiscal and

financial affairs are conducted in a transparent manner and accordingly shall ensure full and timely disclosure and wide publication of all transactions and decisions involving public revenues and expenditures and their implications for its finances.

Fiscal  
Transparency

(2) The House of Assembly shall ensure transparency during the preparation and discussion of the Medium-Term Expenditure framework, Annual Budgets and Appropriation Bills.

(1) The State Government shall publish its audited accounts not later than six months following the end of the financial year.

(2) The State government shall, not later than two years following the commencement of this Law and thereafter, not later than 7 months following the end of each financial year, consolidate and publish in the mass media and the State Gazette, its audited accounts for the previous year

Publication of  
Audited Accounts

(3) The publication of general standards for the consolidation of public accounts shall be the responsibility of the office of the Accountant-General of the State.

The State Government through the Budget office, shall within 30 days after the end of each quarter, publish a summarized report on budget execution in such form as may be prescribed by the Commission and not later than 5 months after the end of the financial year, a consolidated budget execution report showing implementation against physical and financial performance targets shall be published by the Commissioner for submission to the House of Assembly and dissemination to the public.

Publication of a  
summarized report  
on budget  
execution

#### **PART XI – ENFORCEMENT**

The Fiscal Responsibility Commission or any person shall have legal capacity to enforce the provisions of this Law by obtaining prerogative orders or other remedies at the State High Court, with leave of the Court, without having to show any special or particular interest.

Enforcement



## PART XII- MISCELLANEOUS PROVISIONS

- Government securities that are duly listed in the Stock Exchange, may be offered as collateral to guarantee loans or other financial transactions under the law for their economic value.
- Government securities as collateral to guarantee loans
- The proceeds derived from the sale or transfer of public properties and rights over public assets shall not be used to finance recurrent and debt expenditure, provided that, such proceeds may be used to liquidate existing liabilities directly charged against such properties or assets.
- Restriction on utilization of proceeds of sale of public assets etc
- The Governor may, in addition to any other powers conferred on him under this Law, make regulations generally for the purposes of carrying into effect the provision of the Law.
- Power of the Governor to make regulations
- This Law shall be binding on all arms of the State and Local Governments, their agencies and parastatals however described.
- Law binds all arms of state and local governments
- All arms of the State Government shall ensure that their financial, quasi-financial and fiscal affairs are conducted in strict conformity with the provision of this Law and any other Law relating to the management of public resources.
- Conduct of fiscal and financial affairs to conform of law
- The expenditure of the State shall be directed, primarily, towards the equitable, effective, efficient and sustainable provision of public good, social and economic services and infrastructure in the State; accordingly and notwithstanding anything to the contrary contained in this Law, or in any other law, the State shall ensure that government spending is based on a credible expenditure management framework, which is consistent with the principles of sound financial management set out in schedule 1 to this Law and which is focused on channeling resources toward the equitable, effective, efficient and sustainable provision of public goods, social and economic services and infrastructure in the State.
- Government spending to be based on credible expenditure management framework



50 Without derogating from the generality of Section 49 government expenditure must be based on, derived from, and consistent with an underlying. Medium-Term Fiscal Framework prepared in accordance with the provisions of Part II and the principles of sound financial management set out in schedule 1 to this Law.

Expenditure to be based on Medium-Term Fiscal Framework, and Principles of Sound Financial Management

### **PART XIII – INTERPRETATION AND SHORT TITLE**

51 In this Law except the context otherwise requires:-

Interpretation

**“Appropriation Law”** means a Law passed by the House of Assembly authorizing spending from the Consolidated Revenue Fund and includes a Supplementary Appropriation Law.

**“Arms of Government”** means the Executive, Legislature and Judiciary.

**“Borrowing”** means any financial obligation arising from (i) any loan including principal, interest and fees of such loan, (ii) the deferred payment for property, goods or service, (iii) bonds, and debentures, notes or similar instruments (iv) letters of credit and reimbursement obligations with respect thereto, (v) trade or bankers acceptances, (vi) capitalized amounts of obligations under leases entered into primarily as a method of raising financing or of financing the acquisition of the asset leased (vii) agreements providing for swaps, ceiling rates, ceiling and floor rates, contingent participation or other hedging mechanisms with respect to the payment of interest or the convertibility of currency and (viii) a conditional sale agreement capital lease or other title retention agreement.

**“Budget Call Circular”** means a circular:-

a) requesting the submission in a prescribed form, of the revenue and expenditure estimates of ministries, extra-ministerial, extra-ministerial departments, and other executing agencies of government for the next financial year; and



- b) Giving detailed guidelines and instructions on the preparation of the estimates and expenditure in a manner consistent with the medium term development priorities set out in the Medium-Term Expenditure Framework;

**“Capital Expenditure”** means spending on an asset that lasts for more than one financial year and expenses associated with the acquisition of such assets;

**“Commission”** mean the Fiscal Responsibility Commission established by section 1;

**“Commissioner”** means the commissioner charged with the responsibility for finance;

**“Concessional Terms”** means the terms of the loan must be at an interest rate not exceeding 3%

**“Consolidated Debt”** means the aggregate of the outstanding financial obligations of government including those of its parastatals and agencies at any point in time arising from (i) borrowed money including principal interest and fees of such borrowed money (ii) the deferred payment for property, goods or services, (iii) bonds, debentures, notes or similar instruments, (iv) letters of credit and reimbursement obligations with respect thereto, (v) guarantees (vi) trade or bankers' acceptances, (vii) capitalized amounts of obligations under leases entered into primarily as a method of raising financing or of financing the acquisition of the asset leased, (viii) agreements providing for swaps, ceiling rates, ceiling and floor rates contingent participation or other hedging mechanisms with respect to the payment of interest or the convertibility of currency and (ix) a conditional sale agreement, capital lease or other title retention agreement:-

**“Cost-Benefit Analysis”** means an analysis that compares the cost of undertaking a service, project or programme with the benefits that citizens are likely to derive from it;

**“Fiscal Risk Appendix”** means an explanatory attachment that provides a set of indicators that can be used to measure local fiscal risks;

**“Fiscal Risk Target”** provides numerical large for each risk indicator with which a fiscal entity will be considered fiscally healthy;

**“Financial Year”** has the meaning ascribed thereto in the Constitution;

**“Financial Policy Objectives”** means the goals set by government for attainment of set targets for a given period,

**“Government Owned Company”** means a statutory corporation, government agency and a company in which government has controlling interest;

**“Governor”** means the Governor of Kogi State.

**“Medium-Term Expenditure Framework”** means the document referred to and the contents of which is prescribed in Section 1 of the Law;

**“Net Debt”** means the Consolidated Debt less what is owed to government, its parastatals and agencies at any point in time;

**“Public Expenditure”** means outlays other than those resulting into debt reduction;

**“Public Revenue”** means all moneys received by a government in the Federation.

**“Quarter”** means one quarter of a financial year and quarterly shall be construed accordingly.

**“Recurrent Expenditure”** means normal overhead and administrative expenses and personnel cost including salaries, emoluments and other benefits of employees;



**“Reference commodity Price”** means such price as may be determined by the Governor subject to the approval of the State House of Assembly.

**“Re-financing of Debt Securities”** means issuance of securities to repay the existing debt;

**“Tax Expenditure Projection”** means the projected amount expected to be utilized in granting tax relief or tax holiday;

**“Tax Revenue Projections”** means the projected, collectible Tax or Revenue within a particular planning period.

52 This Law may be cited as the Kogi State Fiscal Responsibility Law 2012. Short Title

The above printed Impression has been carefully compared by me with the Bill, which passed through the House of Assembly and has been found by me to be a true and correctly printed copy of the said Bill.



.....  
**SIMON MOMOH (JP)**

*Clerk of the House*

Assent/withhold Assent this 15th day of May 2012.



**CAPT. IDRIS ICHALA WADA**  
**EXECUTIVE GOVERNOR**

**“Reference commodity Price”** means such price as may be determined by the Governor subject to the approval of the State House of Assembly.

**“Re-financing of Debt Securities”** means issuance of securities to repay the existing debt;

**“Tax Expenditure Projection”** means the projected amount expected to be utilized in granting tax relief or tax holiday;

**“Tax Revenue Projections”** means the projected, collectible Tax or Revenue within a particular planning period.

2 This Law may be cited as the Kogi State Fiscal Responsibility Law 2012.

Short Title

The above printed Impression has been carefully compared by me with the Bill, which passed through the House of Assembly and has been found by me to be a true and correctly printed copy of the said Bill.



.....  
**SIMON MOMOH (JP)**

*Clerk of the House*

Assent/withhold Assent this 15th day of May 2012.



**CAPT. IDRIS ICHALA WADA**  
**EXECUTIVE GOVERNOR**



### **EXPLANATORY MEMORANDUM**

This Law among other things establishes the Fiscal Responsibility Commission charged with the responsibility of monitoring and enforcing the provisions of this Law to ensure greater accountability, transparency and prudence in the management of the State resources by the State Government, Government owned corporations or companies and agencies.

**SCHEDULE TO THE BILL**

| S/NO | LONG TITTLE OF THE BILL    | SUMMARY OF CONTENTS OF THE BILL  | DATE PASSED BY THE HOUSE |
|------|----------------------------|--|--------------------------|
| 1    | Fiscal Responsibility 2012 | To endure prudent Management of the State's Resources, secure greater Accountability and Transparency in Fiscal Operation 2012 | 19th April, 2012         |



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Signature of Clerk of the House



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Signature of the Executive Governor of Kogi State