

**A LAW TO REPEAL FISCAL RESPONSIBILTY LAW 2013  
AND ENACT A LAW TO PROVIDE FOR THE  
ESTABLISHMENT OF FISCAL RESPONSIBILITY AGENCY  
AND FOR OTHER CONNECTED PURPOSES**



**LAW NO: 13 2019**

**BE IT ENACTED** by the Sokoto State House of Assembly of Nigeria as follows:

**PART 1-  
PRELIMINARY PROVISIONS**

Short title and Commencement **1.**

This Law may be cited as the Sokoto State Fiscal Responsibility Law 2019, and shall come into operation on the .....

Interpretation **2.**

In this Law:

*“Appropriation law”* means an enacted law by the House of Assembly pursuant to Section 121 of the Constitution of the Federal Republic of Nigeria 1999 (as amended) and includes, a Supplementary Appropriation Law;

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

*“Attorney General”* means the Attorney-General and Commissioner for Justice the Chief Law Officer of the State.

*"Borrowing"* means any financial obligation arising from:

- (i) Any loan, including principal, interest, fees and penalties relating to such loan;
- (ii) The deferred payment for goods and services other than payment for goods and services pursuant to an appropriation law under a contract which fully complies with the state Procurement Law;
- (iii) Bonds, debentures, note or similar instruments;
- (iv) Letters of credit and reimbursement obligation with respect thereto;
- (v) Trades or banks acceptances;
- (vi) Capitalized amounts of pecuniary obligations under leases entered into primarily as a method of raising Finances or of financing the acquisition of the assets leased;
- (vii) Agreements providing for swaps ceiling rates and floor rates, contingent participation or other hedging mechanisms with respect to the payment of the interest or the convertibility of currency; and
- (viii) A conditional sales agreement, capital lease or other title retention agreement;

*"Budget Law"* means a duly enacted law on Budgeting for the State;

*"Business day"* means a day other than a 'Saturday or Sunday or a public holiday specified pursuant to the Public Holidays Act or otherwise specified by the Governor of the State;

*"Commissioner"* means the Commissioner charged with responsibility for Finance or such other Commissioner as the Governor may by a notice published in the gazette specify;

*"Concessional Term"* means terms of loan at an interest rate not exceeding 3%;

*"Consolidated Debt"* means the aggregate of outstanding financial obligations of the State or Local Government including those of their parastatals, departments and agencies





arising from any borrowing or the crystallization of contingent liabilities;

“*Constitution*” means the Constitution of the Federal Republic of Nigerian 1999 (as amended);

“*Consolidated Revenue Fund*” has the same meaning as that assigned to it in Section 120 of the Constitution;

“*Cost Benefit Analysis*” means a detailed and comprehensive analysis and comparison of the cost of a project or program with benefits that residents of Sokoto State is likely to derive from the project or program;

“*Fiscal Policy*” means the goals set by government for attainment of set targets for a given period;

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

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

“*Governor*” means Governor of the State

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

“*Independent rate*” means a rating conducted by a credible and renowned rating agency independent of the State Government;

“*Medium Term Expenditure Framework*” means the document referred to and the contents of which is prescribed in part III of this Law;

“*Persistent Shortfall*” means revenue shortfall occasioned by a sustained fall;

“*Planning*” means the Sokoto State Ministry of Budget and Economic Planning;

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

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

“*Reference Commodity Price*” means such price as may be determined by the President of the Federal Republic of Nigeria, subject to approval of the National Assembly;

“*Sectoral Resources Envelope*” means a specified amount within the limits of the aggregate expenditure limits earmarked by the Governor for each sector reflecting the priority level accorded to the services to be delivered by the sector;

“*State*” means Sokoto State of Nigeria;

“*State House of Assembly*” means the Sokoto State House of Assembly;

“*State Procurement Law*” means a duly enacted law of the state on public procurement and matters connected therewith;

“*Sustained fall*” means concessions and waivers of taxes, duties and other revenues that ought in the ordinary course of things to accrue to the State.

“*Tiers of Government*” means the Federal, State and the Local Government;

## PART II: GENERAL PROVISIONS

Law binds all arms  
and tiers of the State  
Government

3. (1) This Law shall be binding on all Arms and Tiers of the State Government, its Parastatals and Agencies howsoever described.

Conduct of fiscal and  
financial affairs to  
conform to Law.

4. All Arms and Tiers of Government shall ensure that their financial and quasi-financial and fiscal affairs are conducted



in strict conformity with the provisions of this Law and any other law relating to the management of public resources.

Government spending to be based on credible expenditure management framework.

5. 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; and accordingly 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 resources towards the equitable, effective, efficient and sustainable provisions of public good; social, economic services and infrastructure in the State.

Expenditure to be based on fiscal framework and principles of sound financial management

6. Without derogating from the generality of Section 5, Government Expenditure must be based on or derived from, and consistent with an underlying Medium Term Fiscal Framework, prepared in accordance with the provisions of part III and the principles of sound financial management set out in the Schedule to this Law.

Establishment of Fiscal Responsibility Agency.

7. (1) There shall be established a body to be known as the Fiscal Responsibility Agency (in this Law referred to as "The Agency").
- (2) The Agency shall be a body corporate with perpetual succession and a common seal and may sue and be sued in its corporate name.

Powers and Functions of the Agency

8. (1) For the purposes of performing its functions under this Law, the Agency shall have powers to:
- (a) compel any person or government institution to disclose information relating to public revenue and expenditure;

- (b) cause an investigation into whether any person has violated any provision of this Law;
- (c) formulate and provide general policy and guidelines for the discharge of its functions;
- (d) superintend the implementation of the policies of the Agency;
- (e) appoint for the Agency, such number of employees or have such employees in the State Civil Service as may, in the opinion of the Agency, be expedient and necessary for the proper and efficient performance of the functions of the Agency;
- (f) determine the terms and conditions of service in the Agency, including disciplinary measures for the employees of the Agency;
- (g) subject to the existing guidelines on salaries and wages in the State, fix the remuneration, allowances and benefits of the employees of the Agency;
- (h) ensure the Medium Term Expenditure Framework, as approved by the House of Assembly, is published in the State Gazette; and
- (i) do other things, which in its opinion are necessary to ensure the efficient performance of the functions of the Agency, and
- (j) investigate any other matter of fiscal discipline, public procurement or corruption that the Attorney General may in writing direct.
- (k) make rules for carrying out its functions under this Law;



(2) If the Agency is satisfied that an offence is disclosed or committed by any person under this Law, or any provision of this Law is violated, the Agency shall forward a report of the investigation to the Attorney-General of the State who shall exercise his constitutional powers under section 211 of the Constitution, having regard to the public interest, the interest of justice and the need to prevent abuse of legal process.

9. The Agency shall;

- (a) monitor and enforce the provisions of this Law and by so doing, promote with respect to the State, the economic objectives contained in Section 16 of the Constitution;
- (b) disseminate such standard practices including international good practice that will result in greater efficiency in the allocation and management of public expenditure, revenue collection, debt control and transparency in fiscal matters;
- (c) undertake fiscal and financial studies, analyze and disseminate the result to the general public;
- (d) perform any other function that is consistent with, or incidental and supplementary to, the promotion of the objectives of this Law, but without prejudice to the exercise of constitutional powers vested in other bodies over public funds, as well as other extant legislations, such as the Public Finance (Control and Management) Law, the Ministry of Finance Incorporated, amongst others.

(2) Subject to the provisions of this Law, the Agency shall be independent in the performance of its day to day functions and as such, shall not be subject to directives and control of anybody or authority.



Expenditure of  
the Agency

10. (1) The State House of Assembly shall approve the establishment of a fund to be maintained by the Agency from which shall be defrayed all expenditure incurred by the Agency.
- (2) There shall be paid and credited to the fund:
- (a) all budgetary allocations from the State Government;
  - (b) all grants from any other sources which must also be appropriated accordingly by the State Legislature;
  - (c) all monies raised by the Agency by way of grants, gifts, fees for services rendered, loans or otherwise; and
  - (d) the Agency may accept gifts of land, moneys or other property (whether within or outside Nigeria) upon such terms and conditions, if any, as may be specified by the person or organization making the gift provided that the terms and conditions are not contrary to the objectives and functions of the Agency under this Law.
- (e) all other assets that may, from time to time, accrue to the Agency.

Appointment of  
Chairman and  
Members/Composi  
tion of the Agency

11. (1) The Members of the Agency shall consist of:
- (a) an Executive Chairman who shall be the Full Time Chief Executive and Accounting Officer who shall be appointed by the Governor;
  - (b) one Member each, appointed by the Governor, being representative of each of the following:
    - (i) a representative of the State Ministry of Finance, who shall not be below the rank of a Director;
    - (ii) a representative of the State Ministry of Justice, who shall not be below the rank of a Director;
    - (iii) a representative of the Ministry of Budget and Economic Planning, who



shall not be below the rank of a Director;

- (iv) a representative of the State Internal Revenue Service not below the rank of Director;
- (v) a representative of Ministry for Local Government and Community Development not below the rank of Director.

- (2) Members of the Agency shall be persons of proven integrity and must possess appropriate qualifications with not less than ten (10) years cognate post qualification experience.
- (3) (a) The chairman of the Agency shall be a full time member; and  
(b) all other members of the Agency shall be part time members.

Office of the Secretary

**12.**

(1) There shall be a Secretary of the Agency who shall be a legal practitioner from the State Ministry of Justice not below the rank of a Director and shall also be the Legal Adviser to the Agency.

(2) There shall be such Departments and other Staff of the Agency as the Agency may require from time to time.

Tenure of Office

**13.**

The Chairman and other members of the Agency shall hold office for a single term of five (5) years.

Rules and Regulations/  
Quorum of the Agency.

**14.**

(1) The Agency shall have power to make regulations and standing orders with respect to the holding of its meetings, notices to be given, the keeping of minutes of its proceedings and such other matters as the Agency may, from time to time determine.

(2) For the official sittings of the Agency, there shall be two third (2/3) of the members in attendance.

(3) The Governor shall, in consultation with the Agency, make regulations for the purposes of giving effect to the provisions of this Law.

Vacation from  
Office of a  
Member

**15.**

(1) Notwithstanding the provision of Section 13 of this Law, a member shall cease to hold office if:

- (a) he becomes bankrupt or makes compromise with his creditors;
- (b) he is convicted of a felony or any offence involving dishonesty, corruption or fraud;
- (c) he becomes incapable of discharging the functions of his office either by reason of infirmity of mind or body;
- (d) the Governor is satisfied that it is not in the interest of the Agency or the interest of the public that the member should continue in office;
- (e) he has been found guilty of violation of the Code of Conduct or gross misconduct in relation to his duties;
- (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 virtue of the office he occupies, he ceases to hold such office for whatever reason.

Salaries and  
allowances

**16.**

(1) There shall be paid to the Chairman such salary, allowances and benefits as the Governor may, from time to time, determine.

(2) There shall be paid to other members of the Agency such wages and sitting allowances and other benefits as the Governor may from time to time determine.



Report of  
investigation

- 17.**
- (1) The Agency 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 of this Law investigated during the preceding financial year, and shall include in the report a copy of its audited account for the preceding financial year.
- (2) The Agency shall prepare and submit to the Attorney General reports of all investigations relating to contravention of any provision of this Law.
- (3) The Attorney General may, request in writing any report or information in respect of any case which is the subject of investigation by the Agency.

**PART III:  
THE MEDIUM TERM FISCAL FRAMEWORK**

Medium Term  
Fiscal framework  
to be before  
House of  
Assembly.

- 18.**
- (1) The State Government after consultation with the Local Governments shall;
- (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 Expenditure Framework; 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 shall contain:
- (a) a macro-economic framework setting out the macro-economic projections for the next three financial years, the underlying assumptions for those projections and an evaluation and analysis of the macro-economic projections for the preceding three financial years;
- (b) a fiscal strategy paper setting out:

- (i) the Government medium term objectives;
  - (ii) the policies of the Government for the medium term relating to taxation, recurrent (non debt) expenditure, debt expenditure, capital expenditure, expenditure borrowing and other liabilities, lending and investment;
  - (iii) the strategic, economic, social and development priorities of the government for the next three financial years;
  - (iv) an explanation of how the financial objective, strategic, economic, social and developmental priorities and fiscal measures set out pursuant to sub 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 revenue for the State for each financial year in the three years based on the predetermined commodity reference price aborted and tax revenue projections;
  - (ii) aggregate expenditure projection for the State for each financial year 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 flow for the State for each financial year in the next three financial years;
- Provided that the estimates and expenditures provided pursuant to paragraph (c) of this subsection, shall be based on reliable and consistent data certified in accordance with section 18 (2) (b);
- (d) a target at achieving the macro-economic projections set out in pursuance of paragraph (a) of subsection (2) of this section; and



(e) consistent with and derived from the underlying assumptions contained in the macro-economic framework, the objectives, policies, strategic priorities and explanations in the fiscal strategy paper;

(f) a consolidated debt statement setting out and describing the fiscal significance of the debt liability of the government and measures to reduce any such liability; and

(g) a statement describing the nature and fiscal significance of contingent liability and quasi-fiscal activities and measures to offset the crystallization of such liability.

Aggregate  
Expenditure  
Ceiling.

19. (1) The estimates of aggregate expenditure for a financial and 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 5% of the estimated gross domestic product (GDP)

(2) The aggregate expenditure for a financial year may exceed the ceiling imposed by the provision of subsection (1) of this section, if in the opinion of the Governor, there is a clear and present threat to the security of the State.

#### PART IV – THE ANNUAL BUDGET

Annual Budget to  
be derived from  
Medium Term  
Expenditure  
Framework

20. (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 121 (1) of the Constitution.

(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.

Annual Budget to be accompanied by certain documents.

21. (1) The estimates of revenue and expenditure in this Law referred to as the annual budget, shall be accompanied by:
- (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 eighteen (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 Medium Term Expenditure Framework;
  - (d) 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) indicator fiscal account balances;
    - (iii) any other development indicator deemed appropriate; and
  - (e) fiscal risk appendix evaluating the fiscal and other related risk to the annual budget and specifying measures to be taken to offset the occurrence of such risk.



## PART V –

**BUDGETARY PLANNING OF CORPORATIONS AND  
OTHER RELATED AGENCIES**

Preparation of  
Estimates of  
Revenue and  
Expenditure by  
corporation etc

**22.** (1) All government corporations and agencies and government owned companies shall, not later than six months from the commencement of this Law and for every three financial years thereafter, not later than the end of the second quarter of every year, cause to be prepared and submitted to the Commissioners of Finance (recurrent) and Ministry of Budget and Economic Planning, 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 Commissioners of Finance and Budget and Economic Planning 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); and

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

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

Creation of  
operating surplus  
and general  
reserve funds.

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

(2) The balance of the operating surplus shall be paid to the consolidated revenue fund of the State Government not later

than one month following the statutory deadline for publishing each corporation's accounts.

24. (1) The corporations surplus shall be classified as the 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.
- (3) Each corporation shall, not later than three months after the end of its financial year, cause to be prepared and published its audited financial reports in accordance with such rules as may be prescribed from time to time.
25. The provision of sections 26, 27 and 28 shall cease to apply to any of the corporations from the date of its privatization.

**PART VI –  
BUDGETARY EXECUTION AND ACHIEVEMENT OF  
TARGETS**

- |  |            |  |
|--|------------|--|
| Annual Cash Plan.                          | <b>26.</b> | <p>(1) The State Government's Annual Cash Plan shall be prepared by the Office of the Accountant General of the State.</p> <p>(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.</p> |
| Disbursement schedule.                     | <b>27.</b> | The Commissioners 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 purpose of implementing the Appropriation Law.  |
| Power of Commissioner to approve virement. | <b>28.</b> | <p>(1) The sums appropriated for a specific purpose shall be used solely for the purpose specified in the Appropriation Law.</p> <p>(2) Without prejudice to subsection (1) of this section, the Commissioners may in exceptional circumstances and in the</p>   |



overall public interest, approve virement from sub-heads of account without excluding the amount appropriated to such head of accounts.

Power to  
restrict other  
commitments

**29.** (1) Whereby at the end of three months after the enactment of the Appropriation Law, the Commissioner of Finance determines that the targeted revenues may be insufficient to fund the heads of expenditure in the Appropriation Law, the Commissioner shall within the next 30 days of such determination, take appropriate measures to restrict further commitments and financial operations.

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

(3) The provisions of subsection (1) and (2) of this section shall not apply to statutory or constitutional expenditure.

Responsibility  
of the Budget  
Implementation.

**30.** (1) The Commissioner of Finance, through the Ministry of Budget shall monitor and evaluate the implementation of the annual budget, assess the attainment of the fiscal targets and report thereon on a quarterly basis to the Fiscal Responsibility Agency and the joint financial committee of the State House of Assembly.

(2) The Commissioner of Finance shall, cause the report prepared pursuant to subsection (1) of this section to be published in the mass and electronic media and on Ministry of Finance website, not later than 30 days after the end of each quarter.

The application  
of Part VI to  
Local  
Government

**31.** (1) In implementing their annual budget, Local Governments shall be guided by and adopt the provisions of this Law with such modifications as may be appropriate and necessary.

(2) The Ministry of Budget and Economic Planning shall on or before one year from the date of this Law, issue guidelines for the full application of this Law to Local Governments.

(3) The Ministry of Budget and Economic Planning shall from time to time develop and implement capacity building plan for relevant Local Government staff and officers to ensure full application of this Law.

## PART VII- STATE STABILIZATION ACCOUNT

- |  |            |   |
|--|------------|---|
| Establishment of State Stabilization Account.              | <b>32.</b> | The State shall for the purpose of macro-economic stability, establish and maintain a State Stabilization Account with any of the Commercial Banks of Nigeria which shall form part of the State's strategic fund.  |
| Savings in the State Stabilization Account.                | <b>33.</b> | <p>(1) There shall be paid into and saved into the State Stabilization Account:</p> <ul style="list-style-type: none"> <li>(i) any extra revenue accruing to the State from the Federation Account; and</li> <li>(ii) such extra sum as the Governor may on the advice of the Commissioner of Finance by order direct.</li> </ul>                                   |
| Permitted used of fund in the State Stabilization Account. | <b>34.</b> | <p>Subject to Section 39 of this Law, funds standing to the credit of the State Stabilization Account may only be applied for the following purposes and no other;</p> <ul style="list-style-type: none"> <li>(a) augmenting shortfall in budgeted expenditure for the implementation of a duly enacted Appropriation Law arising from a sustained fall;</li> </ul> |



- (b) funding high impact, economically value infrastructure projects pursuant to an Appropriation Law enacted in the year following the accrual of such sums to the State Stabilization Account;
- (c) investing in such independently rated securities, instruments and funds expressly recommended by the Central Bank of Nigeria.

- Other limitation on the funds in State Stabilization Account. **35.** Not more than 50% of the funds standing to the credit of the State Stabilization Account in any financial year may be applied towards the purpose specified in paragraph (b) of Section 34 of this Law.
- Cap on State Stabilization Account. **36.** Accruals to the State Stabilization Account shall be capped at the sum equivalent to the aggregate revenue that accrued to the State from the Federation Account for the preceding ten years or such higher sum as the Governor may with the approval of the State House of Assembly specify by order published in the Gazette.

#### PART – VIII PUBLIC REVENUE AND EXPENDITURE

- Collection and remittance of Public Revenue **37.**
- (1) The Executive Arm of Government shall at least 30 days before the deadline for 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.
  - (2) Estimated revenue shall be broken down by the executive arm of government into monthly collection target, including, where applicable, a separate description of measures to combat fraud and evasion.
  - (3) For the purpose of accountability all revenue collecting Ministries, Departments and Agencies shall remit,

on monthly basis or as may be advised, all revenues collected on behalf of the State Government to the account designated for the purpose by the Accountant General of the State in the manner prescribed in an extant Treasury Circular to be issued from time-to-time'

(4) All revenues collected must not be spent by the collecting Ministry, Department or Agency without appropriation;

(5) Failure to adhere to the provisions of this section shall be an offence under this Law.

Conditions for  
increasing  
Government/Personal  
Expenditure

**38.** (1) The creation, expansion or improvement in Government action which results in an expenditure increase shall be accompanied by;

(a) 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.

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

(2). The provisions of this Section shall not apply to expenditures deemed inconsequential.

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



All Contracts to  
comply with  
Rules and  
guidelines/Effect  
of Violation of  
rules

- 39.** (1). All contracts with regards to the execution of Annual Budget shall comply with the rules and guidelines on:
- (a) Procurement and award of contracts; and
  - (b) Due process and certification of contracts.
- (2). Any violation of or non-compliance with the requirements of Sections 37(3)(4), 38 (1) and (3), and 39 shall be an offence punishable under this Law.

**PART – IX**  
**DEBT, INDEBTEDNESS AND BORROWING**

- 40.** (1) The framework for debt management during the financial year shall be based on the following rules:
- (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 resolution of the House of Assembly;
  - (b) subject to the overall consolidated debt limit set pursuant to the provisions of section 41 of this Law;
  - (c) subject to aggregate expenditure limit specified in the Medium Term Fiscal Framework; and
  - (d) the State Government shall ensure that the level of public debt as a proportion of state income is held at a level as prescribed by the House of Assembly from time-to-time on the advice of the Agency;
  - (e) notwithstanding the provisions of paragraph (a) and subject to the approval of the House of Assembly, the State Government may borrow from the capital market.
- (2) Non-compliance with the provisions of this Section shall be an offence and punishable on conviction to imprisonment for a term of not less than two years or with fine of not less than Two Hundred Thousand Naira or with both.

41. (1) The 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 to the House of Assembly a cost-benefit analysis, detailing the economic and social benefits of the purpose to which the intended borrowing is to be applied.
- (2) Without prejudice to subsection (1) of this Section, each borrowing shall comply with the following conditions:
- (a) the existence of prior authorization in the Appropriation Law or other law for 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 expenditure.
42. (1) Every Bank and Financial Institution shall request 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 an offence and punishable on conviction to fine of not less than N50,000,000.00 (Fifty million Naira) and term of imprisonment for any individual involved in the approval or disbursement of the loan to a jail term of not less than two (2) years.
43. (1) Subject to the provisions of this part the Commissioner of Finance may, with the approval of the State Executive Council, grant guarantees on behalf of any Local Government in the State.
- (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 they are non-overdue obligations for 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 the guarantor shall be authorized to retain such revenue and use the respective amount to repay overdue debts.

- (3) In the case of foreign currency borrowing, the Federal Government guarantee shall be the requirement and neither the State nor Local Government shall on its own borrow externally.
- (4) Any guarantee provided in excess of the debts limits set pursuant to section 44 (1) shall be an offence.

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

44.
  - (1) The State shall ensure that all 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 revenue and expenditure and their fiscal significance.
  - (2) The State House of Assembly shall ensure transparency during the preparation and discussion of the Medium-Term Expenditure Framework, Annual Budgets and Appropriation Bills.
  
45.
  - (1) The State Government through its budget office shall not later than 6 months after the end of the financial year, publish a consolidated budget execution showing implementation against physical targets for submission to the House of Assembly and dissemination to the public
  - (2) The State, Local Governments and Agencies of Government shall publish their audited accounts not

later than six months following the end of the financial year.

- (3) The State, Local Government and Agencies of Government shall, not later than one year following the commencement of this Law and thereafter, not later than 6 months following the end of each financial year, consolidate and publish in the mass media, their audited accounts for the previous year.
- (4) The publication of general standards for the consolidation of State public accounts shall be the responsibility of the office of the Accountant General of the State.
- (5) The Accountant General of the State shall, not later than 9 months following the end of the financial year, cause to be consolidated and published in the mass media the accounts of all Government agencies.

Publication of  
a summarized  
report on  
budget  
execution

46. The Executive Arm of the State and Local Governments through their budget offices shall within 30 days after the end of each quarter, publish a summarized report on budget execution in such budget form as may be prescribed by the Fiscal Responsibility Agency and not later than 6 months after the end of the financial year. The Commissioner shall publish a consolidated budget execution report showing implementation against physical and financial performance targets.

#### PART XI- ENFORCEMENT

Legal  
Capacity

47. 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, without having to show any special or particular interest. Provided no action shall lie unless a 90 days written notice of intention to sue by the intended plaintiff shall be given through the office of the Attorney-General to the appropriate government department charged with



implementation of this Law drawing their attention to non-compliance with provisions of this Law.

## PART XII- OFFENCES

Offences relating to contract pecuniary undertaking public funds not Appropriated.

48. Any person being an official or public servant serving in any capacity in any arm of Government of the State; who dishonestly, fraudulently or negligently approves the award of, or awards, executes or witnesses any instrument relating to such award or pecuniary undertaking with person or contractor for the provision of public goods, social and economic services and infrastructure in the State, knowing that such service is not appropriated for in an Appropriation Law or the existing Medium Term Fiscal Framework shall be guilty of an offence and on conviction be punished with a term of imprisonment which may extend to Fourteen years or with fine or with both.

Offences relating to unauthorized Borrowings.

49. Any person being an official or public servant serving in any capacity in any Arm of Government of the State who dishonestly, fraudulently or negligently approves the borrowing or negotiates, or executes any instrument for borrowing knowingly or having the means of knowledge that:
- (a) the borrowing is for a purpose not appropriated for in extant appropriation law; or
  - (b) the borrowing is without prior express approval of the State House of Assembly; or
    - i. the borrowing exceeds the aggregate expenditure limit specified in the Medium Term Framework; or
    - ii. the borrowing exceeds the overall consolidated debt limits; or
    - iii. the borrowing exceeds the aggregate debt limits specified in the Medium Term Fiscal Framework,

shall be guilty of an offence and shall upon conviction be punished with a term of imprisonment of not less than three (3 years) and to a fine of not more than N2,000,000,00 (Two million Naira).

Destruction of documents and false entry of records.

**50.** Any person who, with intent to defraud or conceal a crime or frustrate the Agency in its investigation of any suspected crime of corruption under this Law or under any law:

- (a) either destroys, alters, mutilates, or falsifies any book, documents, valuable security, account, computer system, diskette, computer printout or any other electronic device which belongs to or is in the possession of his employer, or has been received by him on the account of his employment, or any entry in any such book, documents or electronic device, or is privy to any such law; or
- (b) makes or omits, or is privy to making or omitting any false entry in any such book, document, account or electronic record; is guilty of a felony and shall on conviction be liable to imprisonment for a term of not less than 7 (seven) years.

Giving false statement in respect of money or property received by an officer

**51.** Any person who, being an officer charged with the receipt, custody, use or management of any part of the public revenue or property, knowingly furnishes any false statement or return in respect of any money or property received by him or entrusted to his care, or of any balance of money or property in his possession or under his control, is guilty of an offence, and shall on conviction be liable to imprisonment of not less than seven (7) years.



Obstructing and  
dishonouring of  
summons

52. (1) Any person who:
- (a) fails, refuses or neglects to honour the invitation or summons of the Agency in respect any matter that the Agency is investigating or reviewing;
  - (b) fails, refuses or neglects to avail the Agency with any information or document within 14 (fourteen days) of a demand;
  - (c) in any manner whatsoever obstructs the work of the Agency;

shall be guilty of an offence and liable on conviction in the case of an individual to a term of imprisonment of not less two (2) years and in the case of a corporate body, it shall be liable to a fine of not less than N20,000,000.00 (Twenty million Naira) as well as the term of imprisonment for any of its employees or officers who facilitated the offence.

(2) Any person who:

- (a) fails or neglects to secure compliance with the provision of this Law;
- (b) fails or neglects to secure the authenticity of any statement submitted pursuant to the provisions of this Law;

commits an offence and is liable on conviction to imprisonment for a term not exceeding 5 years or to a fine of Five Hundred Thousand Naira (N500,000) or to both such imprisonment and fine.

53. Any person who commits an offence under the provisions of this Law where no punishment has been prescribed is liable on conviction to a term of imprisonment which shall not be less than 2 (two) years or with fine of not less than N1,000,000.00 (One million Naira) or with both.

54. The Agency may compound any offence punishable under this Law under such terms as may be approved by the Attorney General.
- Jurisdiction to try offences. 55. The State High Court shall have the original jurisdiction to try offences created under this Law.

**PART XIII:  
UTILISATION OF RECOVERED FUNDS**

56. The Agency shall;
- (1) Retain 10% (Ten Percent) of all monies recovered by it and shall utilize such retained funds for operational expenses to supplement its budget;
- (2) The residue of all funds recovered after the deduction in subsection (1) of this section shall be paid into any account so designated by the State Government and such residual money shall only be appropriated by the State Government for the purpose of construction of roads and the improvement of health, agricultural, educational, housing and justice sectors.

**PART XIV:  
MISCELLANEOUS PROVISIONS**

- Limit for consolidate securities 57. A State law may set a limit for consolidated debt securities, borrowing and granting of guarantees lower than the one provided for pursuant to this Law.
- Government Securities as collateral to guarantee loans 58. Government securities, provided that they are duly listed on the Stock Exchange, may be offered as collateral loans or other financial transactions under the law for their economic value as defined by the Ministry of Finance.
- Restriction on utilization of proceeds of Sale of public Assets etc. 59. The proceeds derived from the sale or transfer of public properties on and rights over public assets shall not be used to Finance recurrent of proceeds and debt expenditure, provided that, such proceeds may be used to liquidate existing liabilities directly charged against such properties or assets.



- Condition for  
Local  
Government  
Contribution
60. A Local Government shall only contribute to cover cost of expenditure incurred by the other Tiers of Governments, if authorized in a covenant, accord, or any similar arrangement.
- Technical &  
Financial  
Assistance to  
Local  
Governments
61. The State may provide technical and financial assistance to Local Governments for the modernization of their respective tax, financial and asset administration for the purpose of complying with the provisions of this Law.
- Prevailing of  
this Law  
over any  
State  
Legislation
62. In the event of any inconsistency between the provisions of this Law and the provisions of any state legislation, the provisions of this Law shall prevail and the provisions of that other legislation shall, to the extent of its inconsistency be void.
- Immunities
63. Subject to the provisions of this Law, any Member or Staff of the Agency when investigating a case under this Law, shall have all the powers and immunities of a Police Officer under the Police Act and any other law conferring power on the police or empowering and protecting law enforcement agencies.
- Repeal
64. The Sokoto State Fiscal Responsibility Law, 2013 is repealed.

## **SCHEDULE**

All the existing parastatals of the State including those to be created.

### **SCHEDULE (Section 6)**

#### **PRINCIPLES OF SOUND FINANCIAL MANAGEMENT**

The principles of sound financial management are that Government must:

- (i) Pursue spending, and taxing policies that are consistent with a reasonable degree of stability and predictability;
- (ii) Hinge all spending on a definitive macro-economic framework with, at a minimum, medium term horizon and which assures a prudent balance between available resources and planned spending;
- (iii) Ensure that the scale and focus of spending is dictated by policy and the State strategic priorities;
- (iv) Ensure optimal value for all Government spending;
- (v) Maintain the integrity of the State Revenue Collection System;
- (vi) Ensure that its policy decision have regard to their financial effect on future generation;



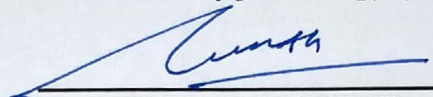
(vii) Provide full, accurate and timely disclosure of financial information relating to the activities of the Government and its agencies that is ensuring transparency and accountability; and

(viii) Manage financial risk faced by the State prudently, having regard to economic circumstances.

MADE AT SOKOTO THIS 31<sup>st</sup> DAY OF Dec 2019

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*This printed impression has been carefully compared by me with the Bill which has been passed by the House of Assembly and found it to be a true and correctly printed copy of the said Bill*



ABDULRAZAK SHEHU  
CLERK TO THE HOUSE

I ASSENT THIS 31<sup>st</sup> DAY OF December 2019



AMINU WAZIRI TAMBUWAL  
GOVERNOR  
SOKOTO STATE OF NIGERIA

**C**

**I WITHHOLD MY ASSENT THIS ..... DAY OF .....2019**

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**AMINU WAZIRI TAMBUWAL  
GOVERNOR,  
SOKOTO STATE OF NIGERIA**

**D**

Passed again by the Sokoto State House of Assembly by two-third majority this ..... Day of .....2019

.....  
**Speaker  
Sokoto State House of Assembly**

