

CIRCULAR

SGF.50/S.3/C.9/24

Office of the Secretary to the
Government of the Federation,
The Presidency,
Shehu Shagari Complex,
Three Arms Zone,
Abuja.

16th October, 2018.

Chief of Staff to the President,
Deputy Chief of Staff to the President, Office of the Vice-President,
Honourable Ministers/Ministers of State,
Head of the Civil Service of the Federation,
Special Advisers/Senior Special Assistants,
Service Chiefs/Inspector-General of Police,
Chairman, Federal Civil Service Commission,
Chairman, Code of Conduct Bureau,
Chairman, Federal Character Commission,
Chairman, Independent National Electoral Commission,
Chairman, National Population Commission,
Chairman, Revenue Mobilization, Allocation
and Fiscal Commission,
Governor, Central Bank of Nigeria,
Chairman, Independent Corrupt Practices and other
Related Offences Commission,
Chairman, Economic and Financial Crimes Commission,
Chairman, National Drug Law Enforcement Agency,
Permanent Secretaries and Heads of Extra-Ministerial Departments,

Clerk of the National Assembly,
Chief Registrar, Supreme Court of Nigeria,
Secretary, National Judicial Council,
Auditor-General for the Federation,
Accountant-General of the Federation,
Directors-General/Chief Executives of Parastatals,
Agencies and Government-Owned Companies.

APPROVED REVENUE PERFORMANCE MANAGEMENT FRAMEWORK FOR GOVERNMENT OWNED ENTERPRISES (GOEs)

As part of measures being taken by government to enhance performance in the Public Service, Mr. President has approved a new and improved Performance Management Framework for Government Owned Enterprises (GOEs). The objective is to raise revenue generation and the associated remittances into government treasury.

2. Due to their huge potentials, GOEs are categorized into self-funded, partially funded or fully funded, to generate significant revenues for funding the Federal Budget, as obtainable in other economies around the world. This potential has largely remained untapped, while much of the sub-optimal revenue being generated is often lost to inefficiencies and leakages. Government has noted also that most GOEs remit less operating surpluses to the Consolidated Revenue Fund (CRF) than is required by law and/or financial regulations, thereby imposing avoidable restrictions on government's ability to implement its developmental agenda.

3. In view of the foregoing, the mandates, operations, budget processes and remittance status of GOEs, the government has considered it necessary to extend its public finance reform programmes to these entities in a strategic, formal and sustainable manner.

4. Consequently, Mr. President has approved the following reform initiatives to generate more revenue and improve the operational performance of all GEOs:

A. PERFORMANCE MONITORING:

- i. Corporate Governance Reforms shall further include performance contracts for Chief Executive Officer (CEOs) and other key Management Staff, which will set Financial Indicators and Targets for each GOE;
- ii. The Office of the Accountant General of the Federation shall mandatorily carry out regular monitoring and ensure monthly publication of revenue and expenditure performance of all GOEs,
- iii. Budget performance of GOEs shall be reviewed and published quarterly by the Budget Office of the Federation.

B. EXPENDITURE CONTROLS

- i. Financial Circulars on limit of allowable expenses, frequency of Board meetings, overseas travels and other potentially wasteful practices shall be strictly enforced; and
- ii. Annual GOE capital budgets shall be mainstreamed into the Federal Government's Capital Budgets in order to ensure that they are subjected to the same level of scrutiny, procurement and monitoring processes.

C. BUDGETING AND FINANCIAL REPORTING REQUIREMENTS

- i. It shall be mandatory for all GEOs to use the Treasury Single Account (TSA) for all financial transactions;
- ii. Quarterly remittance of interim operating surplus by the GOEs shall replace the annual remittance while cumulative remittances at end of the year will be reconciled to amount due after audit;
- iii. The accounts of all GOEs shall henceforth be audited within 4(four) months after the end of each financial year;
- iv. The computation of the operating surplus shall be reviewed to allow the deduction from the agency's revenues of only operational expenses, wholly, reasonably and necessarily incurred in its operations;
- v. Henceforth, annual budgets of GOEs shall be presented to the Budget Office of the Federation for review, further to which they will be submitted to the National Assembly by Mr. President along with the national budget. GOEs shall no longer send their budgets directly to the National Assembly;

- vi. Consideration and passage of budgets of GOEs shall going forward, be scheduled alongside the main budget of the Federal Government; and
- vii. Agencies with capacities to be self-funding shall be categorized and removed from the National Budget.

D. FINANCIAL OVERSIGHT OF GOEs

- i. Institutionalized oversight mechanism through an Inter-ministerial Team, similar in operation to the Federation Accounts and Allocations Committee, will be established and appropriate sanctions for will be improved for utilization of Internally Generated Revenue (IGR) for unauthorized expenses and for exceeding approved limits; and
- ii. Incentive mechanisms will be put in place for good governance; and
- iii. Establishment of Revenue Department in GOEs to be manned by Professional Treasury Officers from the Office of the Accountant-General of the Federation.

E. AMENDMENT OF ESTABLISHMENT ACTS OF SOME GOEs

In the medium-term, legislative action will be required to amend relevant sections of the acts establishing some of the GOEs to reflect current economic realities and policy thrust of government. Some establishment Acts, for instance, empower the Boards of the GOEs to serve as final approving authorities over their spending plans while some others appear to have been precluded from the requirements to remit operational surpluses.

5. Accordingly, all Honourable Ministers, Permanent Secretaries, Heads of Extra Ministerial Departments, Accountant General of the Federation, Auditor-General of the Federation and Director-General, Budget Office of the Federation are enjoined to issue necessary circulars, instructions, and set up appropriate mechanisms for the implementation of these new reforms.

6. Similarly, you are to bring the contents of this Circular to the attention of your Agencies and to ensure uniform compliance.

Boss Mustapha

Secretary to the Government of the Federation

Some Government-owned Companies/Enterprises

- Nigeria Social Insurance Trust Fund (NSITF)
- Nigerian Coal Corporation (NCC)
- Nigerian National Petroleum Corporation (NNPC)
- Nigeria Electricity Regulatory Commission (NERC)
- Nigeria Deposit Insurance Corporation (NDIC)
- Nigerian Television Authority (NTA)
- Federal Radio Corporation of Nigeria (FRCN)
- Voice of Nigeria (VON)
- National Communication Commission (NCC)
- Nigeria Ports Authority (NPA)
- Nigeria Maritime Management and Safety Authority (NIMASA)
- Nigeria Export Processing Zone Authority (NEPZA)
- Nigeria Oil and Gas Free Zone Authority (NOGFZA)
- Nigeria Bulk Electricity Trading Company (NBET)
- Nigeria Aerospace Management Agency (NAMA)
- Nigeria Meteorological Agency (NIMET)
- National Civil Aviation Authority
- Nigeria Aviation Handling Company (NAHCO)
- National Housing Corporation of Nigeria (NHCN)
- Nigeria Railway Corporation (NRC)
- Federal Inland Revenue Service (FIRS)
- Nigeria Customs Service (NCS)
- Federal Road Safety Commission (FRSC)
- Nigerian Gas Company (NGC)
- Nigerian Tourism Development Board (NTDB)
- Joint Admission and Matriculation Board (JAMB)
- National Universities Commission (NUC)
- Education Trust Fund (ETF)
- Petroleum Development Trust Fund (PDTF)
- Niger Delta Development Commission (NDDC)