

DB/450

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Our Ref. No. DB/450/31
Ministry of Economic Planning & Budget,
Akure,

14 October, 2011.

CIRCULAR LETTER TO:

The Chief of Staff to the Governor,
The Senior Special Assistant to the Deputy Governor,
State Commissioners,
The Secretary to the State Government,
The Head of Service,
Special Advisers,
Chairmen of Commissions, Boards and Parastatals,
Permanent Secretaries,
The Clerk, Ondo State House of Assembly,
The State Auditor-General,
Tutors-General,
Administrative Secretaries,
The Chief Registrar, Ondo State Judiciary,
The Accountant General,
Registrars of State Owned Tertiary Institutions,
The Auditor General for Local Governments,
General Managers/Heads of Non-Ministerial Departments,

2012 ADVANCE PROPOSALS AND DRAFT ESTIMATES

As the year 2011 is gradually rolling out, it is necessary to carefully examine our developmental plans and extract the programmes and projects for the next fiscal year as required by law. The State has been implementing the medium term plan (First Implementation Plan 2010-2013), of its vision 20: 2020 encapsulating the twelve point developmental agenda of the present administration, A CARING HEART. Therefore, all Ministries, Departments, Government Agencies, Parastatals Boards and State-Owned Tertiary Institutions are hereby formally invited to submit to the Budget Department of this Ministry, their respective Draft Estimates and Advance Proposals for the 2012 fiscal year in line with the rules and guidelines contained in this call circular, the Financial Regulations and the Public Administration Law, cap 100, Laws of Ondo State of Nigeria.

PRINCIPLES AND POLICIES

2. In the last two years, the State has commenced a lot of life-transforming programmes and projects within the 2010-2013 First Implementation Plan of the Vision 20: 2020 some of which are still on-going. In continuation of these laudable programmes and projects, two major objectives have been set out for the 2012 Budget as follows:

- (a) the speedy implementation of on-going developmental programmes by making the most effective use of available resources; and
- (b) improving the living conditions of the populace and restoration of economic activities through concerted implementation of mass employment strategies.

3. Therefore, all MDAs are to carefully study the extant plan documents vis-à-vis the 2011 budget, evaluate their activities so far and distil programmes to achieve the stated objectives; guided by the eight (8) MDG goals and their 47 targets.

4. In order to achieve the above objectives, the 2012 Budget will have the following guiding principles:

(a) 2012 Policy Thrusts

- (i) Consolidation of the strategic approach to revenue generation drive through consistent implementation of revenue reform;
- (iii) Completion and delivery of all on-going projects according to their set duration;
- (iv) Continuation and strengthening of the three 'I's initiative;
- (v) Sustaining efforts at reducing infant & maternal mortality rates through improved and qualitative healthcare delivery;
- (vi) Ensuring security of lives and properties through provision of requisite support services to security agencies for crime prevention and control;

- (vii) Consolidating the qualitative education embarked upon in the state through provision of conducive learning environment;
- (viii) Re-invigorating the culture of timely maintenance and strengthening of all public infrastructure and utilities;
- (ix) Ensuring overall food security of the state through expansion and replication of model farms (Agric Villages) for mass production of food;
- (x) Reducing youth unemployment through massive engagement in farming activities;
- (xi) Reinvigoration of rural and urban renewal programmes and propagating the aesthetic nature of major cities in the state;
- (xii) Vigorous pursuit of the Millennium Development Goals (MDGs);
- (xiii) Ensuring Plan and Budget discipline in the implementation of projects in the state;
- (xiv) Ensuring continuous independence of the legislature but assisting it to be effective and responsive to the public in its legislative duties;
- (xv) Promoting greater transparency and accountability in the use of public funds;

(b) Strategies:

- (i) Supporting the Cabinet Committee on Revenue Generation towards a dogged implementation of the revenue reform agenda for the expansion of the revenue base;
- (ii) Regular conduct of Impact Assessment of projects and programmes on a quarterly basis;
- (iii) Supporting the State Economic Committee for the quick execution of projects/programmes contained in the budget;
- (iv) Aggressive monitoring of projects by various organs of government and regular review of performance of the budget.

PROCEDURE

5. Generally, the basic principles guiding budget preparation in the State will be strictly followed in the preparation of the 2012 Estimates. Hence, Accounting Officers, in particular, and all officers connected with the budget preparation process are advised to carefully study and strictly comply with the provisions of chapter 100 of the Laws of Ondo State as well as chapter 25 of the Financial Regulations **(FR)** (Revised edition) 1999, on the preparation of the Annual Estimates.

6. In addition, MDAs are to appraise the performance of their 2011 Budgets vis-à-vis the provisions of the relevant portions of the State's vision 20:2020 document as well as the Ondo State First Implementation Plan 2010-2013 and distil out programmes and projects that will achieve the targets set out in the vision document within the limit of available resources. MDAs are to note that the 2012 budget will still be zero based, implying that every programme/project must be presented as if it is just being conceptualized. Hence, in the case where an MDA is rolling over a project from 2011 budget, it is still expected that the MDA **MUST** justify the continuation of the programme/project.

7. The 2012 Budget preparation process will also consolidate on the State's internet based e-budgeting application module. MDAs are to note, therefore, that the process will be completely paperless, except for the issuance of this Call

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Circular on paper." MDAs are required to fill and submit the required returns online, realtime. Further interactions on the budgeting process will also be done online. Hence, all budget officers from all MDAs are to liaise with the Budget Department for the e-budget codes of their MDAs which will be used to electronically forward the draft estimates to the e-budget portal. In addition, budget officers are to constantly check the e-mail of their MDAs for further instructions on the budgeting process.

8. It is expected that by now, MDAs would have held discussions with relevant trade groups and also substantially complied with the provisions of FR25004 on the guidelines for pre-call circular activities and actions of MDAs. For the avoidance of doubt, four levels of defence **MUST** be carried out within the MDA in the preparatory process to validate the final proposal of the MDA. Hence, the four levels of defence must be religiously followed as in Annexe 1.

REVENUE ESTIMATES

9. All MDAs are to carefully study their revenue profile, including those earlier identified by the Cabinet Committee on Revenue Generation, and also identify new revenue sources from which fund could be generated for government. However, such new revenue items should be cleared with this office and the Board of Internal Revenue before being included in the Estimates.

10. Revenue projections should be made on two revenue online forms viz. Details of Revenue collected from January-June 2011 and Summary of Revenue

Generation Proposal Form (which shows the proposals for 2012). Samples of the two forms are attached as Annexes II and III respectively. It should be noted that the platform will only bring up the revenue form required by each MDA on logging into the e-budget platform. MDAs are to click and add their revenue proposals as required. Please note that all revenue returns should be stated in absolute form corrected to the nearest 1,000 Naira.

PERSONNEL COSTS

11. As against the previous practice, all MDAs are required to prepare detailed establishment proposals and submit to Office of Establishments for consideration in line with the call circular issued by that office for that purpose. MDAs are to clear all issues on the Personnel Costs and obtain Clearance from the Office of Establishments before the set date for Pre-Treasury defence. MDAs are to note that the defence of their recurrent expenditure will be based on the presentation of the Office of Establishments' clearance.

OTHER CHARGES

12. The online forms (Details of Other Charges collected from Jan-June 2011 and Summary of Other Charges proposals 2012) should be used by MDAs in submitting returns on Other Charges. Samples are attached as Annexes IV & V. It should be noted that the relevant trend values will automatically add up to the required column. Therefore, **DO NOT SUM UP** the values, just enter the figures and the system will do the additions automatically.

TRANSFER TO OTHER FUNDS

13. MDAs are to note that this class of expenditure is being scaled down. Therefore, Accounting Officers are to scrutinize and carefully select only items of expenditure that are crucial for governance for inclusion into the 2012 proposals. Two online forms (Details of Transfer to Other Funds collected between Jan-June 2011 and Summary of Transfer to Other Funds proposals 2012) should be used in rendering the desired returns on Transfer to Other Funds. Samples are attached as Annexes VI and VII.

GRANT TO PARASTATALS/TERTIARY INSTITUTIONS

14. All Boards, Parastatals and State-Owned Tertiary Institutions which receive monthly grants/subventions from Government are required to correctly fill the online forms on Grants to Parastatals. The two online forms (Details of Grants to Parastatals collected between Jan-June 2011 and the Summary of Grants to Parastatals proposal form) must be returned by those affected. Samples are attached as Annexes VIII and IX.

CONSOLIDATED REVENUE FUND CHARGE/GRANTS/LOANS

15. These votes are under the management of the Treasury Department, (Office of the Accountant-General of the State) and hence only the Treasury Office should Complete the online proforma on Consolidated Revenue Fund Charge and Grants and Loans. Samples are attached as Annexes X and XI respectively.

CAPITAL ESTIMATES

16. The performance of the capital estimates for 2011 has been somewhat slow in some MDAs, despite all the initial preparations made to fastrack the implementation process. In essence, therefore, a lot of 2011 capital projects are still on-going or about to be executed. MDAs are, therefore, enjoined to carefully study the 2011 budget and extract all the on-going projects as priority for 2012. All such projects that cannot be completed in the current fiscal year should be incorporated into the 2012 budget proposals as a matter of priority.
17. Furthermore, in the event that a new project/programme is being proposed, care must be taken to ensure that they are core and critical capital items which will impinge on the development of the State and be in line with relevant plan documents. It should be observed that **miscellaneous capital items will not** be admitted into the 2012 budget except with prior approval of Mr. Governor. Therefore MDAs should not bother to propose such items.
18. Finally, MDAs are to ensure compliance with requisite benchmark prices on all proposals. Realistic figures based on PPMU price, BOQs and BEME are necessary pre-requisite for the defence of proposals. The PPMU prices for 2012 can be assessed from the website and should be used in submitting proposals.
19. The online form on Capital Estimates should be completed on capital expenditure for State funded projects while MDAs with Donor Supported Projects should complete the Online Form on Donor supported programmes/projects as

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well. Samples of both forms are attached as Annexes XII and XIII respectively. It should be noted that **all capital estimate entries must be in million naira** and corrected to **three places of decimal**.

GENERAL

20. Accounting Officers are to take personal interest in the preparation of the proposals and ensure that the returns are correct and accurate. All figures in Revenue and Recurrent Expenditure (Personnel, Other Charges, Transfer to Other Funds, Consolidated Revenue Fund Charge and Grants and Loans) sides are to be rendered in absolute forms. The figures must be corrected to the nearest 1000 naira for projections while the portion for Actual should be corrected to the nearest naira. Figures for Capital Expenditure should be rendered in millions corrected to three decimal places.

21. It is important to stress that the online system is automated. Hence, **DO NOT SUM** the entries as the system automatically makes the addition and reports it at the appropriate place. This is to minimize the occurrence of avoidable arithmetical errors while also making the process user-friendly and less tasking for users. Similarly, it eliminates costs on procurement of paper, toner and compact discs.

22. Besides, MDAs are required to maintain constant interaction with this Ministry, the Office of Establishments, Ministry of Finance (Accountant-General) PPMU, Board of Internal Revenue and the schedule officer(s) on Budget in the

House of Assembly in line with FR 25013 until the 2012 Appropriation bill is signed into law.

23. Finally, MDAs are to complete **All** the required Annexes online and upload to the e-budget portal on or before Tuesday 28th November, 2011. Each MDA is, however, to print copies of what it uploaded for its defence at the Pre-Treasury Board level. Also, the contribution of each MDA to the Budget Speech of Mr. Governor, is to be submitted on or before Monday 31st October, 2011. The Budget Speech should not be written from an input point of view alone but should also include outputs, outcomes and where available, the impact of the intervention. Note that the submission of the contribution to Budget Speech is a pre-requisite for participation at the Pre-Treasury Board meeting.

24. The time-table for the Pre-Treasury Board meeting is, attached, hereto, as Annexe XIV.

25. Kindly ensure strict compliance with the provisions of this Call Circular.

26. Thank you.



C. O. Kolawole, NPOM
Permanent Secretary.

LEVELS OF DEFENCE

GENERAL

Accounting Officers are to check the resource allocation (Envelope) of their MDA from the e-budget web-portal and reallocate to various departments who will in-turn give to the divisions in their departments to enable them prepare their proposals in line with the provisions of this call circular.

MDAs are to note that the allocation of resource envelope is not final. Hence, MDAs are to make adequate preparation for the defence of their proposals in line with the provisions of this call circular. Depending on the strength and effectiveness of their defence, the resource allocation could increase or decrease to reflect the realities of the preparatory efforts. However, MDAs are strictly advised not to exceed their resource envelopes in the proposals.

2. LEVELS OF DEFENCE

Stage I Defence under the Head of Division

Date: Not later than Friday 21st October, 2011

A division within the department is the primary cell from which budget preparation should first emanate. Hence, each Division is to ensure that inputs from all stakeholders in the budgetary process are taken and

harmonized with the relevant portion of the plan documents of the State as they apply to the division. It is apposite to note that the budget is not for the public service alone, but that of the entire State. Therefore, divisional heads must ensure that inputs from all levels of the society – Ward Level, Constituencies, Local Government Councils, Non-Governmental Organizations (NGOs) Civil Societies, Other Political Parties, Opinion/Religious leaders, Elder Statesmen, Educational Institutions, etc- are collated and harnessed into coherent and concise programmes and projects to be proposed for defence at the Departmental level.

3. **Stage II** **Defence at the Departmental Level**

Date: Not later than Monday 24th October, 2011

The Head of Department should chair this stage of the defence where all the Heads of Divisions will present their proposals for scrutiny and critical assessment. At this level, the Head of Department should ensure that all proposal not in tandem with the core mandate of the Ministry or that do not align with the long term plan are expunged.

4. **Stage III** **Pre-Ministerial Defence**

Date: Not later than Tuesday 25th October, 2011

At this level, all Head of Departments must present their proposals at a Pre-Ministerial forum to be chaired by the Accounting Officer of the

MDA. All rules governing budget preparation must be strictly followed at this level. Prices must be checked to ensure compliance with approved benchmark prices. Also, the proposals must be carefully appraised to ensure that they followed the guiding principles of this call circular.

5. **Stage IV Ministerial Defence**

Date: Not later than Thursday 27th October, 2011

This is the final stage of the Ministerial validation process and it must be chaired by the Chief Executive Officer of the MDA. At this level, the proposals must be streamlined to be in compliance with the policy directive of Government.