

Our Ref No. DB/466/31

Budget Department,
Ministry of Economic Planning & Budget;
Akure,

06 December, 2013.

CIRCULAR LETTER TO:

The Chief of Staff to the Governor,
The Senior Special Assistant to the Deputy Governor,
All State Commissioners,
The Secretary to the State Government,
The Head of Service,
Special Advisers,
Chairmen of Commissions, Boards & Parastatals
All Permanent Secretaries,
The Clerk of the House of Assembly,
The State Auditor-General,
Tutors General,
Administrative Secretaries,
The Chief Registrar, Ondo State Judiciary,
Registrars of State Owned Tertiary Institutions,
All Heads of Extra-Ministerial Departments.

2014 ADVANCE PROPOSALS AND DRAFT ESTIMATES

The Ondo State Executive Council has approved the Policy Thrusts
and Financial Framework for the preparation of the 2014 Draft Estimates,

thus provide a way for Ministries, Departments and **Agencies** (MDAs) to officially submit their draft estimates to this Ministry as required. Therefore, all Ministries, Departments, Agencies, Parastatals, State and State Owned Tertiary Institutions are hereby invited to submit to the Budget Department of this Ministry, their respective Draft Estimates and Abstract Journals for the 2014 fiscal year in line with the rules and guidelines provided in this call circular, the Financial Regulations (1999) and the Public Administration Law, CAP 100, Laws of the State of Nigeria.

STATE AND POLICIES

2. The Government has over the years, recorded landmark achievements, with the Government of the State accolades and recognition in several spheres of development. In view of the need to continue with and consolidate on the programmes, projects and structures already put in place for the betterment of the State, however, the prevalent economic realities in the country have affected revenue expectations for 2014 fiscal year. Therefore, the main objective of the 2014 fiscal year is to further consolidate the modest gains of the last four years, using the following strategies:

- (i) giving projects nearing completion priority attention;
- (ii) admitting strategic projects whose completion would improve the economy of the state; and
- (iii) vigorous maintenance strategy for public facilities, especially those iconic projects like the Mega Schools initiated in the last four years.

3. The objective above is to be achieved by the following guiding principles:

- (i) revitalizing revenue generation drive;
- (ii) completion and delivery of on-going projects
- (iii) continued provision of health facilities and reinvigoration of existing conventional health institutions;
- (iv) institutionalizing structured maintenance programme for public infrastructure in the state; and
- (v) catalyzing industrial resurgence in the state by the provision of power and energy through completion and delivery of the independent power project.

4. Accounting Officers should note that 2014 is a year of further consolidation. Therefore, priority attention should be given to on-going

projects in the 2014 estimates. MDAs are, therefore, to carefully consider on-going projects and articulate a practicable strategy for completing them in the 2014 fiscal year.

PROCEDURE

5. The principles guiding budget preparation in the 2014 estimates Accounting Officers and all officers connected with the budget preparation process are, therefore, enjoined to comply strictly with the provisions of the Public Finance Management Act (PFMA) and the rules on the preparation of the annual budget estimates.
6. As usual, the process will be conducted via the online budget preparation portal www.ondobudget.org. However, the system has been reprogrammed and redesigned to comply with the International Public Sector Accounting Standard (IPSAS) format for budget presentation. In essence, therefore, the outlook and configuration of the system have changed drastically. For example, all budget descriptions have been pre-loaded, so that MDAs will only need to click on the descriptions that suit their purpose to add them to their budget proposal. In order for MDAs to understand the concept, the 2013 budget has been reprogrammed in the IPSAS format. Hence, MDAs are to print their proposals in the 2013

budget (IPSAS format) for careful study and analysis. Further to this, this year's budget preparation workshop will further take relevant officers through the different interface in the new IPSAS module. Therefore, it is imperative for budget officers and all officers connected with the budget preparation process to attend and fully participate in the workshop.

7. In addition, MDAs should note that the process will be completely paperless, except for the issuance of this call circular. All other interaction on the process will be done online. Therefore, MDAs are to ensure that their Budget Officers are provided with requisite e-tools (laptop, modem, data plan etc) to participate in the process as well as ensure that they fully participate in the trainings.

8. Accounting Officers are to note that the envelopes for the various expenditure classes for all MDAs have been pre-loaded on the portal. Therefore, Budget Officers are to print the envelopes for their Accounting Officers, who will, thereafter, allocate according to set priorities to Departments and units in the MDA.

9. Notwithstanding the fact that on-going projects will be given priority attention, MDAs are expected to comply fully with the provisions of FR 25004 on the guidelines for pre-call circular activities and other actions.

Discussions must have been held with relevant stakeholders to agree on sectoral priorities. Before submissions are made, the four levels of defence within the MDAs must be carried out (Divisional, Departmental, the whole Ministry under the Accounting Officer and finally the entire Ministry under the Chief Executive Officer) to agree on ministerial priorities.

2013 ACTUAL BUDGET PERFORMANCE

10. The current budget portal has a module where MDAs are to report on actual budget performance on a monthly basis. It is expected that, by now, MDAs would have reported their performance to September 2013. Please, note that the system loaded will automatically pre-load itself in the appropriate column in the Budget profile. The current portal will soon be brought down to allow us to use the new portal for 2014 Budget preparation. Therefore, it is requested that Accounting Officers personally ensure that the profiles are completed up to date and keep a hard copy.

11. For the avoidance of doubt, the actual performance to be reported include:

- (a) Actual Revenue on monthly basis up to October 2013
- (b) Actual Other Charges on monthly basis up to October 2013

- (c) Actual Transfer to Other Funds on monthly basis up to October 2013
- (d) Actual Capital Expenditure Performance on monthly basis up to October 2013

2014 BUDGET PROPOSALS

REVENUE ESTIMATES

12. As a result of the general economic trend in the nation, revenue inflow from the federation account is expected to fall in 2014. Hence, the need to look inward and identify activities that will substantially expand the economic base of the State cannot be overemphasized. Therefore, MDAs are to carefully study their revenue profiles, including those earlier identified by the Cabinet Committee on Revenue Generation and also identify new revenue sources from which fund can be generated for government. However, all new revenue items should be cleared with this office and the Board of Internal Revenue before it is included in the Estimates.

13. It is pertinent to note that the description of all existing revenue items have been modified to comply with the IPSAS National Chart of Accounts. To this end, **Internally Generated Revenue** has been re-

classified as **INDEPENDENT REVENUE**. *The new description have,*

however, been used to reproduce the 2013 budget and would be made available to MDAs during the Training. Therefore, MDAs are to carefully study their revenue descriptions as contained in the new Chart of Accounts.

It is important to note that all revenue items have been pre-loaded on the new portal. MDAs are only to click on their revenue item(s) and add their figures for 2014. Where there are challenges, budget officers should revert to the office for clarifications.

Please, note that all entries should be stated in Naira form corrected to the nearest 1,000.00 Naira.

MDAs are required to prepare detailed establishment budgets to be submitted to the Office of Establishments for consideration in line with a call letter issued by that office for the purpose. *MDAs are*

to prepare budgets on Personnel costs and obtain clearance from the Office of Personnel before the set date for Pre-Treasury submission. MDAs are to submit the cleared figures to this office during the

classified as **INDEPENDENT REVENUE**. The new description have, however, been used to reproduce the 2013 budget and would be made available to MDAs during the Training. Therefore, MDAs are to carefully study their revenue descriptions as contained in the new Chart of Accounts. It is important to note that all revenue items have been pre-loaded on the new portal. MDAs are to click on their revenue item(s) and add their amount for 2014. Where there are challenges, budget officers should revert to the office for clarifications. Please, note that all entries submitted on the portal form corrected to the nearest 1,000.00 Naira.

MDAs are required to prepare detailed establishment expenditure statement to the Office of Establishments for consideration in the light of the guidelines issued by that office for the purpose. *MDAs are to ensure that they obtain clearance from the Office of Establishments before the set date for the Treasury Department to submit the cleared figures to this office during the training.*

C. **RECURRENT EXPENDITURE**

15. It is pertinent to note that all expenditures have been classified into either Recurrent or Capital expenditure in the new IPSAS chart of Accounts. The Recurrent side is further divided into salaries & wages and overheads Sections for 2014. MDAs are to ensure that the Personnel Cost is cleared with the Office of Establishments before Pre-Treasury Defence, as the figure will automatically appear on the salaries and wages section of Recurrent Expenditure.

16. Please, note as well that the **Other Charges Vote has been reclassified and would now reflect under the Overheads Section of Recurrent Expenditure.** Therefore, MDAs are to submit their 2014 Overhead proposal in the new format. All the descriptions have been pre-loaded. MDAs are only to click and add figures to 2014 proposals. All entries must be presented in absolute form corrected to the nearest 1,000.00 Naira.

TRANSFER TO OTHER FUNDS VOTE

17. The Transfer to Other Funds Vote is not recognized under the new IPSAS Chart of Accounts and hence has been abolished. Some existing expenditure heads under the Transfer to Other Funds Vote will either be

accommodated in the Recurrent Expenditure or transferred to the Capital side of the Budget. Therefore, all MDAs hitherto operating expenditure heads under the Transfer to Other Funds vote are to liaise with this office to clarify whether their votes could be accommodated elsewhere.

GRANTS TO PARASTATALS/TERTIARY INSTITUTIONS

16. In line with the new policy direction on the operations of Boards and Parastatals in the State, Boards and Parastatals may have their operations reviewed in the 2014 fiscal year. Further, the revenues of Boards and Parastatals will be captured as part of the consolidated Government Revenue of the State. Also, the Personnel Costs of Boards and Parastatals will be captured with that of the main Civil Service while provision for overhead costs will also be made for the running of these Boards and Parastatals. Therefore, all Boards and Parastatals, usually operating under the expenditure head are to clear their Personnel Cost with the Director of Establishment alongside other Agencies of the Civil Service to liaise with the Budget office for their envelope on overheads.

13. In line with the above directives, therefore, all Boards and Parastatals are to refer to paragraphs 9-15 on the guidelines for completing relevant portions of their budget proposals.

20. However, all Tertiary Institutions which receive monthly grants/subventions from government are required to fill only the details of 2013 actual performance as the envelope for their 2014 will autoload immediately the 2013 actual details are uploaded.

CONSOLIDATED REVENUE FUND CHARGES

21. All MDAs operating expenditure heads under the Consolidated Revenue Fund Charges are to liaise with the Budget Office on the modality for including their budget in the 2014 estimates

CAPITAL

22. In view of the envisaged downturn of the economy in the next fiscal year, fund has been earmarked for consolidation on the various programmes of government that are on-going. It has been observed that, some MDAs are still struggling to complete projects initiated three or four years ago, which ordinarily should have been completed within a single budget year. All MDAs, including Tertiary Institutions, are, therefore, enjoined to carefully consider their programmes and activities and put up a feasible strategy for completing their on-going projects in 2014 fiscal year.

23. New capital items will not be admitted into the 2014 Budget except in

line with the vision documents and the prior approval of Mr. Governor. In the event that such new project/programme is being proposed, it should conform with the general principles guiding the 2014 Proposals enumerated in paragraphs 2 and 3 of the circular.

24. Finally, Accounting Officers are to ensure that all proposals comply with requisite benchmark prices. The BOQ figures based on PPMU price, BOQs and BEME are necessary for the defence of the proposals even if the project is an on-going project.

25. In line with IPSAS requirements, information required on capital budget projects have been expanded to include functions, locations, source of funds, project type, objectives etc. However, all the information have been pre-loaded for MDAs to just edit and add as appropriate. It should be noted that all the fields must be filled before the system will allow MDAs to submit their proposals. As against the former practice of rendering capital returns in millions, all capital data now be rendered in absolute form correct to the nearest 1000.

GENERAL

26. Accounting Officers are to take personal interest in the preparation of the proposals and ensure that the returns are correct and accurate. All the

line with the vision documents and the prior approval of Mr. Governor. In the event that such new project/programme is being proposed, it should conform with the general principles guiding the 2014 Proposals enumerated in paragraphs 2 and 3 of the circular.

24. Finally, Accounting Officers are to ensure that all proposals comply with requisite benchmark prices. The bid figures based on PPMU price, BOQs and BEME are necessary pre-requisite for the defence of the proposals even if the project is an ongoing project.

25. In line with IPSAS requirements, information required on capital budget projects have been expanded to include functions, locations, source of funds, project type, objectives etc. However, all the information have been pre-loaded for MDAs to just add and add as appropriate. It should be noted that all the fields must be filled before the system will allow MDAs to submit their proposals. As against the former practice of rendering capital returns in millions, all capital returns now be rendered in absolute form correct to the nearest 1000.

SUBJECT

26. Accounting Officers are to take a special interest in the preparation of the proposals and ensure that the returns are correct and accurate. All the

necessary details required must be provided. Actual figures required in all the entries must be in line with the Financial Regulations (1999 Revised Edition) No 25023 which requires that the figures shown in the column for actual expenditure prior to the current year must be **RECONCILED WITH THE APPROPRIATION ACCOUNTS**, prepared by the **Office of the Accountant-General of the State**.

27. All figures in the estimate including Revenue, Recurrent Expenditure (Personnel, and Overheads) and Capital Expenditure 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.

28. It is important to stress that the online system is automated. Hence, Budget Officers should not attempt to sum up their entries as the system automatically makes the addition and reports it at the appropriate place.

29. 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 2014 Appropriation bill is signed into law.

30. Finally, MDAs are to complete All entries online, on or before Wednesday, 11th December, 2013. Each MDA is, however, to print copies of what is uploaded for its defence at the Pre-Treasury Board level. Also, the contribution of each MDA to the Budget Speech of the Governor, is to be submitted on or before Friday, 13th December, 2013. Take note that the submission of the contribution to Budget Speech is a pre-requisite for participation at the Treasury Board meeting.

31. The agenda for the Pre-Treasury Board meeting is available in the Budget press.

32. MDAs are to ensure compliance with the provisions of this Circular.

33. The...



C. O. Kolawole, (FRC),
Permanent Secretary