



# GOMBE STATE GOVERNMENT BUDGET MANUAL

*An Operational Guide to Budget Preparation, Execution and  
Reporting in Gombe State*

*(First Edition, 2023)*

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**Prepared by:**

**Gombe State Budget, Planning, and Development  
Partner Coordination Office (BP&DPCO)**

**Supported by:**



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## FOREWORD

The Budget Process Manual is a detailed document that explains the main components of Gombe State's budget processes and budget cycle. It explains how the budget is formulated, approved, implemented, monitored, and evaluated. The processes and explanations included in the manual are meant to serve as a reference point for all stakeholders.

The manual simplifies budgeting in Gombe State and lays out in a logical manner the main steps to implement the budget for the entire state. The Gombe State Budget is created and implemented to achieve programme, activity, project, and service delivery goals and objectives. The budget is essential to the government of Gombe State to improve the quality of life of its citizens.

This manual will provide a deeper understanding of budgeting. It will guide the state's political leadership, managers, and practitioners in the Ministries, Departments, and Agencies (MDAs) in their respective roles and responsibilities throughout the state's budget cycle. The manual will explain the business processes and working relationships between the various divisions and units that are involved in supervising and monitoring budget performance in Gombe State. The manual is an important component of the state's public financial management reform programme.

It is anticipated that it will serve as a valuable reference tool. I urge all relevant stakeholders involved in the Gombe State budget cycle to be guided by the principles and steps outlined in this manual.



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## ACKNOWLEDGEMENTS

The Gombe State Budget Manual is hereby made available for life. The Budget Manual is the first edition produced in 2023.

This edition was made possible by the commitment of the Budget Office and other relevant stakeholders, staff of other MDAs, Civil Society Organisations, representatives of persons with disabilities, our supporting partners, and the USAID State2State Activity, who are actively engaged in the Gombe State budget reform.

We are particularly indebted to the amicable efforts of our Governor Muhammad Inuwa Yahaya (Danmajen) Gombe, the Honourable Commissioner of Finance, Malam Muhammad Gambo Magaji, and the Special Adviser, Dr. Ishiyaku M. Muhammad, for their reform agenda. Their commitment has earned the state several recommendations, particularly in the budget process through citizens' budget engagement.

Finally, we appreciate all who contributed and participated in the development of the Gombe State Budget Manual and, in no small measure, to the success of this publication, especially the USAID State2State Activity, for their vital support.



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## LIST OF ABBREVIATIONS

BCC	Budget Call Circular
BP&DPCO	Budget, Planning & Development Partner Coordination Office
BPS	Budget Policy Statement
CCD	Community Charter of Demand
CMC	Cash Management Committee
CRF	Consolidated Revenue Fund
CSO	Civil Society Organisation
DEVAGOM	Development Agenda for Gombe State
EFU	Economic and Fiscal Update
ExCo	State Executive Council
FAAC	Federation Account Allocation Committee
FRL	Fiscal Responsibility Law
FSP	Fiscal Strategy Paper
GDP	Gross Domestic Product
GESI	Gender Equality and Social Inclusion
GIRS	Gombe State Internal Revenue Service
GSHA	Gombe State House of Assembly
IGR	Internally Generated Revenue
IPSAS	International Public Sector Accounting Standards
KPI	Key Performance Indicator
M&E	Monitoring & Evaluation
MDA	Ministry, Department and Agency
MTBF	Medium Term Budget Framework
MTEF	Medium Term Expenditure Framework
MTFF	Medium Term Fiscal Framework
MTSS	Medium Term Sector Strategy
NCOA	National Chart of Accounts
NGO	Non-Governmental Organisation

PFM	Public Financial Management
SDP	State Development Plan
SFTAS	States Fiscal Transparency, Accountability, and Sustainability
SHoA	State House of Assembly
State2State	USAID State Accountability, Transparency and Effectiveness Activity
SSG	Secretary to the State Government
USAID	United States Agency for International Development
VAT	Value-Added Tax



## SECTION ONE

### 1.0 Introduction

The budget is an important planning tool of government. It is a legal statement document detailing the government's planned revenue and expenditure for a fiscal period of one year in Gombe State. The budget is very critical because it is an instrument for accomplishing a set of goals stated in the policy documents or development plans and the aspirations of the state. It follows a sequential set of activities from preparation to implementation and reporting.

This Budget Manual is a summary of all procedures involved in budget planning, preparation, implementation, and reporting in Gombe State. It contains the purpose of the budget, the procedure for budgeting, and the responsibilities of the persons involved in budgeting. This manual provides information and guidelines about all activities and events relating to the annual budget cycle for the effective and efficient management of Gombe State's budget processes. It situates the annual budget cycle within the government's medium-term approach to expenditure planning. It is based on current practice in the state and the requirements of Sections 120 and 121 of the 1999 Constitution of the Federation of Nigeria (as amended); and the Gombe State Fiscal Responsibility (Amendment) Law 2018. Together, these provide the legal framework and the basis in law for the budget process.

The processes and guidelines in the Budget Manual have been simplified and put in a step-by-step sequence for easy comprehension by all Ministries, Departments, and Agencies (MDAs). This will provide a deeper understanding to the MDA officials and other institutions of the Gombe State Government on their roles and responsibilities with respect to the preparation of documents and statements included in the budget. It is expected to serve as a guidebook for the uniform administration of the budgeting procedures and practices in Gombe State. Indeed, it will also guide all relevant stakeholders who have a stake in the budget preparation processes, especially the Sector Analysts, Budget Officers, Planning Officers, Programme Analysts, Accountants, Finance and Administrative Officers, among others, across all MDAs, as well as non-government stakeholders, especially Civil Society Organisations (CSOs) and persons with disabilities. The manual clearly enumerates the roles and responsibilities of these officers and stakeholders in the entire budget planning and preparation process.

This Budget Manual is expected to bring about greater transparency and accountability in the planning and management of funds in Gombe State. It is, therefore, pertinent to stress that this manual should be frequently consulted by all officers with Public Financial Management (PFM)-related duties to ensure that their conducts are in accordance with the latest requirements. Unarguably, the manual will be subjected to periodic review to reflect the latest developments in the processes and procedures adopted by the government for consistency and will also take due cognizance of the PFM initiatives, including those resulting from any amendment of the relevant laws of Gombe State.

### 1.1 Structure of the Budget Manual

The Budget Manual is divided into nine sections.

**Section 1** introduces what a Budget Manual is, why it is important, and what it seeks to achieve in the budget processes of the state.

**Section 2** details the budget coordination mechanisms of Gombe State.

**Section 3** examines the concept of the budget in the state in detail and how it guides the fiscal operations as well as the linkages with the policies and plans of the government. It also outlines the core principles and legal frameworks governing budgeting in Gombe State.

**Section 4** outlines the composition of the Gombe State Government revenue and expenditure.

**Section 5** provides a step-by-step guide on the budget preparation processes in the state, from start to finish, including a detailed guide to securing the necessary executive and legislative approval for the budget.

**Section 6** clarifies how the budget will be implemented in Gombe State, including internal control measures for effective budget management.

**Section 7** details the accountability and reporting requirements to guide all entities of the State Government, as well as the monitoring and evaluation of the budget.

**Section 8** covers the processes to follow and conditions for making changes to the budget.

**Section 9** concludes the manual and outlines how and when revisions can be made to the manual.

## SECTION TWO

### 2.0 Budget Coordination in Gombe State

The Budget, Planning, and Development Partner Coordination Office (BP&DPCO) is responsible for coordinating budget activities in Gombe State. The Office was previously called the Budget and Planning Bureau and became the State Ministry of Economic Planning in December 2011. The Ministry was later restructured, and the BP&DPCO was established on August 1, 2019.

The BP&DPCO is mandated to oversee development partner coordination, state development planning, coordination of budgeting, Monitoring and Evaluation (M&E), and stakeholder management in Gombe State. The Office aims to deepen the role of development planning in the state, basically as a service Ministry with the responsibility of coordinating and preparing the State Development Plan (SDP), undertaking projects and programmes, M&E, coordinating bilateral and multilateral agencies' relationships with the state, and the collection, collation, and publication of statistical data for development planning purposes. The vision and mission of the Office are as stated below.

#### **VISION**

To have the best architectural and impactful economic development plans that achieve the state vision.

#### **MISSION**

To proactively provide sound and sustainable policy advice/plans relating to economic growth and development and to ensure the proper articulation of development plans and policy for the state and the Local Government Areas.

### 2.1 Organisation of the BP&DPCO

The BP&DPCO is headed by a Special Adviser, who is the Chief Executive Officer, and is supported by a Permanent Secretary, who is the Accounting Officer of the Office. The Permanent Secretary is supported by five directors who head five departments, namely: Budget, Planning Research and Statistics, Administration and Finance, Technical Assistance, and Monitoring and Evaluation.

The reporting structure of the BP&DPCO is depicted in Figure 1 below.

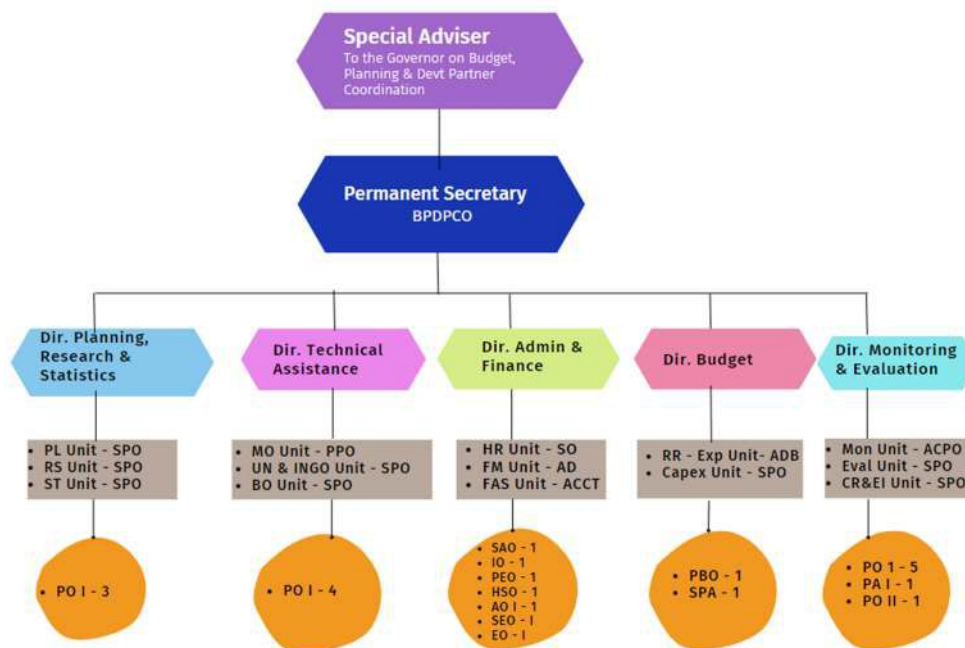


Figure 1: Organogram of the Budget, Planning, and Development Partner Coordination Office

In the BP&DPCO, the Budget Department, headed by the Director of Budget, is primarily responsible for coordinating the preparation of the State Annual Budget, working closely with the Department of Planning on fiscal planning and the Ministry of Finance.

### 2.3 Functions of the BP&DPCO

The mandate of the Budget Office is to coordinate the implementation of annual planning and the budget cycle as contained in the State Budget Calendar. The Budget Office carries out this mandate by coordinating with other MDAs to prepare a comprehensive budget and issue the performance measurement and reporting framework.

Specifically, the functions of the Budget Office include:

1. Preparation of the Medium Term Expenditure Framework (MTEF), including the Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP), and Budget Policy Statement (BPS).
2. Preparation of the sectoral resource envelopes and the budget ceiling for the annual budget preparation.
3. Preparation of the annual budget culminating in the draft Appropriation Bill submitted to the Gombe State House of Assembly (GSHA) annually.
4. Monitoring and reporting on budget implementation performance and recommending strategies for improved/sustainable performance and effectiveness. This may be on a quarterly or bi-annual basis and involve the continuous collection, collation, and analysis

of returns on budget (revenue and expenditure) performance from MDAs and key PFM agencies.

5. Issuance of warrants (recurrent and capital expenditure).
6. Coordination of entire economic development processes in the state, particularly with regard to the preparation of the SDP documents, development of sectoral policies, as well as other sectoral medium-term plans.

## 2.4 The Budget Directorate

The mandate of the Budget Directorate of BP&DPCO is to put in place the most reliable and realistic budgeting systems in Gombe State. The Director of Budget heads the Directorate, and he/she oversees the department’s activities, assisted by a Deputy Director who reports directly to him/her. As depicted in Figure 1 above, the Director of Budget reports directly to the Permanent Secretary and occasionally to the Special Adviser when required.

In specifics, the mandate of the Directorate includes:

1. Preparation of the State Annual and Supplementary Budget.
2. Managing the fiscal variance of the state through effective monetary and control structures.
3. Quarterly review of budget performance to achieve efficiency and effectiveness of the Medium Term Sector Strategy (MTSS) and MTEF processes.
4. Institutionalisation of budget stakeholders’ sensitisation and consultation processes.

## 2.5 Other Agencies and Directorates in the BP&DPCO

The other Agencies and Directorates/Departments in the BP&DPCO play key roles that contribute to the effectiveness of budgeting in the state. Their mandates/roles are described in the table below.

S/N	Agency/ Department	Mandate/Role	Head
1.	Planning & Research	<p>Coordinating the preparation and implementation of development planning tools and frameworks for the state in liaison with other relevant MDAs. Specifically, the functions of the Directorate include:</p> <ul style="list-style-type: none"> <li>• Articulating and formulating long, medium, and short-term sectoral plans.</li> <li>• Periodic review and update of sectoral strategies, policies, and plans in MDAs.</li> <li>• Researching issues relating to the various sectors of the state’s economy and providing necessary policy advice.</li> <li>• Gathering and analysing data on the state’s sectoral performance relating to the BP&amp;DPCO and the state.</li> </ul>	Director, Planning, Research

		<ul style="list-style-type: none"> <li>• Developing the policy thrust and strategies and identifying new approaches for sectoral advancement and innovation.</li> <li>• Conducting the preparation of the annual activity plan.</li> <li>• Periodic review of the departmental deliverables.</li> </ul>	
2.	Administration & Finance	The Directorate is responsible for the day-to-day administration and financial activities of the BP&DPCO. Specifically, the administrative functions of the Directorate include staffing, office assets management, office building management, and management of finances.	Director, Finance & Administration
3.	Technical Assistance	The Directorate is responsible for coordinating and sourcing development assistance to the state. Specific functions include: <ul style="list-style-type: none"> <li>• Coordinating the effective management and utilities of development cooperation and technical assistance to the state.</li> <li>• Coordinating all bilateral and multilateral assistance to the state.</li> <li>• Establishing and maintaining regular contact with International Development Corporations, Agencies, and the Federal Ministry of Budget and National Planning to ensure the regular benefit of assistance to the state from development partners.</li> </ul>	Director, Technical Assistance
4.	Monitoring & Evaluation	The mandate of the Directorate is to institutionalise M&E for results-based reporting and tracking and to advise the State Government on the implementation of the projects/programmes and policies in the state's development process. Specific functions include: <ul style="list-style-type: none"> <li>• Coordinating the activities of the M&amp;E Directorate.</li> <li>• Development of appropriate scorecards for reporting the key performance economic indicators to the state.</li> <li>• Setting and monitoring the performance and efficiency targets for the various MDAs.</li> <li>• Developing a monitoring framework to support the monitoring, evaluating, and refuting of government performance in line with the state development goals and objectives.</li> <li>• Monitoring and evaluating government performance at the sectoral level (to measure the performance of government policies in each sector of the economy) and the institutional level (to measure the performance of government institutions).</li> </ul>	Director, Monitoring & Evaluation

5.	State Bureau of Statistics	<p>The Bureau of Statistics is mandated to carry out the following functions:</p> <ul style="list-style-type: none"> <li>• Collect, collate, process, analyse, and qualify statistical data information in time.</li> <li>• Promote the use of best practices and standards in statistical production and management.</li> <li>• Educate individuals, the state, and the local government on the use of statistical data in designing policy and decision making.</li> <li>• Build sustainable capacity for the production and use of statistical data and information in the state.</li> <li>• Raise public awareness on the importance of statistical information to society.</li> </ul>	Director, Bureau of Statistics
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Table I: Mandates and Roles of Other Agencies and Departments in the BP&DPCO

## SECTION THREE

### 3.0 The Budgetary System of the State

The budget plays a significant role in the process of government, fulfilling economic, political, legal, and managerial functions. Therefore, a good budget process is a tool that enables the government to channel expenditure towards those areas that make the greatest contribution to its objectives.<sup>1</sup> That is, a budget helps to direct public expenditure towards the desired goals in accordance with the promises made by the government.

The budget is an imperative tool of the government, given the scarcity of resources and the unlimited nature of societal needs. It is a document that reveals the fiscal intentions and priorities of the government for a given period, usually one calendar year. Hence, a full understanding of the budget planning and preparation system is essential, not just to derive expenditure projections but to provide evidence-based policy direction on the feasibility and desirability of specific budget proposals from a macroeconomic perspective.

#### The Concept of the Budget in Gombe State

In Gombe State, the budget is a planning tool that outlines the government’s plans for the fiscal year (January 1–December 31) and distributes the financial, material, and human resources available to carry out the plans. The budget system of Gombe State contains six iterative stages, as depicted in Figure 2 below.

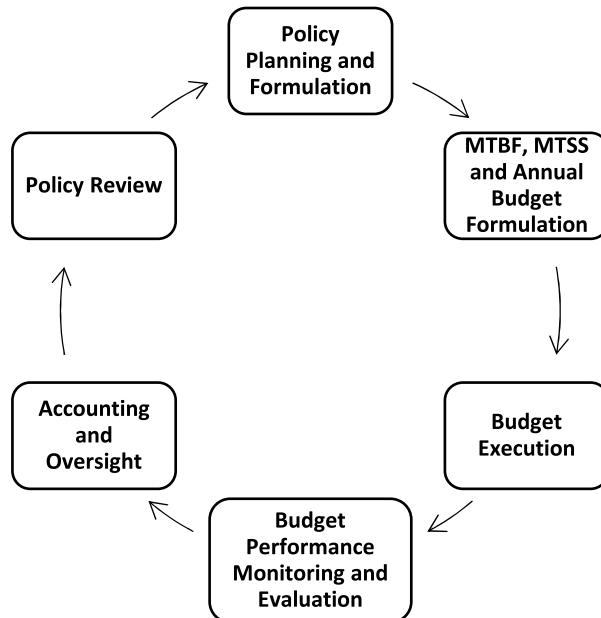


Figure 2: The Budget Process in Gombe State

<sup>1</sup> Understanding and Reforming Public Expenditure Management: Guidelines for DFID, DFID 2001



A budget is often described as a financial document; however, the financial portion of a budget may not make any sense without the policy and administrative information that tells stakeholders what the government intends to do with the available financial resources. Hence, the policy formulation stage of the budget process is key to the success of the budget.

The Gombe State Government's budgetary system provides the avenue for the Governor and the MDAs to decide on how much money to spend, what to spend it on, and how to raise the money they have decided to spend. Through the budgetary system, the government determines the allocation and management of the state's resources. The decisions made in the budget process affect the state as a whole; therefore, any budget decisions have state-wide significance.

This manual provides guidelines and tools for the iterative stages of budgeting in the state. However, the guidelines and tools provided in this manual will be used in conjunction with those provided in the extant laws, rules, regulations, and manuals, as enumerated in Section 3.2 below.

### 3.1 Principles Guiding Budgeting and Fiscal Management in the State

There are fundamental principles and rules governing the budget preparation process in Gombe State. These principles are centred around fiscal discipline, transparency, accountability, and prudent utilisation of scarce resources. They include:

1. **Review of macroeconomic frameworks:** Revenue and expenditure projections should consider macroeconomic indices for the current fiscal year. These indices should include the Gross Domestic Product (GDP), inflation rate, crude oil production and price, exchange rate, and the level of unemployment. This will allow the Budget Office to determine the global level of expenditure that can be afforded without adverse macroeconomic implications, i.e., pursuing earning and spending policies that are consistent with a reasonable degree of stability, predictability, and sustainability.
2. **Harmonisation with government policy and development plans:** The scale and focus of spending should be dictated by the policy and strategic priorities of the state. This should align with the long- and medium-term development plans, sector plans, and the government's overall policies. Hence, all expenditures should reflect the government's priorities as articulated in the SDP, e.g., the Development Agenda for Gombe State (DEVAGOM) 2021–2030, and similar policy documents. Government resources will only be allocated to activities with clear outputs and service delivery contributing to the attainment of the goals and targets set by the government in the SDP. Hence, all spending proposals must incorporate the Key Performance Indicators (KPIs) that will enable the government to monitor the outputs and outcomes of planned projects and programmes. These KPIs should be Gender Equality and Social Inclusion (GESI)-sensitive, e.g., using gender-sensitive data disaggregation.
3. **Determination of resource envelopes:** Based on the macroeconomic and historical budget performance of the state, as well as the set priorities of the government, resource envelopes should be determined through the Medium Term Fiscal Framework (MTFF) and allocated among competing needs. This will help the state to determine how much

will be spent on health, education, water supply, etc. However, in distributing the resource envelopes, a reserve fund or buffer should be set aside for use in critical areas when the need arises.

4. **Medium-term planning:** The total amount of money the government spends should be closely aligned to what is affordable over the medium term. Hence, all expenditures should be operationalised within an MTSS for all the sectors/MDAs of the state.
5. **Stakeholder involvement:** Both government and non-government stakeholders should be involved in the budget process. It is expected that the MDAs will prepare their proposals in consultation with the respective thematic area CSOs. A Community Charter of Demand (CCD) mechanism can be deployed during budget preparation to harvest the input of citizens and CSOs on the MDAs' budget proposals for every fiscal year and can be validated through budget consultation sessions/townhalls. The Budget Office will not accept budget proposals from MDAs that do not provide evidence (e.g., signed attendance list) that the proposals have undergone consultations with relevant Non-Governmental Organisations (NGOs) and CSOs.

Development plans, sector strategies and costing, assumptions, and the basis for fiscal forecasts, KPIs, and financial performance reports should be accessible, clear, and communicated to the wider community for their awareness and input. Decision makers, both members of the Executive Council (ExCo) and GSHA, should have all relevant fiscal information before them when they make decisions regarding the budget.

6. **GESI consideration:** The Budget Office and all MDAs should include GESI considerations in all budget processes to ensure no stakeholder is excluded because of their gender, age, religion, ethnicity, or disability.
7. **Formulation of additional guiding principles:** Any other principles and priorities that must guide the MDAs' revenue and expenditure proposals can be issued by the Budget Office in the Budget Call Circular (BCC). These principles should be clearly and unambiguously stated and must be adhered to by the MDAs. Some examples of these principles are the determination of the capital/recurrent mix for the fiscal year, the order of revenue/expenditure projection and submission, how multilateral and bilateral assistance should be presented in proposals, and how personnel and overhead costs should be presented, etc.
8. **Budget defence:** Each MDA is to submit their budget proposals in line with the BCC directive and will be required to defend its proposals at the Pre-Treasury Board meeting. The Pre-Treasury Board meeting will have participation from both government and non-government stakeholders. The recommendations of the Pre-Treasury Board will be collated and defended at the Treasury Board meeting. The proposals approved by the Treasury Board will be submitted to the legislative arm for consideration and approval.
9. **Finalisation and publication of the approved budget:** The budget should be prepared and published in compliance with the six segments of the State's Chart of

Accounts prepared in accordance with the National Chart of Accounts (NCOA) using the formats, instructions, and/or templates as may be determined and clearly communicated by the Budget Office. These segments are administrative, economic, function, programme, fund, and location.

- 10. Issuance of call circular/guidelines/calendar:** The Budget Department/Office shall prepare and issue a BCC to give detailed instructions to all MDAs and the stakeholders responsible for budget preparation in the state. The circular should contain the indicative aggregate spending, sector/MDA ceilings (resource envelopes), and other pre-budget documents prepared in the state.

The circular should also specify all guiding principles and articulate the processes and procedures for the preparation of the budget. Also, the timetable for the budgeting exercise should be contained in the circular as well as the responsibilities of each stakeholder in the budget preparation process. The circular will include information on the economic assumptions to be adopted in the process and the various levels of defence required.

- 11. Implementation of the budget:** The resources allocated to each MDA should be utilised in an efficient and effective manner to produce the intended results at the least cost and best quality to ensure value for money.

### 3.2 Legal Frameworks Guiding Budget Preparation in the State

The laws, rules, and regulations governing budgeting in Gombe State are:

- 1. The Constitution:** The fundamental law governing budgeting in Gombe State is the 1999 Constitution of the Federal Republic of Nigeria (as amended). Sections 120 and 121 of the Constitution provide that all revenues accruing to the government shall be paid into the Consolidated Revenue Fund (CRF) to be maintained by the government. Revenue cannot be paid into any other fund except as authorised by the State House of Assembly (SHoA) for a specific purpose. The withdrawal of funds from the CRF shall be authorised by the ShoA through the annual budget or appropriation process. The sections also provide that the Governor of the state shall prepare and lay revenue and expenditure proposals for each financial year before the ShoA, and the ShoA shall approve the expenditure proposal by passing an Appropriation Law. The Appropriation Law shall authorise the executive arm of government to withdraw and spend the amounts specified from the CRF.
- 2. Gombe State Fiscal Responsibility (Amendment) Law (FRL), 2018:** The FRL provides for the creation of the implementation organ, the MTFF, how public expenditure should be carried out, the borrowing process, transparency and accountability in governance, and principles of sound financial management.

Other legal frameworks guiding budget planning, implementation, and reporting in the state include:

1. Finance (Control and Management) Act, 1958, reproduced as Chapter 108 of the Laws of Northern Nigeria, 1963, and later reproduced as Gombe State Finance (Control and Management) Law
2. Gombe State Public Procurement Law, 2017
3. Cash Management Regulation, 2019
4. Gombe State Audit Law, Amended, 2021
5. Gombe State Public Service Rules
6. Occasional Treasury Circulars issued by the Accountant General of Gombe State for additional rules and guidelines to support accounting, internal audit, and stores procedures

## SECTION FOUR

### 4.0 Overview of Government Revenue and Expenditure

In Gombe State, the government revenue and expenditure budget consists of recurrent and capital elements: Recurrent Revenue, Capital Receipts, Recurrent Expenditure, and Capital Expenditure.

#### 4.1 Classification of Government Revenue and Expenditure

The revenue and expenditure budget of the state is classified as depicted in Figure 3 below.

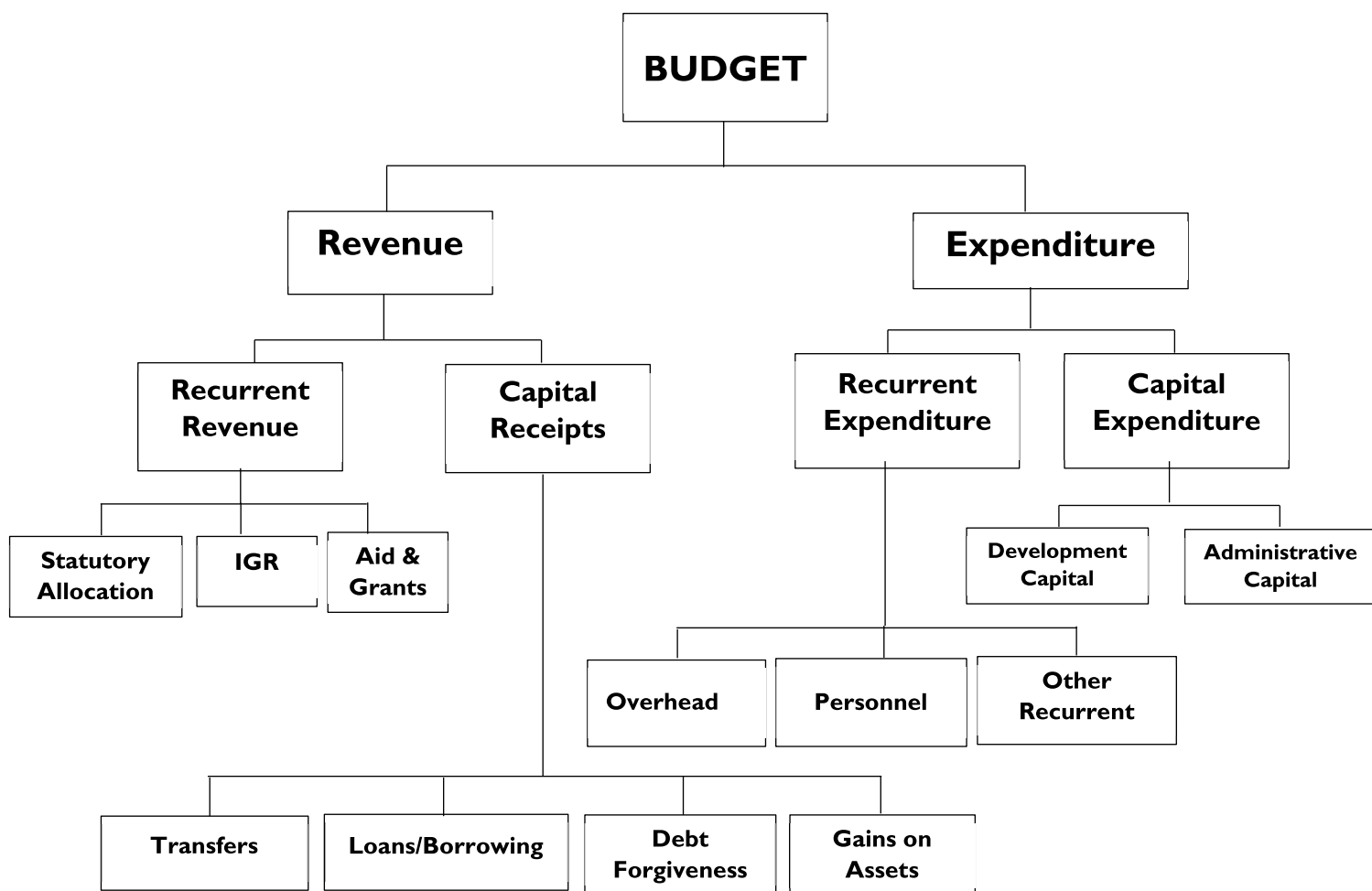


Figure 3: Classification of Gombe State Government Budget

## SECTION FIVE

### 5.1 Budget Preparation Process

The budget preparation process contains a set of activities and sub-activities. This section provides a step-by-step guide on the key activities and sub-activities, responsible entities, and documents involved in the preparation of the Gombe State Annual Budget.

The key sub-activities and outputs in the annual budget process are shown in Figure 4 below, representing the top-down and bottom-up approaches to budgeting in the state.

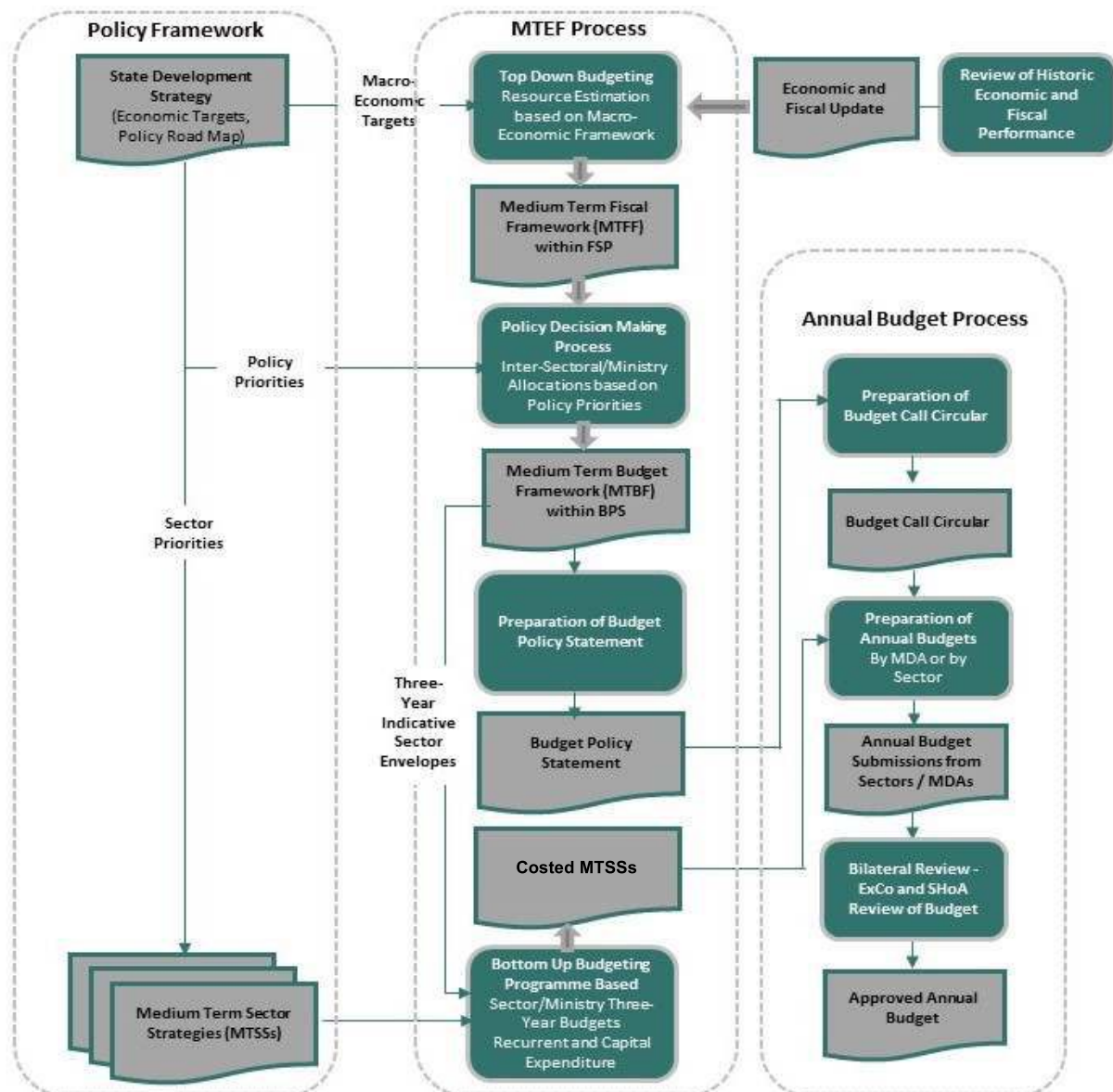


Figure 4: Key Sub-Activities of Annual Budget Process

## 5.2 The Budget Preparation Cycle in Broader Perspective

This section provides broader guidance on the institutional mechanisms and processes that facilitate the allocation of resources to achieve the state's strategic objectives. These processes were instituted with consideration to the link between the budget and the development policy documents of the state.

Budget preparation follows the iterative process below.

**Step 1:** Annual Budget/Fiscal Planning

**Step 2:** Annual Budget Preparation

**Step 3:** Budget Implementation, Management, and Control

This process follows a detailed calendar called the Budget Calendar.

### 5.2.1 Annual Budget/Fiscal Planning

The annual budget process commences with medium-term fiscal planning that links the budget with the SDP and other policy documents of the state. All the elements of this stage in budgeting should be submitted to the ExCo for approval.

This sub-process begins with a review of the performance of the state's economy and the budget. This planning stage will entail the review of the state's MTEF covering a three-year span. The activity will also involve updating the fiscal targets that lead to the determination of the Annual Fiscal Targets and Aggregate Spending Limit, which is contained in the BCC. The activities involved in the Fiscal Planning Step are further explained below.

#### The Medium Term Expenditure Framework

In line with Section 15 of the Gombe State Fiscal Responsibility (Amendment) Law 2018, the Commissioner of Finance is required to present a draft MTEF to the State f for consideration and endorsement before the end of the second quarter (June) each year, after which the MTEF will be laid before the GSHA. The MTEF shall be the basis for the State's Annual Budget (estimates of revenue and expenditure). The MTEF aims to facilitate some important outcomes at the State Government level. These outcomes are:

- Macroeconomic stability.
- Sound fiscal balance.
- Realistic inter- and intra-sectoral allocation.
- Greater budgetary predictability for spending units.
- More efficient allocation and use of public funds.
- Aggregate fiscal discipline.

The MTEF process has three components:

1. MTFF
2. Medium Term Budget Framework (MTBF)
3. MTSS

The process is summarised in Figure 5 below.

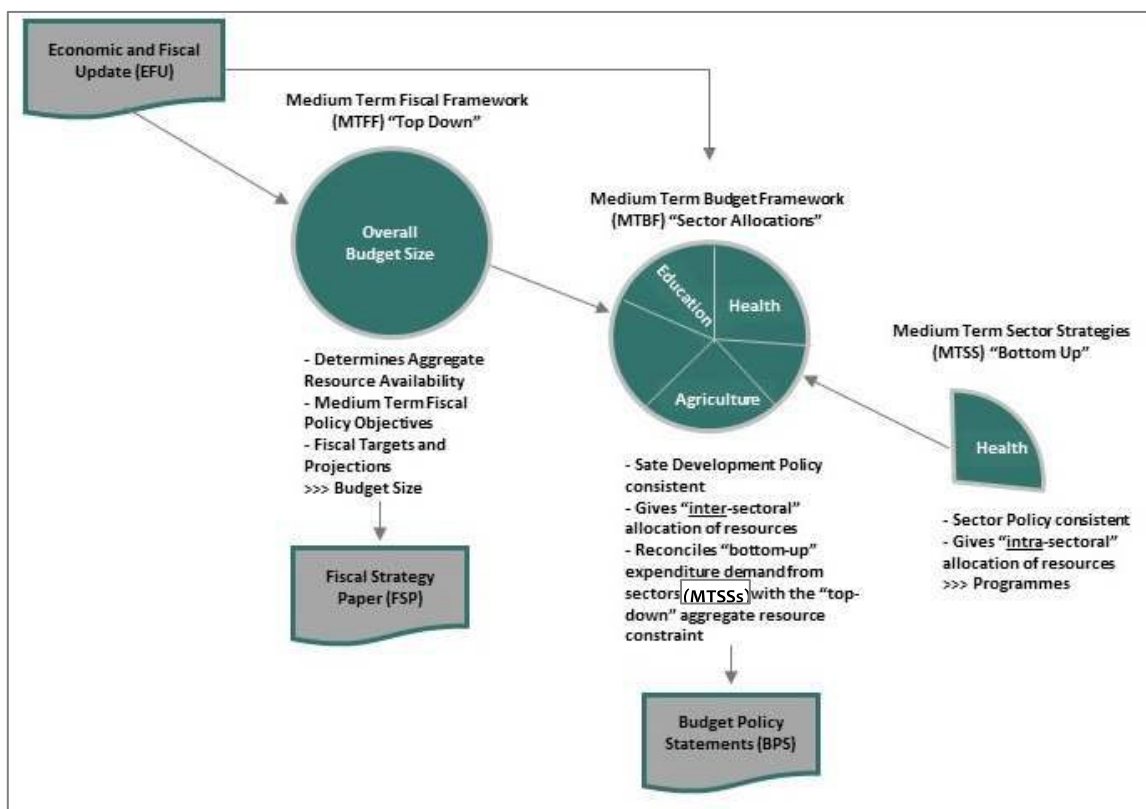


Figure 5: The MTEF Process

From the MTEF process, and in accordance with international best practices in budgeting, a combined EFU-FSP-BPS is produced to initiate the budget preparation cycle in the state.

The EFU provides economic and fiscal analysis to inform the budget planning process. It is aimed primarily at budget policy makers and decision takers in the Gombe State Government. The EFU also provides an assessment of budget performance (both historical and current) and identifies significant factors affecting implementation. It includes an overview of global, regional, national, and state economic performance, an overview of the petroleum sector, and trends in budget performance over the last six years.

The FSP communicates the level of resources available to fund the government's development programme from a fiscally sustainable perspective. While the EFU provides a historical summary of the key economic and fiscal trends that will affect public expenditure in the future, the FSP guides the MTFF and sets out medium-term fiscal objectives and targets, including tax policy,



revenue mobilisation, level of public expenditure, deficit financing, and public debt. The MTFF uses a macro-fiscal model to specify the main items of revenue, expenditure (recurrent and capital), the overall budget balance, and any financing required if total expenditure exceeds total revenue, i.e., the budget balance is in deficit. The MTFF provides the individual budget size for each of the three years of the MTEF. This is the ‘top-down’ part of the process, which effectively determines the budget constraint. The MTBF, on the other hand, takes the overall budget size for each of the years as specified by the MTFF and divides it between the sectors/MDAs in accordance with the policy priorities as stated in the SDP. The MTBF will provide indicative sector/MDA envelopes for the period under coverage.

The BPS contains the state’s broad annual goals and objectives, fiscal targets, sector priorities and their justification, annual aggregate spending limits (including contingency and planning reserves), MDAs’ spending limits, as well as GESI mainstreaming in the budget. The BPS communicates which sectors will be prioritised in terms of allocating budget resources and why this is so in line with the state’s development priorities. That is, the BPS communicates the specific direction of the budget.

The MTSS is produced at the sector level. This takes the ‘slice of the cake’ that has been allocated to the sector by the MTBF and divides this between the sector programmes. This is known as the ‘intra-sectoral allocation’ of resources – in other words, the allocation of resources within the sector to the sector programmes. This is the ‘bottom-up’ part of the MTEF process. A detailed guide on the MTSS is provided in another sub-section below.

The stakeholders involved in the preparation of the EFU-FSP-BPS document include:

- GSHA
- ExCo
- BP&DPCO
- Ministry of Finance and Economic Development
- Office of the State Accountant General
- Fiscal Responsibility Commission
- Internal Revenue Service
- Debt Management Agency
- Office of the State Auditor General
- All government MDAs
- Civil society

The BP&DPCO will lead the above stakeholders to:

- Work out the modalities for effective preparation for the MTEF process.
- Collect and review historical information on expenditure out-turn.
- Collect and review historical information on revenue performance.
- Review high-level policy documents.
- Make macroeconomic forecasts.
- Make revenue forecasts and set fiscal targets.
- Make expenditure projections and determine indicative total budget size.
- Determine distributable budget size and allocate sector/MDA spending envelopes and ceilings.
- Prepare all components of the EFU-FSP-BPS document.

### **Distributable Budget Size**

From the MTFF, the BP&DPCO will determine the proposed distributable budget size for the year being budgeted for; this is the MTBF. The distributable budget size is the aggregate amount to be allocated to sectors/MDAs during the budget preparation. It shall comprise the total estimated budget size contingency reserve, planning reserve, and state-wide provisions for cross-cutting expenditures (i.e., the expenditures not classified by MDAs, such as debt payment charges, pension and gratuity, subventions, matching grants/counterpart funds, and other dedicated expenditure). Below is a further clarification on contingency and planning reserves.

### **Creating Contingency Reserves**

In line with Chapter 5, Part 1, Section 83 of the Nigeria 1999 Constitution (as amended), the state shall establish a contingency fund. The government is permitted to deduct a certain percentage, to be determined in the State Budget each year, from the total revenue estimates to add to the contingency fund, together with the net revenues earned from the investment of the contingency fund. The Governor, if satisfied that there is an urgent and unforeseen need for expenditure for which no other provision exists, shall present a Supplementary Appropriation Bill for the approval of the GSHA with funding to meet that need from the contingency fund. See Section 8 of this manual for guidance on the preparation of the supplementary budget.

### **Planning Reserves**

There shall be a planning reserve to be created annually by BP&DPCO through administrative fiat during budget preparation. The planning reserve shall comprise a percentage of the proposed aggregate resources (proposed budget size) to be determined by the BP&DPCO, and utilisation shall be at the discretion of the Budget Committee for the purpose of effecting an upward adjustment in the budget proposals of any MDA during the budget defence as the need arises. In

other words, the planning reserve is a proportion of the annual aggregate spending limit not allocated to any spending MDAs in the BCC. The planning reserve is expected to have a nil balance at the end of the budget preparation process.

### The Medium Term Sector Strategy

To further complement the medium-term planning outlook, the state planning department responsible for preparing the SDP will coordinate the preparation of MTSSs for all sectors.

The MTSS is a document that describes how an expenditure item, or small cluster of items, will deliver outputs that contribute to cross-government outcomes. The document describes how this will be done in the medium term – usually three years – and within the limitations of resource constraints so that it is realistic. While the SDP (DEVAGOM 2021–2030) defines the big picture and long-term goals of Gombe State, the MTSS sets out specific activities and inputs to deliver specific output in the medium term. The MTSS is a road map that combines ambition and realism and clearly plots priorities, deliverables, and costs. It shows the chain of results that will achieve policy goals, as shown in Figure 6 below.

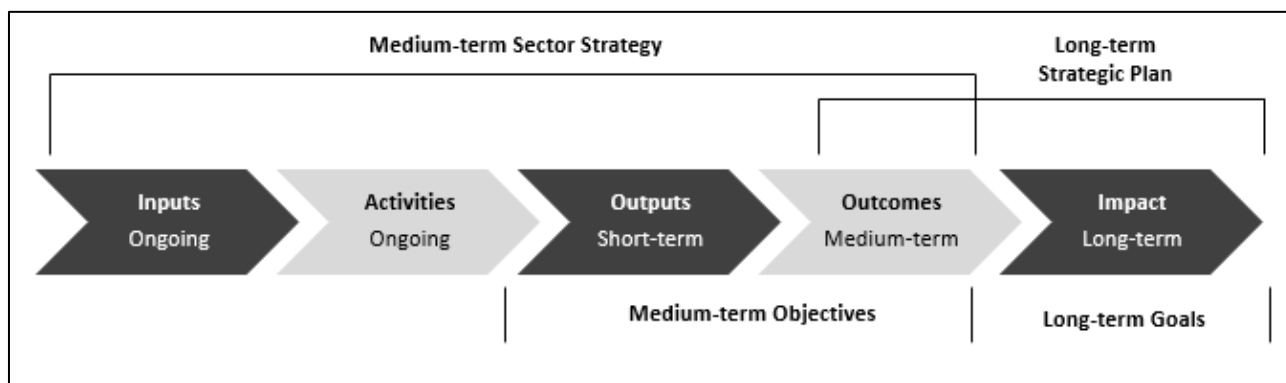


Figure 6: Medium Term Sector Strategies Link Policy and Strategy in a Results Chain

The MTEF and MTBF components of the MTEF are the top-down element of budgeting. The MTSS is the bottom-up element, linking policy, planning, and the budget. The MTSS process involves getting the spending agencies within a sector to articulate their medium-term goals and objectives to achieve the overall goals of Gombe State as well as identify and document the key initiatives being embarked upon to achieve their goals and objectives (i.e., their key projects and programmes), cost these initiatives, prioritise them, and phase the initiatives over a three-year period. The sector will also define the expected outcomes of the initiatives in clear, measurable terms and link them to their objectives and goals.

In preparing the MTSSs, each Sector Planning Committee leads the process backed up by the State BP&DPCO with the involvement of all the MDAs relevant to the sector and a wide range of stakeholders at various stages, from political leaders to representatives of grassroots organisations. MTSSs are living documents that are revised annually. Each year, between January and March, the performance in the previous year is assessed, lessons learned are evaluated, and

the strategy is adjusted for likely changes in the amount of money that will be allocated to the sector over the next three years.

The results of this review will feed into the preparation or revision of the MTSSs between April and June. Between June and July, political leaders review the MTSSs and approve the sectors' three-year estimates. Between July and September, the executive arm of the government prepares and reviews the sectors' annual budgets and submits them to the legislature in October for review and approval for the following year. This cycle repeats each year, as illustrated in Figure 7.

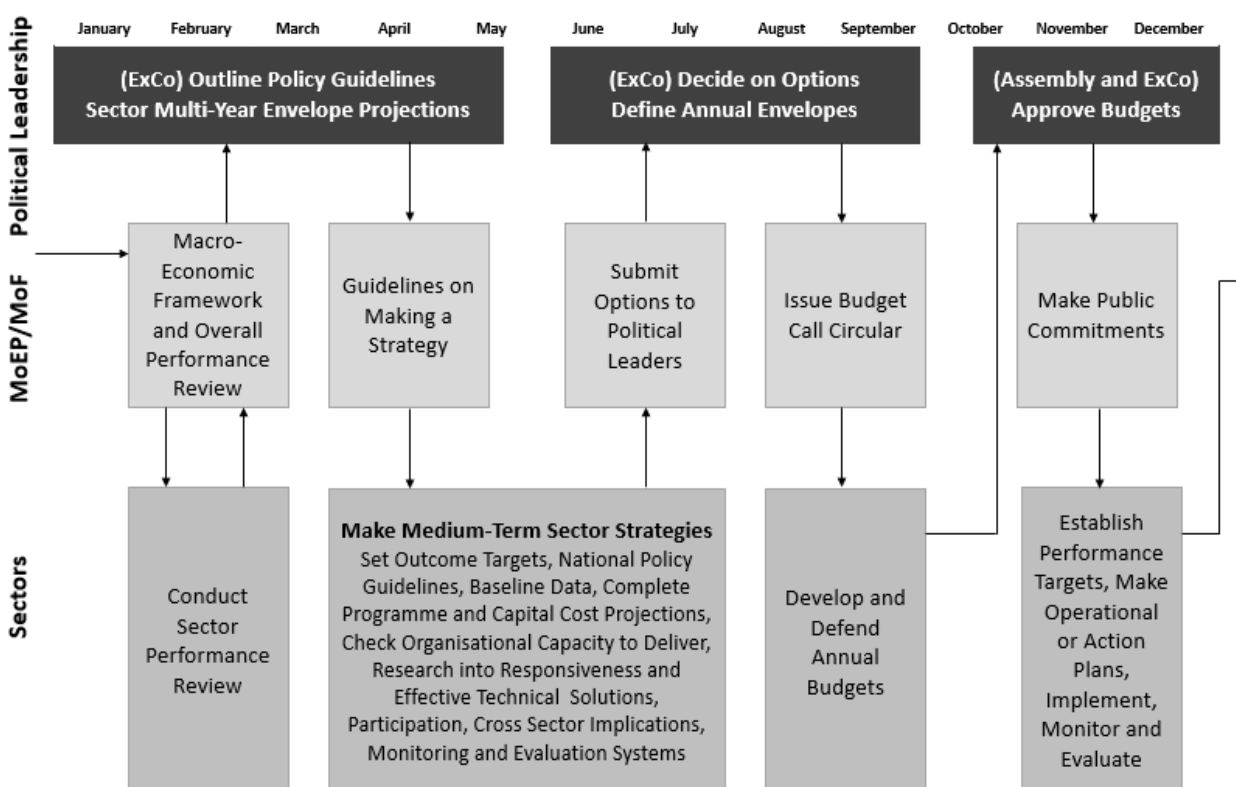


Figure 7: Annual Cycle for Preparing or Revising Medium Term Sector Strategies

### Preparing Medium Term Sector Strategies

Preparing an MTSS in Gombe State should include the following:

1. Setting up an MTSS committee (Sector Planning Committee), if not in existence.
2. Review of policies relevant to each sector.
3. Gathering data and carrying out an annual performance review of the sector, capturing public opinion.
4. Obtaining estimates of likely budget allocations for the three years ahead from the State Planning Office.

5. Review of state, national and international policies (including medium- and long-term development plans/agendas, GESI policies, etc.).
6. Review of baseline data and operational research on the sector.
7. Developing/adjusting sector objectives and priorities considering items (3) and (4) above.
8. Developing strategy options to deliver sector objectives and priorities and agreeing on expected broad outcomes.
9. Checking that proposed strategy options involving collaboration with partners, such as the Federal and Local Government, private sector, and civil society, are feasible and that they comply with impending changes in laws and regulations.
10. Checking the implications of proposed strategy options for other sectors.
11. Developing programmes and specifying what they require in terms of personnel, administration, overhead, and ongoing/new capital projects and linking programmes to high-level objectives/priorities (GESI programmes/priorities should also be considered at this stage).
12. Costing programmes (particularly capital projects).
13. Fitting capital and recurrent costs for MTSS programmes to projected budgets (i.e., assessment and prioritisation of capital projects to fit into the budget allocation for the sector).
14. Checking that programme options are technically feasible.
15. Checking that programmes are organisationally feasible.
16. Preparing annual budget submissions based on costed programmes.
17. Setting up a system involving both government and public representatives to monitor how the strategy is being carried out.

The activities in this stage of the budget are summarised in Table 2 below.

S/N	Activity	Activity Explanatory Note	Key Output	Responsibility	Deadline
1.	Review economic and fiscal situation and updates	A report of the broad economic performance analysis, including a review of all key sectors of the state economy. This report includes an analysis of the fiscal policy and GDP growth in the past year. It provides an overview of the coming fiscal year, particularly the prospect of resource availability.	A statement of Economic and Fiscal Updates (EFU)	BP&DPCO	March/April

2.	Preparation of a fiscal framework	A formulation of multi-year fiscal targets, including projections of revenues and expenditures (MTFF). This statement depends on the analysis provided in the EFU. It serves as the basis for the BPS and the annual BCC.	Fiscal Strategy Paper (FSP)	BP&DPCO	March/April
3.	Review of Annual Budget Policy	The draft Annual Budget Policy provides insight into the government's policy thrust in the next fiscal year and sets out procedures for the allocation of resources to sectors and the spending ceiling (MTBF) in consonance with the policy direction. This process is carried out by BP&DPCO and submitted to the Governor for review and approval. This activity outlines the rules for the next budget year regarding the percentage of planning and contingency reserves.	Budget Policy Statement (BPS)	BP&DPCO	March/April
4.	Stakeholder consultation	Conduct pre-budget stakeholder consultations (including key MDAs, legislators, organised private sector, labour unions, CSOs, etc.) to deliberate on the proposed budget thrust as documented in the BPS. The stakeholder consultations provide feedback and contributions to serve as inputs into the budget preparation process.	Stakeholder budget meeting report	BP&DPCO	April
5.	Submission and approval of EFU-FSP-BPS document	Submission to ExCo for review and Governor's approval.	Updated EFU-FSP-BPS document	BP&DPCO, Ministry of Finance, Secretary to the State Government (SSG), ExCo, HE Governor	May
6.	Presentation of EFU-FSP-BPS document to the GSHA	The ExCo presents the EFU-FSP-BPS document to the GSHA for legislative approval.	Approved EFU-FSP-BPS	SSG, HE Governor	May/June
7.	Preparation of draft annual BCC	BP&DPCO draws up a comprehensive annual BCC, including a budget preparation calendar, summary of medium-term fiscal targets, instructions on updating the MTSS, sector ceiling, and detailed templates of budget proposals from the MDAs.	Draft BCC with calendar and sector ceilings	BP&DPCO (Budget Office)	June

8.	Preparation/ updating of MTSS	Preparation/ updating of the MTSS. The MTSS is prepared by the sector ministries based on the approved sector policy document and translated into the costed operational plan (or action plan) on the programme budget structure.	MTSS with realistic cost estimates for recurrent and capital expenditure and based on programme budget structure	BP&DPCO (Planning Department) and MDAs/Sector Planning Committees)	May/June/ July
9.	Approval/ issuance of draft BCC	The State Budget Committee reviews the draft annual BCC submitted by the Budget Office and recommends it for the approval of the Commissioner of Budget. It is signed by the Permanent Secretary (Budget) before circulation to MDAs.	Approved annual BCC for the year concerned	BP&DPCO	First week of July

Table 2: Summary of Activities in Budget/Fiscal Planning

### 5.2.2 Annual Budget Preparation

After concluding the Annual Budget/Fiscal Planning, the budget preparation will follow the sequence below.

#### a. Issuance of BCC

The formal budget preparation process starts with the issuance of the annual BCC by the Budget Office to all MDAs of the government around July. In principle, the call circular should include the following:

- Introduction (including the requirements and instructions that must be satisfied in the budget proposals, MTEF considerations, and the strategic objectives and/or budget thrust).
- Economic and budget performance for the current year’s budget.
- The next year’s budget framework (i.e., the aggregate spending limit for the year, sector/MDA ceilings).
- Guidelines for budget preparation (general guidelines, personnel cost guidelines, capital-recurrent boundaries, etc.).
- Report on the current year (January–June) budget performance and achievements.
- Submission and defence of budget proposals (including submission date, formats, templates, Chart of Accounts consideration, etc.).
- Information on who to contact for further clarification or support.
- Annexures (Detailed Budget Calendar, MTEF Documents, Budget Classification and Chart of Accounts, etc.).

The Budget Office will issue the BCC. The time of issuing the call circular is very critical for the early presentation of the proposed annual budget to the GSHA.

**b. Preparation of Budget Proposals by MDAs**

On receipt of the BCC, the MDAs are required to prepare detailed proposals, which should be submitted to the BP&DPCO. To produce the budget proposals within the required timeframe (July every year), each Ministry or main organisation is expected to do the following:

- Constitute the main organisation (e.g., the main Ministry) budget sub-committee, chaired by the Permanent Secretary/Chief Accounting Officer.
- Send a copy of the BCC or prepare a Ministerial (main organisation) circular for all sub-organisations and sub-sub organisations calling for their proposals.
- The sub-organisations and sub-sub organisations will prepare a detailed proposal in accordance with the approved form and format and submit it to the main organisation.
- The Ministry (or main organisation) budget sub-committee will review the submissions from all sub-organisations and sub-sub organisations.

In the case of a Statutory Commission/Board, the Permanent Secretary/Chief Accounting Officer, in consultation with the Commissioner/Executive Chairman, is responsible for arranging the preparation and endorsement of the budget proposals of their respective MDAs and ensuring timely submission to the Budget Office.

All MDAs must ensure that:

- Proposals comply with the BCC and are submitted in the required form and formats.
- Activities and projects align with the goals and priorities of the SDP and other policy guidelines.
- Only the activities and projects in the MTSS (for sectors that have produced their MTSS) are provided for in the budget proposal.
- Proper budget classification and codes in line with the International Public Sector Accounting Standards (IPSAS)/NCOA are applied.
- Projects are integrated from community development plans and/or the CCD, as well as feedback from consultations with relevant CSOs working with the MDA.
- Ongoing, grant-assisted, and development or loan-financed activities and projects shall be given higher priority.
- Activities or projects that address the specific commitments of the government under any international, bilateral, or domestic agreement shall also be given priority.



- Only activities and projects that the MDA has the technical and absorptive capacity to implement will be included in the budget proposal.
- All new activities and projects should have a justification and appraisal document prepared by appropriately skilled staff of the MDA or consultant(s). For a new capital activity or project that is within the ExCo threshold for awards of contract, the justification and appraisal document will provide the activity or project performance indicators and method of measuring the outputs and outcomes. In the case of activities or projects that are planned to be carried out over a period of more than one year, the justification and appraisal document will indicate the full scope, the total financial implication, and the planned execution of the work in phases over the years.
- All new activities or projects (either purchase, construction, renovation, rehabilitation, repair, or acquisition) are costed. The MDAs are expected to use the Product and Price Monitoring Unit's price list and apply the lowest possible cost and the most effective methods in estimating the costs of activities and projects.
- The recurrent implications of capital projects should be estimated and provided for in the recurrent estimates.
- All proposals for counterpart funding for activities and projects financed by external sources are incorporated in the budget proposals.
- The actual expenditures for the previous year and the first six months of the current financial year are provided.
- All items in the proposal are titled correctly and with specific details.

In the case that an MDA does not have the requisite in-house technical human resources to prepare their proposals in line with the required format using the accurate budget codes, the Budget Office will constitute a standing technical backstopping team that will provide technical support to affected MDAs. The non-adherence of proposals to the required formats will critically undermine the entire budget preparation process. The technical support team will perform the following:

- Visit the MDAs to ensure that budget proposals are prepared in line with all requirements.
- Provide specific training for the budget staff in the MDAs.
- Nominate a member to lead the budget preparation process in the MDA.

All MDAs' budget proposals must be cleared by the main organisation's Budget Sub-Committee before being submitted to the Budget Office. For Statutory Commissions/Boards, only budget proposals duly signed by the relevant Permanent Secretaries or Chief Executives will be considered. MDAs' budget proposals shall be submitted to the Budget Office on or before the submission date stated in the BCC as provided in the Budget Calendar.

### c. Submission and Review of Budget Proposals

On receipt of the MDAs' budget proposals, the Budget Office will review them to ensure that they substantially comply with the requirements of the BCC, including sector/MDA ceilings, and are completed using the required budget forms and templates. The Budget Office will also review the following:

- **Revenue Proposals:** The revenue line items provided by each revenue generating MDA are carefully reviewed to ensure that no revenue items are omitted. In addition, detailed checks are made to ensure that the figures for the previous year, the current/ongoing year, and the projections for the next budget year are provided for all revenue line items listed by the MDA. The actual performance of the revenue line items for the previous budget year and the first six or nine months of the current year are reviewed to identify trends. These trends are considered to ensure that projections for future years are realistic, especially the forecast for the next year's budget. If there are cases where the budget (revenue) has significantly underperformed, especially if it is less than 50 percent, then the MDA is requested to provide an explanation for the low level of revenue collection. If the projections of future revenue do not show reasonable growth of at least 20 percent a year, the MDA is also requested to provide an explanation for the projection not meeting the 20 percent target.
- **Personnel Cost Proposals:** The personnel cost proposals submitted by each MDA should have the following:
  - Actual numbers and grades of staff currently in service/post.
  - Increased staff costs due to promotion, advancement, or conversion, etc.
  - Employment of additional staff to fill current vacancies (if approved).
  - Allowances.
  - Bonuses.
  - Total emoluments of political appointees (for MDAs handling political appointees' personnel bill).
- **Overhead Cost Proposals:** The overhead costs of each MDA are reviewed to ensure that they are appropriate. In addition, the overhead costs for completed capital projects are reviewed, for example, to ensure that maintenance is included for all new buildings, which will be used during the budget year. If there are any significant variations from the current year's budget for any economic line items, then the MDA is requested to provide an explanation, especially if there are significant increases in costs from the actual costs in the last full budget year and the current year. Any major new events, for example, conferences or staff training, must be adequately explained and justified by the MDAs.
- **Capital Expenditure Proposals:** Capital activities and projects as listed by MDAs should be consistent with the policy guidelines of the SDP and provided in the MTSS documents (for MDAs with MTSSs). In addition, there should be no overlapping or duplication of functions, activities, or projects between MDAs. If any such duplication is

identified, this should be rationalised, and steps agreed upon to avoid the duplication during the bilateral discussions or referred to the ExCo for a decision.

The Budget Office will also ensure that the justification and appraisal documents, as well as costing, are prepared by appropriate and skilled staff of the MDA or consultant(s) and are submitted for all new activities and projects. In addition, the reasonableness of the costing for each activity or project should be reviewed. The past performance of each MDA over the recent past should also be considered using appropriate performance indicators to ensure that the MDA has the technical and absorptive capacity to complete the proposed activities and projects in the budget within the financial year timeline. If it is not clear how the proposed activity or project will meet the state's or the MDA's objectives, further justification will be required.

Officers from the Budget Office will also review the budget lines to ensure that each item is entered with the correct IPSAS/NCOA code.

### *Integrating the Annual Budget Items*

The process of integrating the annual budget is primarily interactive in nature. The aggregate resource envelope is first determined through the MTFF/MTBF. The personnel and operational cost estimates are computed and deducted from the aggregate spending limit and the balance is considered as the Capital Development Fund. The total capital expenditure is estimated, which consists of the capital projects and programs of all MDAs. The fresh capital investment for the fiscal year will require additional recurrent cost estimates, for which adequate provisions should be made in each MDA. The additional recurrent cost implication of fresh capital investment should be computed by line item and added to the personnel costs and recurring operating cost estimates.

To ensure fully integrated annual budget estimates, each MDA must consider additional recurrent costs arising from the new capital investment. For example, the procurement of a new power supply generating plant will, of course, require additional supplies of fuel and engine oil, labour in the form of skilled operators or attendants, and routine and scheduled maintenance costs during the fiscal year when it is installed. These costs should be considered during budget preparation and included in the expenditure proposal before submission.

### **d. Bilateral Discussions**

After reviewing the MDAs' budget proposals, the next step is bilateral discussions between the MDAs and the BP&DPCO. The BP&DPCO, on receipt of budget proposals (capital and recurrent) from MDAs, shall hold bilateral discussions/negotiations with MDAs on their proposals. The BP&DPCO at the bilateral discussion will:

- Review the proposals with the MDAs to ensure consistency with the BCC guidelines.
- Ensure that the MDAs complied with the input spending boundaries.
- Review the personnel and overhead input and compliance with the State Government's overall recurrent expenditure policy (particularly the personnel profile).

- Ensure that the capital activities or projects identified by the MDAs are in line with policy priorities/development plans and are captured in the MTSS (for MDAs with MTSSs).
- Verify that any new capital activity or project that is within the ExCo threshold for award of contract is supported with formal justification (evidence of the Governor's approval).
- Review and judge the fairness of the costing of activities or projects and programmes in the proposal to ensure value for money.
- Review the MDAs' performance indicators and methods of measuring outputs and outcomes to ensure consistency with the Gombe State Government M&E Policy.
- Where necessary, allocate additional resources from the planning reserve for funding important activities or projects not covered within the MDA resource envelope (expenditure ceiling).

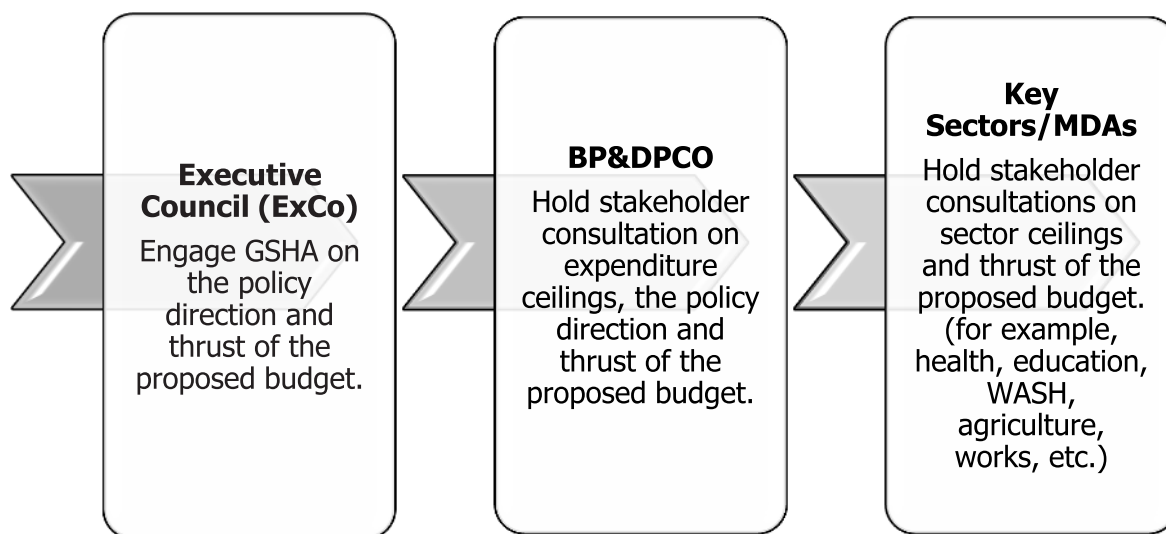
### **Consolidation of Annual Budget Proposals**

The proposals from MDAs will be consolidated by the BP&DPCO, incorporating amendments and adjustments based on the bilateral discussions. The consolidated proposals from all MDAs are integrated into the Gombe State Government draft budget estimates for the year.

### **Budget Stakeholders Consultations and Engagement**

The ExCo, BP&DPCO, Ministry of Finance, and sector MDAs will, prior to the completion of the annual budget, embark on several levels of consultations and engagement. These consultations should be inclusive and include critical stakeholders such as professional bodies, academia, CSOs, community and religious leaders, women groups, groups representing persons with disabilities, youths and minority groups, business groups, artisans, etc. The choice of the medium and location for the consultations and engagement should ensure adequate consideration for women and persons with disabilities for social inclusion.

The various levels of political engagement and consultations are as stated in Figure 8 below.



**Figure 8: Budget Stakeholder Consultations and Engagement**

The needs and requests harvested during the consultation sessions will be prioritised and incorporated in the draft estimates prepared for the year to the extent realistic.

**e. Presentation of Draft Budget Estimates to the ExCo**

The annual draft budget estimates will be presented to the ExCo for review. The ExCo review is to ensure that the draft budget estimates reflect the following:

- State BPS approved by the ExCo at the planning stage.
- Trade-off and balance of interests agreed at political engagement and consultative processes with the GSHA and other stakeholders (CSOs).

**f. Presentation of Proposed Budget to the State House of Assembly**

After review of the draft budget estimates, the Governor will present the ExCo-approved proposed budget to the GSHA as an Appropriation Bill within the timeline provided in the Budget Calendar (see the State’s Consolidated Budget Calendar in Appendix I). The State Appropriation Bill submitted to the GSHA is composed of the budget message of the Governor and the proposed budget.

The budget message of the Governor should include the following:

- The statement of the Governor on the main directions of socio-economic development and fiscal policies in the coming financial year.
- Macroeconomic assumptions used for the fiscal forecast.
- Level of fiscal deficit.
- Deficit financing, describing anticipated composition.
- Brief review of the previous year’s budget performance.

- Brief review of the half-year performance of the current year's budget.
- Explanatory note on the proposed budget.

The explanatory note is a complete file of documents justifying the government's proposed budget that includes:

1. A copy of the underlying revenue and expenditure profile for the next two years.
2. A report setting out the actual and budgeted revenue and expenditure, with a detailed analysis of the performance of the budget for the 18 months up to June of the preceding financial year.
3. A revenue framework broken down into monthly collection targets prepared based on the predetermined reference commodity price as contained in the MTEF.
4. Measures on cost, cost control, and evaluation of the results of programmes financed with budgetary resources.
5. A Fiscal Target Appendix derived from the underlying MTEF setting out the following targets for that financial year:
  - Target inflation rate
  - Target fiscal account balances
  - Any other development target deemed appropriate

The Gombe State Government's proposed budget and the Governor's budget message will be made available to the public for review, analysis, and comment. Notably, the proposed budget, along with the signed report/minutes and attendance of the budget consultation meeting with citizens, should be published online on an official website of the state.

### **g. Review and Approval by the State House of Assembly**

The GSHA is responsible for officially enacting the budget (Appropriation Law) – or approving it at the formal legal level. The approval steps include the following:

- The Executive formally proposes the budget to the GSHA (the public presentation by the Governor is regarded as the first reading of the Appropriation Bill).
- The second reading is done by the GSHA plenary, and thereafter, the Bill will be referred to the House Committee on Appropriation and other committees for detailed review and discussion. The Appropriation Committee's oversight function is to scrutinise the budget estimates. Essentially, available resources, competing demands, public interest, prudence, and other relevant prevailing variables are amongst the indices meant to be considered to ensure the satisfaction of the agreed priority needs of the state.
- The budget discussion will involve public hearings, discussions with the MDAs (referred to as the MDA defence), and votes by House Committees. The final allocation of resources depends, to a large extent, on the ability of the MDAs to convince the members

of the House Committees on the necessity of the programmes and activities contained in their budget proposals. The heads of the various MDAs, parastatals and tertiary institutions are mandated to appear before the relevant committees to substantiate their proposals and to justify them where necessary for the proposed estimates in view of the limited resources which must be rationally allocated.

- The presentation of the report of the House Committee on Appropriation to the House (referred to as the third reading).
- The final deliberation and vote on the bill are held by the entire House membership, referred to as the Committee of the House, and a motion for its adoption and passage into law is moved accordingly.
- The passage of the Appropriation Bill.
- The approved bill is then passed to the Governor for assent.

#### **h. Assent by the Governor**

The approved budget will be presented to the Governor for his assent. Assent involves the Governor appending his signature to the passed Appropriation Bill to make it a law.

If the Governor's assent is not given within 30 days after the passage of the bill, it may be returned to the House of Assembly. If the House agrees on the bill with a two-thirds majority, it may be passed into law without the Governor's assent.

#### **i. Public Presentation and Analysis of the Approved Budget**

A detailed analysis of the approved budget will be presented to the public (especially critical stakeholders such as professional bodies, women groups, etc.) by the Commissioner of Finance, the Special Adviser, BP&DPCO, and other key staff of the state's financial management institutions (such as the Board of Internal Revenue, Debt Management Agency, Fiscal Responsibility Commission, etc.). The approved budget, together with the BPS, will be published (both in hard copy and online).

#### **j. Publication of the Approved Budget**

The approved budget is printed and published for smooth implementation. Copies of the budget are made available to MDAs, including parastatals and tertiary institutions, to fast-track budget implementation. Similarly, copies are made available to relevant stakeholders, especially development partners, Federal Agencies, relevant NGOs, etc., as reference materials for fiscal management. Also, a soft copy of the approved budget is uploaded on the State or Budget Office's official website, latest one month into the beginning of the fiscal year, for easy access by other stakeholders.

**k. Preparation and Publication of Abridged Version of the Approved Budget (Citizens' Budget)**

Upon publication of the approved budget details, the Budget Office will produce a citizens' version of the approved budget. The Citizens' Budget is a simplified and non-technical explanation of the budget information that is presented in a manner and language that the public can understand. To this end, the Budget Office shall reproduce the budget into a Citizens' Budget in both English and Hausa languages with simple illustrations for easy understanding by all sections of the state. The Citizens' Budget should also be produced in braille and audio-visuals for the inclusion of persons with disabilities.

Table 3 below summarises the various steps and activities involved in the budget preparation stage, including the timelines, responsible entities, and outputs.

S/ N	Activity	Activity Explanatory Note	Key Output	Responsibility	Deadline
1.	Approval and circulation of annual BCC to all MDAs	BP&DPCO will issue the approved annual BCC to the MDAs and constitute a team of Budget Officers to support the MDAs to comply with the requirements of the call circular.	BCC	Budget Office of the BP&DPCO	First week of July
2.	Further consultation between ExCo and GSHA	BP&DPCO will initiate and coordinate a meeting between the members of the ExCo and the Appropriations Committee of GSHA to explain the state's fiscal policy direction and the thrust of the proposed budget. This will improve the understanding of the honourable members of the fiscal thrust of the government.	Consultation report	Special Adviser, BP&DPCO	July
3.	Preparation of annual budget proposals by MDAs	All MDAs will be guided by the BCC when preparing their revenue and expenditure estimates for the coming budget year. The Budget Office will constitute a team of officers to provide support and backstopping to MDAs in need of assistance.	Draft MDA budget proposals	All MDAs	July
4.	Submission of draft budget proposals by MDAs to the BP&DPCO	MDAs complete the preparation and production of their budget proposals and submit them within schedule.	Draft MDA budget proposals	All MDAs	July/August



5.	Review of budget proposals by BP&DPCO	Preliminary review and scrutiny of the financial estimates to ensure that the proposals comply with the requirements of the BCC, including sector ceilings. The Budget Directorate will ensure that all forms annexed to the BCC are properly completed. It will also ensure that the projects and programmes included in the proposals comply with the state's policy objectives and priorities.	First draft budget	BP&DPCO	August
19	Bilateral budget discussions (negotiation and defence of MDAs' budget proposals)	Budget proposals are corrected and adjusted in line with the findings during the scrutiny and analysis of the proposals by BP&DPCO. A planning reserve will form the basis for any incremental adjustment of any MDA's estimates. This underscores the need to set aside a planning reserve of about 3% of total projected annual revenues when formulating the sector ceiling for the MDAs. The same argument applies to setting aside a contingency reserve of about 5% to fund any supplementary budget in the event of unforeseen occurrences.	Minutes of MDAs' budget defence	BP&DPCO and other MDAs	August/ September
7.	Collation, analysis, and consolidation of draft budget proposals	This will be carried out by the Budget Directorate in BP&DPCO, supported by members of the Budget Committee (where in existence).	Second draft budget	BP&DPCO	September
8.	Presentation of draft consolidation budget to Treasury Board	The draft budget at this stage will be reviewed and adjusted by the Treasury for consistency with the state's revenue projections.	Reviewed second draft budget	BP&DPCO	September
9.	Presentation of draft consolidated budget proposals to ExCo	Review, deliberation, and approval by members of the State ExCo.	Memo	SSG, ExCo	September

10.	Revision and correction of draft budget proposals	Further revision and correction to the second draft budget and resubmission to ExCo/Governor.	Third draft budget	BP&DPCO	September
11.	Presentation of draft budget to the State House of Assembly (GSHA)	Presentation of copies of the draft state budget estimates by the Governor to the Hon. Speaker of the State House of Assembly.	Presentation of the Governor	Governor, accompanied by the Commissioners of Finance and Budget	October
12.	Debate of the Appropriation Bill by the State House of Assembly (GHSA)	Review of the draft state budget estimate by the Appropriations Committee of the House.	Appropriation Bill (fourth draft budget)	State House of Assembly	November/ December
13.	Governor assents to Appropriation Bill	The Governor reviews the approved Appropriation Bill	Appropriation Law	Governor	December
14.	Presentation of the budget to the public	The Commissioner of Finance and Special Adviser on Budget and Planning presents the State's Annual Budget at a press briefing.	Budget analysis/ speech	Governor, Ministry of Finance, BP&DPCO, and Ministry of Information	December
15.	Publication of the approved budget	Publication and dissemination of the budget through the media (print, etc.), and the state's website.	Published budget document	Ministry of Finance, BP&DPCO, and Ministry of Information	December/ January
16.	Preparation and publication of abridged version of the approved budget (Citizens' Budget)	The Budget Directorate of the BP&DPCO prepares a simple and clear illustration of the full budget in formats and non-technical language that will aid the understanding of the public.	Abridged (Citizens) Budget	Ministry of Finance, BP&DPCO, and Ministry of Information	December/ January

Table 3: Snapshot of Gombe State Annual Budget Preparation Process and Timelines

## SECTION SIX

### 6.0 Budget Implementation Arrangements

#### 6.1 Pre-Implementation Activities

This section discusses the pre-budget implementation sub-activities. The requirements set out in this section aim to ensure adequate planning of budget execution and that actual expenditures are as provided in the approved budget. However, other budget execution activities such as the issuance of expenditure warrants, procurement, release of funds, accounting, and reporting are detailed in the next sub-section. These requirements are explained below.

##### a. Budget Profiling

Prior to the legislative approval of the annual budget, the BP&DPCO, working with the respective MDAs, will develop a Budget Profile for every fiscal year. Budget profiling is the process of providing a monthly profile of revenue and expenditure. It involves projecting monthly cash inflow and outflow for the purpose of channelling expected funds to specific cost items for each month. It provides a monthly profile of revenue (recurrent and capital receipts) and monthly expenditure (personnel, social benefits, overheads, grants, contribution, public debt service, and capital) as the basis for the cash inflow and outflow. The essence is to provide a basis for in-year revenue and expenditure budget performance tracking, monitoring, and re-forecasting. It helps effectively and efficiently manage cash resources to achieve maximum revenue generation and expenditure impact. Below are some activities that will lead to the development of the State Budget Profile.

##### *Revenue Forecasting*

On approval and assent of the budget, the Gombe State Internal Revenue Service (GIRS) shall request all revenue generating MDAs to provide a realistic revenue forecast for each of the 12 months (i.e., from January to December). The revenue forecast will normally include the following information:

1. Name of MDA
2. Administrative Code
3. Sources of revenue, approved estimates, and code
4. Estimate of collection per source for each month (from January to December)

Upon receipt of the Internally Generated Revenue (IGR) forecast from GIRS, the Accountant General will produce the consolidated monthly revenue forecast for government revenue from all sources (i.e., IGR, Federation Account transfers, capital receipts, and other revenue). The consolidated monthly revenue forecast for the Gombe State Government will be circulated to the BP&DPCO.

### *Expenditure Projections*

On receipt of the work plans from MDAs, the BP&DPCO and the Ministry of Finance will review the work plans against the consolidated monthly revenue forecast and, if necessary, invite MDAs for discussions on how to adjust their work plan to conform with the overall monthly resource inflow.

From the adjusted work plans, the BP&DPCO, in consultation with the Ministry of Finance, will produce aggregate monthly expenditure projections for:

- Personnel costs
- Social benefits
- Overhead (operational) costs
- Grants
- Contributions
- Public debt service
- Capital costs

### **b. Cash Planning**

Cash planning is an instrument for cash management that involves using tools and techniques to plan and control cash. It involves the preparation of cash flow projections based on expected receipts and payments done at the budget profiling stage.

Both budget profiling and cash planning are done under the supervision of the Gombe State Cash Management Committee (CMC).

### *Gombe State Cash Management Committee*

Gombe State has established three committees to drive the realisation of the state's Cash Management Strategy. The committees are responsible for profiling the revenue and expenditure of the state and providing critical input towards the attainment of the state's Cash Management Strategy objectives. They include:

1. **Expenditure Profiling Committee**, chaired by the Permanent Secretary, BP&DPCO, is responsible for working with the MDAs to prepare the expenditure profiles for recurrent and capital expenditure.
2. **Revenue Profiling Committee**, chaired by the Executive Chairman, GIRS and assisted by the Accountant General, is responsible for collaborating and working with the MDAs to prepare the state revenue profile.
3. **Cash Planning Committee**, chaired by the Commissioner of Finance, is responsible for aligning the expenditure and revenue profiles to create the state's Annual Cash Plan

after the budget is approved. The Expenditure Profiling and Revenue Profiling Committees submit their reports to the Cash Planning Committee, which then aligns them and ultimately reports to the Governor and the State ExCo through the CMC.

Gombe State's CMC is comprised of the following members:

- Secretary to the State Government (Chairperson)
- Commissioner for Finance (Member)
- Special Adviser, Budget and Planning (Member)
- Commissioner of Justice (Member)
- Permanent Secretary, Ministry of Finance (Member)
- Permanent Secretary, Budget (Member)
- Accountant General of the State (Member)
- Chairman of State Internal Revenue Service (Member)
- Director Budget, BP&DPCO (Member)
- Director Treasury Operations, Ministry of Finance (Secretary)

The CMC has the following functions:

- Review and approve the aggregate monthly expenditure projections prepared by BP&DPCO in collaboration with the MDAs.
- Advise on the mobilisation of state government financial resources and on the judicious allocation of the monthly revenues based on the approved aggregate monthly expenditure projections.
- Monitor revenue inflow and expenditure performance and review/adjust expenditure projections to be in line with inflow and the level of expenditure performance.

### 6.2 Budget Implementation

Budget execution is one of the crucial sub-processes in the budget cycle and consists of a series of activities that start as soon as the budget is passed into law. These activities will usually begin in January, the first month of the fiscal year, with a request from the BP&DPCO for the capital expenditure work plan (based on the Budget Profile) from spending units (or MDAs).

This sub-process relies on the budget classification and Chart of Accounts used in allocating resources and recording transactions. The budget is executed by spending units classified as administrative entities such as organisation (Ministries) and sub-organisation (service providers).

All disbursement of funds should be generally guided by the Disbursement Schedule of the Accountant General (to be prepared 30 days after enactment of the Appropriation Law) derived

from the approved Annual Cash Plan (see Sections 26 and 27 of the Gombe State Fiscal Responsibility [Amendment] Law, 2018), which includes inputs provided by MDAs into the budget profiles developed by the BP&DPCO. The MDAs will also be guided by the Annual Cash Plan in making periodic requests for non-routine expenditures, such as payment for examination fees already factored into the Cash Plan based on the timing of the budget profiles. This requires the circulation of the Cash Plan to all MDAs so that they are guided by it in budget execution.

The execution of capital budgets at the state level will usually consist of the following activities:

- Prioritizing of projects/activities based on budget profiles.
- Preparation and submission of the Annual Procurement Plan based on the prioritisation of projects and activities (submitted to the Due Process Bureau) and publication of the MDAs' Annual Procurement Plan.
- Preparation and submission of quarterly work plans by the MDAs (based on budget profiles).
- Aggregation of the MDAs' quarterly work plans.
- Quarterly cash forecast by the Office of the State Accountant General.
- Approval of projects/activities based on expected cash inflows.
- Issuance of expenditure warrant (general) for approved projects/activities.
- Release of mandate (cash release).
- Procurement of works, goods, or services (tendering and award of contract).
- Mobilisation to site by the contractor.
- Project implementation and reporting.
- Payment.
- Expenditure recording and accounting (vote book management).
- Monthly expenditure transcription.
- Bank reconciliation by the spending unit (and Treasury Department).
- Monthly account reconciliation.
- Supplementary budgeting (if/when necessary).
- Recording and accounting for revenues.
- Treasury functions.
- Preparation of annual accounts of the government.

- Audit of annual accounts.

The sub-processes in the budget implementation stage are explained in broader detail below.

### 6.2.1 Issuance of Budget Implementation Guideline and Request for Work Plan

At the inception of the budget implementation, the Office of the Accountant General will, in consultation with the State Budget Office, Fiscal Responsibility Commission, and Ministry of Finance, issue the budget implementation guideline to MDAs. The Planning Department, alongside the State Budget Office, will request a work plan from all spending entities within the State Government to be submitted in accordance with the budget implementation guideline issued.

The work plan will show when the spending MDAs need funds and the justification of the timing. The work plan of spending MDAs should take cognizance of the steps and procedures involved in preparing projects for execution under the Public Procurement Law of the state. The capital expenditure work plan will outline what is to be done within the fiscal year as provided in the approved Annual Budget in the following manner:

- The activities/projects to be implemented within the fiscal year as provided in the approved budget and their outputs.
- The planned start and completion dates for each activity/project.
- The person(s), organisation and/or institution to carry out each activity/project.
- The total costs for each activity/project.
- The costs broken down by month from start to completion date.

The collated/adjusted work plan of the MDAs, subject to the cash flow projections in the Annual Cash Plan, will be the basis for the preparation of the Cash Disbursement Schedule, including capital expenditure projections on a quarterly basis.

### 6.2.2 Expenditure Approval

All expenditure, except for salaries and running costs, requires formal approval or authority to incur the expenditure before any order is raised, any contract is signed, or the State Government is committed in any other way to future payments. Running cost allocations are monthly releases from the State Treasury Office to MDAs covering the overhead costs. The approval for commitments for running costs is granted within each MDA. In other words, each MDA is expected to have a cash allocation committee to disburse funds for the overhead items contained in the budget.

The state's capital programme is divided into core/developmental capital and miscellaneous/administrative capital. Core capital refers to the developmental programmes and projects of the state, like road construction and rehabilitation, construction of buildings and institutions, etc. Miscellaneous capital covers the procurement of office furniture and equipment. This is managed by each MDA. The approval of the relevant authority should be sought before implementing the project.

### Expenditure Approval Limit

The approval for both recurrent (excluding overhead cost) and capital expenditure should be sought from the appropriate authority before embarking on such a project or programme. There are three categories of authorities who are responsible for granting approval. They are:

1. **Accounting Officers:** The officers can grant approval for expenditures up to N100,000 and below.
2. **Chief Executives:** They include Commissioners, Chairmen and Directors General of Boards/Corporations/Commissions/parastatals. They are empowered by the State Financial Regulation to grant approval up to N1,000,000 and below.
3. **Executive Governor:** All expenditures above N1,000,000 fall within the approval range of the State Governor. The executive Governor gives approval for the implementation of the core capital projects and other recurrent expenditures above the limit stated in (2) above.

#### 6.2.3 Expenditure Warrant

The State Budget Office, in consultation with the Office of the Accountant General, on approval of the monthly cash requirement forecasts prepared by the Office of the Accountant General for the signature of the Commissioner for Finance, will issue the following:

- A general/special monthly warrant in accordance with the approved monthly cash requirement forecasts for each budget entity for the approved recurrent expenditure.
- A general/special warrant for any capital expenditure item in the Appropriation Law that the spending MDA has obtained Due Process Certification in accordance with Gombe State Public Procurement Law.

#### 6.2.4 Release of Mandate (Cash Backing)

A copy of the warrant duly signed by the Commissioner for Finance shall be forwarded to the office of the Accountant General and the State Auditor General. Based on the Due Process Certificate issued to the spending unit in accordance with the requirement of Gombe State Public Procurement Law and the specific warrant duly signed, the Office of the Accountant General shall issue a cash mandate to the spending unit.

#### 6.2.5 Project Implementation

Project implementation starts immediately after contract signing. The implementing MDA will set up a Project Implementation Committee (or Procurement Planning Committee) and procure the services of a supervision consultant when there is a skill gap internally, but where there is no skill gap, the MDA may not engage a consultant. The Committee and the consultant are expected to work together in line with the project's terms of engagement. The Committee/consultant will ensure that the project is executed according to specifications. The Committee/consultant will issue interim and final certificates to the contractor. Payment shall be made in line with the contract agreement. Usually, the contractor may request for advance payment to mobilise to site.



This request shall not exceed 40 percent of the contract amount upon submission of an advance payment guarantee. Subsequent payments shall be made based on interim certificates.

MDAs should note that all projects must be executed in line with the Public Procurement Law of the state and the various guidelines on the conduct of public procurement activities as may be issued by the Due Process Bureau.

### 6.3 Expenditure Recording & Accounting

This section clarifies the various documentation and accounting requirements during budget implementation. These are described below.

#### a. Project Implementation Reporting

The following information should be captured in the project report by the Project Implementation Committee:

- Project description
- Budget control code
- Executing agency
- Desk officer
- Contractor
- Sub-contractor
- Original value of contract
- Cost variation (if any)
- Project tenure
- Start date
- Completion date
- Number of disbursements
- Total value of disbursement
- Value of commitment
- Value of outstanding bills

#### b. Payment Process

The payment and recording processes are essential accounting functions with some financial controls that are intended to enhance the accountability of resource management. The following steps should apply for payment and recording:

1. Project inspection
2. Certificate of completion
3. Invoice received
4. Verification of services or goods delivered
5. Payment authorisation
6. Preparation of payment voucher
7. Pre-payment audit
8. Payment
9. Preparation of account

**c. Pre-Payment Audit (Internal Auditing)**

The pre-payment audit in the state aims to ensure that each payment voucher has complied with the basic procedures and that all required documents have been attached as the basis for payment.

The following checklist is usually reviewed by the pre-payment audit:

1. Project description
2. Budget control code
3. Organising code
4. Sub-head code
5. Contractor name
6. Sub-contractor name
7. Tender board's meeting minutes
8. Contract document
9. Certificate of completion
10. Percentage completed and value
11. Contractor/sub-contractor invoice
12. Evidence of deductions (where appropriate, e.g., Value-Added Tax (VAT), withholding tax, retention fee, university levy, etc.)
13. Evidence that payee/contractor has paid relevant taxes (e.g., copy of current tax clearance certificate)

14. Compliance documents: Corporate Affairs Commission certificate, Due Process Bureau certificate, Tertiary Education Trust Fund registration, etc.

#### **d. Vote Book Management**

The Gombe State Financial Regulations, 2019, require each spending unit to maintain a set of books of accounts to record all transactions relating to revenue by sources and expenditure by line items.

These basic books of accounts include:

- Departmental vote books
- Registers (e.g., contractors register)
- Cash book
- General ledger
- Budget performance statement
- Payment manifest
- Bank statement of account

The Accounting Officers are responsible for managing the resources allocated to each vote within the annual Appropriation Law. The Accounting Officers are personally accountable to the ExCo for making, allowing, or directing any disbursement. As a result, they are required to keep and maintain an up-to-date departmental vote book with details of all commitments and expenditures. These vote books are maintained manually. The Accounting Officers of MDAs may delegate responsibility for all, or part of the funds allocated to a vote or any sub-head within the vote.

The relevant account code and a description of the estimate are to be recorded at the top of each page of the vote book. The completion of the top right corner of the page for each sub-head or account is also required to record the following:

- The amount approved in the annual appropriation as specified in the Commissioner for Finance's annual general warrant.
- The amount of any additional provision by supplementary or other warrant quoting the warrant number.
- Any reduction of the provision resulting from re-ordering or by virement to another sub-head or item quoting the warrant number. Any such reduction should be in red ink.

The columns provided in the body of the vote book should show the following:

- The date of the order (or other commitment) or expenditure incurred.
- Any further known liabilities under the sub-head for the year.

- The balance available.
- The gross amount of every expenditure voucher. All entries in the vote book are to be initiated by the officer controlling the expenditure.

It is important to maintain vote books as:

- It helps to reduce excess expenditure.
- It provides a record of the balance available for future orders and expenditures at any given time.
- It serves as a record for future audits and other purposes.
- It enhances transparency and accountability in the daily financial transactions.

It is the duty of the officer controlling the vote, or such officer acting under his/her instructions, to investigate fully, without delay, any payment or charges appearing in the schedule submitted by the Accountant General that do not appear in the vote book, with a particular view to the detection of fraudulent payments.

#### **e. Other Accounting Books**

Other books of account expected to be kept by the Accounting Officers, apart from the vote books, are as follows:

- Cheque register
- Cash book that provides details of all cash receipts and payments in date order
- General ledger that contains transactions from the cash book recorded in accounting codes.

Similarly, on a monthly basis, each accounting code in the general ledger is extracted and compared to the approved budget. For expenditure returns, the spending unit is expected to summarise the expenditure broadly as follows:

- Personnel cost
- Overhead cost
- Capital spending on a project basis

#### **f. Bank Reconciliation by the Spending Unit**

The spending unit is required to carry out, at least once a month, a bank reconciliation of each bank account maintained and forward the statement and reconciliation to the Office of the Accountant General each month.

### g. Monthly Expenditure Transcription

Each spending unit is required to prepare a monthly transcription of expenditures from its books of accounts and submit it to the Office of the Accountant General, including both recurrent and capital expenditures. Copies will be forwarded to the BP&DPCO and implementation unit for capital projects only.

For expenditure returns, the spending unit is expected to summarise the expenditure broadly as:

- Personnel cost
- Overhead by line items
- Capital projects

### h. Monthly Accounts Reconciliation

The spending unit will forward transcripts of its expenditure to the Office of the Accountant General, and a designated desk officer is required to ensure that the transcripts agree with the State Treasury Accounts.

## 6.4 Problems Associated with Budget Implementation in the State

The following are common problems with budget execution in the state:

- **Unrealistic budgeting:** The macroeconomic constraints as provided in the MTEF and the outturn of the previous and current years' budgets are not explicitly considered in the approved budget estimates, making it difficult to realise the budgeted amount during implementation.
- **Extreme uncertainty concerning available resources:** The budget is significantly dependent on the Federation Account Allocation Committee (FAAC) allocation and debt financing, which are highly uncertain and outside the control of the State Government.
- **Weak monitoring:** The lack of adequate monitoring of projects and services to the last mile increases the vulnerability of the state to fraud and poor delivery of projects and services during budget execution.
- **Inadequate transparency:** The difficulty in obtaining reliable and timely data on MDAs' expenditures makes it difficult to track in-year budget execution to inform necessary adjustments that can boost budget implementation.
- **Weak implementation of Annual Cash Plan:** The circumvention of the Cash Plan developed by the Office of the Accountant General in line with the MDAs' Budget Profile continues to make timely budget implementation difficult.
- **Non-inclusion of experts in budget preparation:** The exclusion of subject matter experts in the preparation of MDAs' budget proposals and the state's final budget constrains the realism of the budget estimates.

### 6.5 Factors for Improving the State Budget Implementation System

To improve the state level budget process, emphasis needs to be placed on establishing some key fundamentals required of a budget system, such as:

- Improving the state budgetary process to be transparent, effective, and inclusive.
- Proper monitoring of all executed projects at all stages (in line with the project's log frame) to prevent fraud and poor delivery of projects, including community involvement in project monitoring.
- Considering the feasibility and usefulness of each project in the budget before approval.
- Reinforcing cash and expenditure control through timely preparation and implementation of the Annual Cash Plan.

## SECTION SEVEN

### 7.0 Budget Accountability and Reporting

#### 7.1 Revenue Monitoring

Revenue tracking is done monthly to know the revenue position of the various agencies responsible for the collection of revenue. There is a State Revenue Review Committee headed by the Commissioner for Finance in which representatives (whose rank is not below a director) of the major revenue generating MDAs are members. The MDAs that are involved include:

- Ministry of Finance and Economic Development
- GIRS
- BP&DPCO
- Ministry of Health
- Ministry of Education
- Ministry of Commerce, Industry and Tourism
- Ministry of Agriculture
- Ministry of Land & Survey
- Gombe State Geographic Information Service
- Ministry of Local Government and Chieftaincy Affairs
- Fiscal Responsibility Commission
- Representatives of:
  - Revenue Mobilisation Allocation and Fiscal Commission
  - Special Adviser to the Governor on Economic/Revenue Matters
  - Secretary/Legal Adviser with the Board of Internal Revenue Service who shall be a member/secretary

The functions of the State Revenue Review Committee include:

- Harmonising tax administration within the state.
- Dealing with revenue matters between the state and Local Government Councils.
- Enlightening members of the public generally on revenue matters.
- Advising the Joint Tax Committee on revenue matters.
- Considering relevant resolutions on the Joint Tax Committee for implementation in the state.

The members attend meetings of the Committee to deliberate on reports of revenue generation. The action points are agreed upon and the concerned MDAs are expected to take the necessary steps for improvement before the next meeting.

### 7.2 Quarterly Budget Review Meetings

The Commissioner of Finance provides the state ExCo with the report of how the budget has been implemented. The report contains the performance of each MDA for revenue and expenditure for the year. The review of the performance of revenue versus expenditure is carried out on a quarterly basis by the BP&DPCO. This report contains the performance of the various revenue heads, such as Statutory Allocation, Independent Revenue, Grants and Aid, Excess Crude, etc.

The expenditure report contains the report of Recurrent Expenditure and Capital Expenditure. The Recurrent Expenditure is reported in total and then split between Personnel and Overhead.

### 7.3 Monitoring and Evaluation of Projects

The M&E Department of BP&DPCO carries out comprehensive monitoring of all aspects of the budget with an emphasis on the implementation of capital projects. Other MDAs are also involved in monitoring capital projects. These include the Due Process Bureau, the Joint Project Committee, the different committees of the GSHA, and the Monitoring Departments of line MDAs, as well as CSOs or community/citizens' representatives (Community Budget Tracking Committees may be engaged where in existence). A State Executive Monitoring Committee may also be established to further enhance budget monitoring in the state.

Adequate supervision and control must be undertaken by the responsible officials of MDAs to ensure that effective and efficient work is done for quality service delivery.

#### 7.3.1 Objectives of Monitoring and Evaluation

The purpose of M&E in budgeting and project management is to address one or more of the following concerns:

- **Effectiveness:** Are budget activities or projects achieving their objectives and targets?
- **Efficiency:** Are budget activities or projects being implemented in an efficient manner to justify continuous funding?
- **Relevance:** Are the activities or projects in the budget still relevant to the needs of the state?
- **Impact:** To what degree have the beneficiaries of the activities or projects been affected positively or negatively, or has there been any change in the behaviour of project beneficiaries resulting from the activities or projects implemented?
- **Response:** What has been the degree of acceptance and cooperation from the target beneficiaries? (This will indicate if the activities or projects are addressing the needs of the beneficiaries and if the activities or projects were properly designed.)



- **Causality:** What factors or events have impacted the implementation and performance of the budget activities or projects?

The monitoring and evaluation of the State Budget or projects should consider and report performance at various levels of objectives and targets, including input, activity, output, outcome, and impact. This should follow the hierarchy below.

- **Inputs:** The resources allocated to the implementing unit for an expected level of output. The inputs or resources may include money, human resources, and machines budgeted for the achievement of the desired level of output. Input monitoring and evaluation are necessary because it is the basis for achieving other levels of objectives of the budget or project.
- **Activities:** The various tasks of government CO to deliver the required services (in most cases referred to as projects and programmes). These are either conducted directly by government officials or contracted to external experts within basic government rules and regulations. They are all carried out at the implementing agencies' level.
- **Outputs:** The expected levels of services or goods to be created based on the units of inputs invested; they consist of set targets to be achieved (for example, completed primary health clinic with basic diagnostic equipment, 10-bed hospital ward blocks, three classroom blocks, etc.).
- **Outcomes:** The expected benefits of the outputs created and delivered using a given unit of input (e.g., functional primary health clinic used by over 1,200 inhabitants of the village for their health care needs).
- **Impacts:** The ultimate improvements in the living standard of a community from the services provided directly or indirectly (for example, reduction in maternal mortality and under-five mortality).

The monitoring of capital activities and projects aims to track progress to ensure that the execution of each activity or project matches the designs and specifications and that the inputs deliver the expected outputs. The objectives are to:

- Formally obtain information on the progress and challenges being faced with budget implementation so that remedial actions could be taken on time.
- Justify requests for further funding, as the office responsible for budget management and control is adequately informed and convinced that monies released earlier have been judiciously utilised as planned.
- Serve as an audit and evaluation trail for validating the compliance with plans, procedures, rules, regulations, and laws guiding budget or project implementation.

- Serve as a reference or precedence for future budget formulation or activity/project design and implementation. Such reports provide experiences and records of successes, failures, lessons learned, and good practice.
- Provide reports to external stakeholders like project sponsors (e.g., donors and development partners) and non-state actors on how resources have been managed.

Outcome and impact evaluations are performed through special studies, reviews, assessments, or research embarked upon by specialist agencies such as the State Bureau of Statistics, National Bureau of Statistics, universities, and research institutions.

### 7.3.2 Monitoring Tools and Reporting Modalities

The M&E Department, in collaboration with the BP&DPCO, shall develop tools and reporting templates for effective monitoring of budget activities and projects in line with the M&E Policy of the state. These tools may include log frames, M&E templates, work plans, and progress reviews.

**The log frame**, also known as a logical framework, defines the logic of the budget activity or project and clearly states the linkages between cause and effect, the levels or hierarchy of objectives (inputs and outputs), and how they can be achieved and measured over time. It should state the targets, indicators, milestones, and their means of verification; the assumptions related to the budget activity or project; and the risk inherent in the budget activity or project, i.e., the potential challenges that could affect the success of the project and how those risks could be mitigated. The log frame brings structure and logic to the relationship between the project purpose and the intended inputs, planned activities, and expected results.

**Results Framework and Results Chain:** The Results Framework sets out the different levels, or chain, of the expected results from a policy intervention, programme, project, or development strategy. The Results Framework consists of the following:

1. Results chain
2. Indicators of the results
3. Baseline values and targets for the indicators
4. Means of verification for the indicators

**Indicators, baselines, and targets:** Setting out performance indicators with baselines and targets is a key component of an effective monitoring system. Performance measurement requires strong indicators that have the following features:

- *Specific* - Indicators must be clear and unambiguous.
- *Measurable* - Indicators must establish clear criteria for measuring progress.
- *Attainable* - Indicators must be linked to a set and achievable objective.
- *Relevant* - Indicators must relate to the strategy, mandate, or responsibilities of the organisation being monitored.

- *Time bound* - Indicators must specify the timeframe for achieving results.

**Means of verification/data collection tools:** This refers to the means of acquiring evidence that the objectives indicators have been met. It includes information from existing and accessible sources, such as statistics (primary data), reports (secondary source) or through special data collection exercises, e.g., monitoring visits, interviews, Global Positioning System trackers, cameras, radio, etc.

**Data analysis:** Data is analysed and presented in a form that will facilitate report writing and for use by the various users. Different techniques are used to analyse data, including statistical methods and tabular analysis.

**Reporting:** Reports are the usual tangible outputs/products of a monitoring system to provide information that is concise, factual, relevant, and useful to users. The structure of a monitoring report consists of the introduction, objectives, methodology, analysis of performance data, general findings, challenges, and recommendations. Monitoring reports use features such as tables, graphics, images, voice, or specialised vocabulary to persuade a specific audience to undertake an action or inform the reader of the subject at hand.

**Performance review and feedback session:** Performance review and feedback sessions with key stakeholders are a critical part of the monitoring cycle/process. The aim is to have joint discussions with stakeholders on the findings and recommendations of the report to enable the M&E team of BP&DPCO to understand and appreciate the situation and plan for future interventions.

**The progress review** will examine the work done and should provide answers to the following questions:

- Are inputs available as planned?
- Are sub-activities being conducted in accordance with the work plan?
- Are outputs being achieved as envisaged?

### 7.3.3 Entities Responsible for Monitoring and Reporting

The entities responsible for monitoring and the preparation of reports are as follows:

- Department of M&E, BP&DPCO - inputs, outputs, and outcomes
- State Bureau of Statistics/Department of Statistics - inputs, activities, outputs (and through special studies, review, assessment and research outcomes, and impacts)
- Office of State Accountant General - inputs
- Office of State Auditor General - inputs, activities, and outputs
- Spending MDAs (through their Planning, Research and Statistics Departments or M&E Unit): activities and outputs

- State Budget Department - inputs, activities, outputs, outcomes, and impacts
- Planning Department - inputs, activities, outputs, outcomes, and impacts
- Fiscal Responsibility Commission - activities, outputs, and outcomes
- Bureau for Public Procurement - activities, outputs, and outcomes
- Public Accounts/Finance and Appropriation Committees of GSHA (oversight functions)
- Debt Management Agency

These entities either collect information from sources or rely on the baseline data generated by other units.

### 7.3.4 M&E Reporting Process

Spending MDAs should produce monthly monitoring reports and forward them to BP&DPCO and the Accountant General. The monitoring reports shall clearly indicate the level of progress on all capital projects/activities and delays (if any) so that the Accountant General and the Budget Office will adjust the expenditure projections for approval by the Final Account Committee.

The M&E Department of BP&DPCO shall embark on independent review visits to activities or project locations to validate the monitoring reports submitted by MDAs. The M&E Department shall produce a consolidated quarterly monitoring report showing overall resource inputs compared to outputs from the monthly monitoring reports submitted by MDAs and from their independent visits.

The consolidated quarterly monitoring report will be forwarded to the Final Account Committee with definite recommendations. The Final Account Committee is comprised of the Ministry of Finance, the Accountant General, the State Bureau of Statistics/Department of Statistics, and major spending MDAs.

### 7.4 Non-Government Actors' Role in Budget Monitoring

Non-state actors have the responsibility of monitoring budget allocation, use, and accountability. These actors include representatives of NGOs with sectoral expertise, organised private sector, organised labour, professional associations, academia, and community representatives. They are required to be part of the field teams of MDAs and parastatals monitoring the use of budget funds and reporting on value for money, or they can undertake the monitoring on their own. MDAs and spending agencies are enjoined to give non-state actors the necessary cooperation to facilitate their monitoring and reporting on projects. Communities are also free to establish Community Budget Tracking Committees where possible to track the budget allocation for their communities as well as the implementation of projects.

### 7.5 Budget Performance Reporting

#### 7.5.1 Overview of Budget Performance Review and Reporting

The objective of this section is to provide the tools and mechanisms to enhance capacity for budget performance reporting and monitoring.

The State Office of the Accountant General and the Budget Office shall, through the budget control mechanism, generate the necessary budget performance data to compare actual expenditure and revenue with budgeted figures. The Office of the Accountant General/Budget Office shall review the budget performance data to identify variances, outline reasons for the variances, and produce appropriate monthly, quarterly, mid-year and annual budget performance reports.

The budget performance reports allow the state to identify what 'budget items' went as expected, which performed based on the expectations, and which did not meet the expected aims and objectives.

#### 7.5.2 Purpose of Budget Performance Reporting

The purpose of budget performance reporting is for the Gombe State Government to ascertain the actual performance numbers achieved for revenue and expenditure at the end of every month, quarter, or financial year. In other words, the budget performance report is designed to compare how close the budgeted revenue and expenditure were to the actual performance to gauge the efficiency and effectiveness of public expenditure.

More specifically, the essence of budget performance reporting is to:

- Formally inform management of the progress and challenges being faced with budget implementation so that remedial actions can be taken on time.
- Justify requests for further funding, as the office responsible for budget management and control is adequately informed and convinced that monies released earlier have been judiciously utilised as planned.
- Serve as an audit and evaluation trail for validation of the compliance with plans, procedures, rules, regulations, and laws guiding budget or project implementation.
- Serve as a reference or precedence for future budget formulation or project design and implementation. Such reports provide experiences and records of successes, failures, lessons learned, and good practice.
- Provide reports to external stakeholders like regulating agencies and project sponsors (e.g., donors and development partners) on how their resources have been managed.

### 7.5.3 Monthly Budget Performance Reporting

Every month, each MDA will prepare a detailed report of actual revenue and expenditure compared to budgeted revenue and expenditure, together with an explanation of variances. A mandatory monthly budget performance report (see the template in Table 4) is required to be submitted to the BP&DCO, Ministry of Finance, and GSHA within one week of the end of the month and may be uploaded online (on an official state website) for citizen access and the promotion of fiscal transparency. The MDAs' monthly budget performance reporting templates include formats for reporting revenue and expenditure performance. An example is shown in Table 4 below.

Date/ Year	Economic Code	Programmes Code	Description of Expenditure /Revenue	Approved 2023 Budget	Cumulative Exp. last Month	Cumulative Exp. this Month	Cumulative to Date	Balance

Table 4: Monthly Budget Performance Reporting Template

The BP&DCO, in close collaboration with the Office of the Accountant General, will use the MDAs' monthly performance reports to produce the Gombe State Government's consolidated monthly budget performance report within two weeks of the end of the month. The consolidated budget performance report, indicating variances and the reasons for major variances, shall be forwarded to the Final Account Committee and subsequently uploaded on the website of the State Ministry of Finance and Economic Development.

### 7.5.4 Quarterly Budget Performance Reports

The Budget Office, in close collaboration with the Office of the Accountant General, will produce quarterly budget execution reports from the consolidated monthly budget performance reports within 30 days after the end of each quarter (according to Section 45 of Gombe State Fiscal Responsibility (Amendment) Law, 2018. The state is, however, implementing the timelines of the World Bank-supported States Fiscal Transparency, Accountability, and Sustainability (SFTAS) programme by producing the quarterly reports within 28 days after the end of each quarter. The Budget Office will include in the budget performance report any variances, reasons for the major variances, and measures to be taken to maintain and/or ensure that the budget is implemented as intended. The quarterly budget performance report will be forwarded to the Final Account Committee with definite recommendations.

In addition, the report will be forwarded to the MDAs with the proposed measures to be taken to maintain and/or ensure that the budget is implemented as intended. The quarterly budget performance report will routinely be made available to the public through appropriate means (such as in hard copy and on the State Government website) within 30 days after the end of the quarter (see Section 45 of Gombe State Fiscal Responsibility (Amendment) Law, 2018.

### 7.5.5 Annual Budget Performance Report

The Budget Office, in close collaboration with the Office of the Accountant General, should also produce an annual budget performance report within four weeks after the end of the financial year. The annual budget performance report will show the extent to which the approved budget was consistent with the implemented budget, whether the objectives of the budget were realised, and lessons learned. The annual budget performance report will indicate the performance of the budget against the following NCOA classifications:

- Administrative
- Economic
- Function
- Location

### 7.6 Annual Accounts

The Final Accounts Department of the Office of the State Accountant General is responsible for consolidating the monthly revenue returns and expenditure transcript to produce the draft annual accounts of the government's financial operations.

#### **Financial Reporting Requirements**

The technical sub-committee of the Federation Account Allocation Committee issued a "Report on the Standardisation of Federal, States and Local Governments Account in Nigeria" in May 2002. In the report, the following financial statements are specified/required to be prepared by a State Government:

- Statement of Responsibility for the Financial Statement
- Statement of Opinion of the Auditor General
- Cash Flow Statement
- Statement of Assets and Liability
- Statement of Consolidated Revenue Fund
- Statement of Capital Development Fund
- Notes to the Financial Statements

Each of these statements is required to be signed and dated by the State Accountant General.

The report concluded that "the cash basis of accounting is preferred in the short and medium run for the preparation of the proposed financial statements. In the long run, however, government should give serious consideration to the accrual basis of accounting in the preparation of its financial statements." Consequently, the subsequent review of this manual will

incorporate and be consistent with any guidelines of the IPSAS as may be adopted by the Federal and State Government.

### 7.7 Audit of Annual Accounts

The Accountant General of the state is required to prepare the accounts and financial statements of the State Government operations for every fiscal year within six months of the end of the fiscal year and submit these to the State Auditor General for examination and opinion [see Section 24(1) of Gombe State Audit Law, 2021, and Section 44 (1-2) of Gombe State Fiscal Responsibility (Amendment) Law, 2018]. The Auditor General for the state is expected to audit the accounts, issue queries where necessary, and issue an Audit Certificate communicating his or her audit opinion and recommendations within 90 days (i.e., September) after receipt of the Accountant General's Financial Statement and the Annual Account (See Section 21(1) of Gombe State Audit Law, 2021). The Office of the Auditor General, however, is implementing the July audit timeline of the World Bank-supported SFTAS programme of reforms.

The State Auditor General will also submit a copy of the audit report to the GSHA, and a copy will be uploaded on the government's official website.



## SECTION EIGHT

### 8.0 Budget Revisions and Supplementary Budgeting

#### 8.1 Introduction

As the year goes on, there may be a need for the provision of some crucial projects or services (e.g., health, security, social amenities, etc.) which were not previously captured in the budget; or some projects which are captured in the budget may not be active as a result of the low priority or attention given to them. In addition, some MDAs may be inactive or slow in the implementation of their projects, while some projects may lack funds to be completed because of the insufficient funding allocated to them. When these situations arise, budget revisions may be undertaken to appropriate funds to crucial projects. These priority projects will be given more attention and projects that need more funds for completion will be considered.

#### 8.2 Forms of Budget Revision

##### 8.2.1 Budget Re-Ordering/Virement

Budget re-ordering or virement is the amendment to the details of the Appropriation Law without altering the fundamental structure heads within the fiscal year. Budget re-ordering entails the reallocation of resources from idle expenditure heads to hyperactive expenditure heads within the fiscal year.

Budget re-ordering/virement does not seek to take fresh or additional funds from the CRF and, therefore, will neither increase nor decrease the size of the original budget.

#### **Process of Budget Re-Ordering/Virement**

The process of re-ordering the budget includes the following steps:

1. Review the expenditure profile of affected MDAs.
2. Review the revenue profile of the state for the year.
3. Identify sluggish expenditure heads.
4. Determine the carrying capacity of MDAs.
5. Pool idle or excess funds.
6. Identify critical areas of need and reallocation required.
7. Hold bilateral discussions with affected MDAs.
8. Allocate pooled funds to areas of need.
9. Submit proposal to the ExCo and subsequently to GSHA for approval.
10. Signing/assent by the Governor.

### Critical Factors to Consider in Budget Re-ordering

During the process of budget re-ordering, the following factors should be considered:

- Exhausted expenditure vote.
- Not leaving an activity that could be handled now to a later date.
- Prioritisation of activities.
- Disclosure of material facts.
- Consistency of re-ordering with the MTEF.
- Revealing the balance on an expenditure head when making a request for approval to the Governor.

Note, in exceptional circumstances, as provided in Section 28 of Gombe State Fiscal Responsibility (Amendment) Law, 2018, the Commissioner, without prejudice to the provisions of the Appropriation Law and in the overall interest of the public, may approve virement from sub-heads under account heads without excluding the amount appropriated to such account heads.

#### 8.2.2 Budget Amendment

A budget amendment is the mechanism used to modify the regular or working Annual Budget to reflect changes that occur throughout the fiscal year. There are macro-fiscal and socioeconomic situations that can either affect the achievability of the budget (e.g., pandemic) or require an upward review of the budget head and size. -The steps for a budget amendment are as follows:

1. The need to amend the budget will emanate from the review of the macroeconomic and fiscal performance of the state.
2. If the need for budget amendment is identified, the BP&DPCO in the quarterly budget performance report will provide justification for the amendment.
3. The Performance Review Committee will review the quarterly budget performance report and the justification for the budget amendment provided by BP&DPCO and, if satisfied, will approve for BP&DPCO to propose the budget amendment to the ExCo.
4. The BP&DPCO, in consultation with all the MDAs whose budgets will be affected by the amendment, will detail the modification(s) to the regular or working annual budget.
5. The BP&DPCO, in consultation with all the MDAs whose budgets will be affected by the amendment, will hold stakeholder consultations on the proposed amendments.
6. The modifications to the regular or working annual budget will be forwarded by the BP&DPCO to the ExCo for review.

7. The ExCo will review and scrutinise the proposed reallocation(s)/modification(s) and, if satisfied, will approve for a budget Amendment Bill to be forwarded to the GSHA for consideration.
8. The GSHA will consider and approve the budget amendment through the passage of an Amended Appropriation Bill in line with Sections 120 and 121 of the 1999 Constitution of the Federal Republic of Nigeria (as amended).
9. The Amended Appropriation Bill will be forwarded to the Governor for assent.

### 8.2.3 Supplementary Budget

Supplementary appropriation means an appropriation made after a regular annual Appropriation Law when the amount appropriated for any purpose is insufficient or a need has arisen for expenditure for which no amount has been appropriated by the initial Appropriation Law. The supplementary appropriation will be made to provide funding for emergencies, such as disaster relief or other needs deemed too urgent to be postponed until the enactment of next year's regular Appropriation Law. In supplementary appropriation, the details of the initial or working annual budget will not be altered or modified. The supplementary appropriation is meant to seek fresh approval for additional funding from the CRF and will be added to the original budget to arrive at a final budget.

#### Steps in Supplementary Appropriation

The State Government may prepare the supplementary budget during the fiscal year to propose additional expenditures occasioned by additional revenue or to cover emergency occurrences from the contingency reserve. The steps are as follows:

1. The Commissioner or Chief Executive Officer whose MDA is in need of more funds will initiate the process by submitting an expenditure proposal to the BP&DPCO for consideration.
2. The BP&DPCO will review the expenditure proposal to ensure that it conforms with the budgetary principles and rules, as well as verify and ascertain that there are funding source(s) (most times from the contingency fund).
3. The BP&DPCO will forward the proposal to the ExCo with the funding source(s).
4. After scrutiny by the ExCo, if satisfied, the ExCo will approve for a Supplementary Appropriation Bill to be forwarded to the GSHA for consideration.
5. The GSHA will consider and approve the Supplementary Appropriation Bill.
6. The approved Supplementary Appropriation Bill will be forwarded to the Governor for assent.

It is important to note that the supplementary budget or budget amendment/virement is not a validation for over-expenditure(s) on some appropriated expenditure line items. Generally, in-year amendments or virements will only be carried out when it is necessary; hence, all MDAs are

required to be disciplined in the execution of their budget. Also, as provided in Section 33 of the Gombe State Fiscal Responsibility (Amendment) Law, 2018, “the creation, expansion, or improvement action that will result in an expenditure increase must be accompanied by: a) A statement by the MDA requesting for the expenditure stating that the increase is consistent with the Appropriation Law and the MTEF, and b) An estimate of the budgetary or financial impact in the year it becomes effective and in the two subsequent years.”

## SECTION NINE

### Conclusion

This Budget Manual serves as a guide to assist all MDAs in Gombe State, including the GSHA, in the planning and administration of the annual budget of the Gombe State Government. This manual also assists citizens and citizens' groups to participate more effectively at all stages of budgeting in Gombe State. This manual will not only assist in improving stakeholders' understanding of the budgeting process in the state but also the mechanism of the government in budget planning, execution, control, and reporting. Hence, it is critical for all MDAs of the Gombe State Government to adhere to the standard budgeting procedures outlined in the manual. In so doing, the institutions of the State Government will effectively adhere to the legal and regulatory frameworks guiding budgeting in Gombe State as outlined in the manual. Hence, a breach in any of the procedures outlined in this manual is tantamount to a violation of the legal framework guiding budgeting in Gombe State.

### Reviewing this Manual

This manual may, if necessary, be reviewed every three years to capture emerging trends, developments, and reforms in budgeting in the public finance space, either locally, nationally, or globally, based on the approval of the Permanent Secretary and Budget Office (or the equivalent). Budget stakeholders (government and non-government) may also request for a review of this manual, in this case, in writing, with full justification on why the manual should be reviewed. This request should be addressed to the Special Adviser on Budget and Planning (or the equivalent) through the Permanent Secretary, Budget and Planning. The Budget Office will deliberate on the merits of all requests and respond, as necessary.

The manual may also be reviewed if there are changes in the budgeting coordination arrangements of the state (either legal or institutional changes). In this case, the approval of the Special Adviser on Budget and Planning (or the equivalent) will be required to authorise the review. The Director of Budget will facilitate all reviews, in close collaboration with the Director of Planning, Research and Statistics, and with the participation of all relevant MDAs, CSOs and persons with disabilities.

APPENDICES

Appendix I: Consolidated Budget Activities, responsibilities, outputs, and timelines (Budget Calendar)

S/N	Budget Activity	Month												Start Dates	End Date	Responsibility	Output	
		J	F	M	A	M	J	J	A	S	O	N	D					
<b>Budget Planning and Preparation</b>																		
1	Sector performance/ review (previous year's Budget Performance Report)																Planning Directorate	Sector Performance/ Review Report
2	Collection of spending, revenue, and expenditure performance data - budgeted and actual, macroeconomic indicators, etc., for preparation of EFU-FSP-BPS																Ministry of Finance, Planning and Budget Directorates	Updated EFU-FSP-BPS dataset
3	Issue Budget Calendar																Budget Directorate	Budget Calendar
4	Preparation of EFU-FSP-BPS																Ministry of Finance, Planning and Budget Directorates	Draft EFU-FSP-BPS document
5	Submit EFU-FSP-BPS draft to ExCo																Ministry of Finance, Planning and Budget Directorates	Memo, Executive Summary of EFU-FSP-BPS
6	Governor's approval of EFU-FSP-BPS document																HE Governor	Updated EFU-FSP-BPS document
7	Submission of EFU-FSP-BPS document to, and approval by Gombe State House of Assembly (GSHA)																GSHA	Updated EFU-FSP-BPS document
8	Medium term (three year) sector ceilings circulated (indicative ceilings may be issued earlier)																Planning and Budget Directorates	Memo (accompanied by EFU-FSP-BPS document)
9	Develop/ Update Medium Term Sector Strategies (MTSS)																MDAs/ Sector Teams	MTSSs
10	Issue Budget Call Circular (BCC)																Budget Directorate	Call circular document
11	Preparation and submission by MDAs of first draft budget (incorporating updated MTSS budgets)																MDAs/ Sector Teams/ Budget Directorate	Budget submissions
12	Collation of MDAs' first budget draft																Budget Directorate	First draft budget
13	MDAs' budget defence/ negotiations																MDAs/ Budget Directorate	Minutes
14	Revision of draft submission of budget estimates																Budget Directorate	Updated budget submissions

S/N	Budget Activity	Month												Start Dates	End Date	Responsibility	Output	
		J	F	M	A	M	J	J	A	S	O	N	D					
15	Consolidation of MDAs' budget estimates																Budget Directorate	Second draft budget
<b>Budget Approval</b>																		
16	Submission of draft budget estimates to ExCo																Budget Directorate	Memo
17	Further revision, correction, and resubmission to ExCo/Governor																Budget Directorate	Third draft budget
18	ExCo presentation of the budget proposal to GSHA																HE Governor	Presentation
19	GS&HA review and passage/presentation for Governor's Assent																GS&HA	Fourth draft budget
20	Budget sign-off by the Governor																HE Governor	Appropriation Bill
21	Public presentation of the approved annual budget by the Governor																HE Governor	Budget speech, published budget
22	Publication of the budget, including Citizens' Budget, online																Budget Directorate	Citizens' Budget, full budget online
<b>'Floating' Activities</b>																		
A	Internal budget retreats, for example, for budget planning and budget presentations																Various	Agenda, presentation, minutes
B	External budget retreats, for example, stakeholder/ CSO engagement in sector reviews, EFU-FSP-BPS preparations, MDA budget preparation																Various	Agenda, presentation, minutes

Appendix 2: Capital Expenditure Projection Template

Economic Code	Expenditure Entity	Budget	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec

Appendix 3: MDA Workplan Template (Capital Project)

Economic Code	Spending Entity (MDA):										Remarks
	Activity/Project/Programme	Budget/Costs	Start Date	Completion Date	Cost Broken down to Months	Outputs	Responsible Person(s)				

Appendix 4: Revenue Forecast Template

Revenue Item	State Revenue Profile												
	Budget	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Budget Year													
Treasury Opening Balance													
<b>Recurrent Revenue Items</b>													
Statutory Allocation													
VAT													



IGR																							
Excess Crude																							
<b>Capital Receipts</b>																							
Internal Loans																							
External Loans																							
Grants																							
Other Capital																							
<b>Total Revenue</b>																							
<b>Total Cumulative Revenue</b>																							

Appendix 5: Cash Forecasting Template

Budget/ Account Code	Expenditure Entity	Budget	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec

Appendix 6: Monthly Revenue Budget Performance Report Template

Code	Particulars	Annual Budget	Revenue for the Month	Revenue to Date	% Achieved on Budget	Remarks
11010100	Statutory Allocation			-		
11010200	VAT					
11010300	Other FAAC Transfers					
	<b>Total</b>	-	-	-		
12010000	Tax Revenue			-		
12020100	Licenses			-		
12020400	Fees - General			-		
12020500	Fines General			-		
12020600	Sales - General			-		
12020700	Earnings General			-		
12020800	Rent on Government Building General			-		
12020900	Rent on Lands and Others General			-		
12021000	Repayments General			-		
12021100	Investment Income			-		
12021200	Interest Earned			-		
12021300	Re-Imbursement General			-		
12021400	Miscellaneous			-		
	<b>Total IGR</b>	-	-	-		
	<b>Total Consolidated Revenue</b>	-	-	-		
13010100	Domestic Aid					
13010200	Foreign Aid					
13020100	Domestic Grants			-		
13020200	Foreign Grants			-		
	<b>Total</b>					

	Domestic Loans								-
	International Loans								-
	Miscellaneous								-
	<b>Total Capital Receipts</b>								-
	<b>Total</b>								-

Appendix 7: Monthly Expenditure Budget Performance Report Template

Economic Code	Particulars	Annual Budget	Month Actual	Actual to Date	Liability Committed	Total Exp & Liability	Balance Available
	<b>Personnel</b>						
21010100	Salaries and Wages			-		-	0
21020100	Allowances			-		-	0
21020200	Social Contribution			-		-	0
	<b>Total</b>	0	-	-		-	0
22010100	Social Benefits					-	0
	<b>Overhead</b>						
22020100	Travels and Transport			-		-	0
22020200	Utilities			-		-	0
22020300	Materials and Supplies			-		-	0
22020400	Maintenance Services			-		-	0

22020500	Training								-	0
22020600	Other Services								-	0
22020700	Consulting and Professional Services								-	0
22020800	Fuel and Lubricants								-	0
22020900	Financial Charges								-	0
22021000	Miscellaneous Expenses								-	0
22030100	Staff Loans and Advances								-	0
22040100	Local Grants and Contributions								-	0
22040200	Foreign Grants and Contributions								-	0
22050100	Subsidies to Government Owned Parastatals									
22060100	Public Debt Charges									
	Total	0							-	0
	<b>Capital</b>									
23010100	Fixed Assets General									
23020100	Construction & Provision									
23030100	Rehabilitation/ Repairs									

23040100	Preservation of the Environment								
23050100	Acquisition of Non-Tangible Assets								
	Total								
	Grand Total								

Appendix 8: Community Charter of Demand Template

**COMMUNITY NEEDS & DEMAND CHARTER TEMPLATE**

DATE/BUDGET YEAR:	
Ward:	
Local Government:	State:

S/N	Priority Needs (Lists as appropriate - 1 as most important priority...)	Ministry, Sector, Tier of Government (FG, State or LGA)	Describe what the current situation or challenge is	Describe how the current situation or challenge affects women, PWDs, youth and the elderly.	Describe what the Community want	Community/location (where do you want it)
1.						
2.						
3.						
4.						

