

ROLES AND RESPONSIBILITIES OF DIRECTORS OF FINANCE & ACCOUNTS/CHIEF FINANCE OFFICERS OF MDA'S IN THE COLLECTION AND REMITTANCE OF IGR



A PAPER PRESENTED BY THE ACCOUNTANT-GENERAL OF THE FEDERATION, ALHAJI IBRAHIM H. DANKWAMBO, OON

- AT THE ONE-DAY WORKSHOP ENTITLED
“ENHANCING INTERNALLY GENERATED REVENUE
COLLECTION AND REMITTANCE SYSTEM IN THE
PUBLIC SERVICE

- HELD AT CONGRESS HALL
TRANSCORP HILTON HOTEL, ABUJA
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INTRODUCTION

- The importance of Government Revenue Generation, Collection and Accounting cannot be over emphasized since revenue is the cornerstone of expenditure budget without which Governments at all levels cannot fulfill their obligations to the citizenry.

DEFINITION OF REVENUE TERMS

- **Revenue**

Revenue could be described as the various income or surplus that is generated by private or public organizations. In other words, Revenue could be simply termed income.

- **Revenue Generation**

Revenue Generation is the whole gamut of identification of the various types of income, sources and ownership of that income which is accruable to a country, state, local government, community or an organization.

DEFINITION OF REVENUE TERMS (Cont)

- **Revenue Collection**

Revenue Collection is ascribed to mean the various strategies and modalities employed by Government or an organization to ensure that all identifiable sources of income are properly and adequately received into the appropriate Accounts using the appropriate collection mechanisms. In other words, it simply means the method put in place to properly receive the revenue generated.

- **Revenue Accounting**

Revenue Accounting comprises the recognized and accepted methods of capturing and recording, analyzing and summarizing, reporting and communicating the total income generated and collected in a manner that is acceptable to all stakeholders for the purpose of ensuring transparency and accountability for a given period

ROLES OF THE OAGF IN ENSURING EFFECTIVE ADMINISTRATION OF INDEPENDENT REVENUE FROM MDAs

- Statutory Revenue monitoring of MDAs by which the office ascertains actual revenue accruable and remittable to the Federal Government coffers, ascertains balances outstanding against each organization, draws the attention of the management to the outstanding and takes necessary steps towards their recoveries.
- Monitoring of Federal Government Investments in Parastatals and foreign Companies to ensure that dividends, tax revenues and operating surplus due to the Government are promptly remitted to the appropriate Government accounts.

ROLES OF THE OAGF IN ENSURING EFFECTIVE ADMINISTRATION OF INDEPENDENT REVENUE FROM MDAs (Cont.)

- Carrying out necessary follow-up in the privatization of Government establishments to ensure that proceeds from the exercises are promptly remitted to Government coffers.
- Following up on sales of Government landed properties to ensure that the proceeds are promptly remitted to Government coffers.
- Hosting the monthly Federation Revenue Reconciliation Committee (FRRC) meetings to ensure that all revenues due to the Federation are promptly captured and remitted.

ROLES OF THE OAGF IN ENSURING EFFECTIVE ADMINISTRATION OF INDEPENDENT REVENUE FROM MDAs (Cont.)

- Revenue monitoring visits to all MDAs, FPOs, Government Owned Companies and Parastatals
- Collection of revenue for the Government in the form of interest, principal loan repayments, dividends, directors fees in respect of civil servants who are Board Members of companies and operating surplus from non-profit oriented organizations like CBN, CAC, etc
- Receipt, reconciliation and attending to all enquiries in respect of operating surplus and dividend of Government Companies and Parastatals.

ROLES & RESPONSIBILITIES OF SUB-ACCOUNTING OFFICERS OF MDAs IN THE COLLECTION AND REMITTANCE OF IGR

- Ensure that proper books of Accounts are maintained, particularly the prescribed Treasury Cash Book 153A.
- Ensure prompt issuance of receipts for remittances paid through the e-payment and follow up by the paying agencies.
- Ensure that months of returns are indicated on the schedule of payment to STF in order to ascertain which of the months such remittances belong to. This will bring about accountability and transparency.

ROLES & RESPONSIBILITIES OF SUB-ACCOUNTING OFFICERS OF MDAs IN THE COLLECTION AND REMITTANCE OF IGR (Cont.)

- Ensure prompt remittance of revenue collected.
- Ensure that Internally Generated Revenue is not used for running the affairs of the Organisation.
- Ensure that returns on revenue performance are rendered promptly.
- Sharp practices emanating from collusion among dishonest revenue officers are discouraged and stopped forthwith.
- Idle funds are invested and accrued interest there from should be transferred into the CRF promptly in line with some extant laws.

FGN INDEPENDENT REVENUE PERFORMANCE
FOR PERIOD JAN – MAR 2010

Agency	Budgeted	Actual	Variance	%	Remark
				Performance	
Ministry & Agencies	27,040,560,000.00	1,886,256,755.04	(25,154,303,244.96)	6.98	<i>Below target</i>
Revenue From Nigeria Missions	18,027,030,000.00	1,552,340,500.00	(16,474,689,500.00)	8.61	<i>Below target</i>
Operating Surplus & Dividend	16,524,780,000.00	7,571,163,690.60	(8,953,616,309.40)	45.82	<i>Below target</i>
Consolidated Revenue	13,407,600,000.00	7,855,174,304.94	(5,552,425,695.06)	58.59	<i>Below target</i>
TOTAL	74,999,970,000.00	18,864,935,250.58	(56,135,034,749.42)	25.15	

FEDERAL GOVERNMENT INDEPENDENT REVENUES HEADS

Sub-Class Code	Line Code	Item	Description
110101	11010101		Federal Government Share of FAAC
120101	12010101 - 3		Personal Income Tax - FCT Residence, Armed Forces, Police & Foreign Affairs Officers
120201	12020101 - 7		Licenses
120202	22020201 - 8		Fees
120202	22020205 - 8		Rent
120203	12020301 - 13		Royalties
120206	12020601 - 8		Sales
120206	12020609 - 11		Proceeds
120207	12020701 - 6		Earnings
120208	12020802 - 904		Rents
120216	12021605 - 9		Interest

PROBLEMS ASSOCIATED WITH REVENUE MOBILIZATION, COLLECTION AND REMITTANCE

- Independent Revenue:
- Non Scientific Estimates
- Poor tracking of Independent Revenue:
- Lack of Standardized Incentives for High Revenue Performance
- Submission of Financial Statements
- Poor funding of Monitoring Activities

PROBLEMS ASSOCIATED WITH REVENUE MOBILIZATION, COLLECTION AND REMITTANCE(Cont.)

- Adherence to traditional Sources only
- Unspent Balances
- Revenue Leakages
- Unavailability of Treasury Receipts

Delay in issuance of receipts

PROBLEMS ASSOCIATED WITH REVENUE MOBILIZATION, COLLECTION AND REMITTANCE (Cont.)

- Lack of monitoring power by OAGF
- Lack of Dedicated Division
- Lack of Dedicated Revenue Accounts by some MDAs
- Inadequate legislation.

PROBLEMS ASSOCIATED WITH REVENUE MOBILIZATION, COLLECTION AND REMITTANCE (Cont.)

- Lack of sanctioning instruments against defaulting individuals & organizations.
- Lack of strong inter-agency collaboration (CBN, FIRS, NNPC, OAGF, FMF and MDAs).
- Lack of qualified and experience staff to run the divisions of the MDAs.
- Overdependence on oil revenue by Government.

SUGGESTIONS FOR IMPROVEMENT OF INDEPENDENT REVENUE GENERATION IN MDAs

- Extension of Monitoring Exercise to cover Big Parastatals

OAGF should be empowered to extend its revenue monitoring machinery to include other high income yielding Government agencies not presently covered, e.g. NNPC, CBN, FIRS, etc

- Mopping up MDAs Bank Balances

Revenue accounts should be non-checking while arrangements should be reached with commercial banks to mop up all MDAs current account balances into the CRF on monthly basis.

SUGGESTIONS FOR IMPROVEMENT OF INDEPENDENT REVENUE GENERATION IN MDAs (Cont.)

- Diversification of the Revenue Base

The revenue base should be diversified into areas like solid minerals, agriculture, cottage industry, etc to enable the full benefits of a robust cash and treasury management.

- Legislation for Sanction

There is need for enactment of new laws to empower OAGF to sanction revenue diversion, failure to remit collections, delayed remittance, and revenue consumption without appropriation and related corrupt practices.

SUGGESTIONS FOR IMPROVEMENT OF INDEPENDENT REVENUE GENERATION IN MDAs (Cont.)

- Adequate funding of Monitoring Activities

Revenue monitoring activities of the OAGF, BOF, NNPC, NCS, FIRS and DPR need adequate funding since revenue generation and collection is a function of the level of supervision by the monitoring agencies. This should be done on quarterly basis.

- Recovery of Revenue from Allocations at Source

OAGF should be authorized to deduct at source the revenue collected not remitted at the end of each quarter.

SUGGESTIONS FOR IMPROVEMENT OF INDEPENDENT REVENUE GENERATION IN MDAs (Cont.)

- Discovering new revenue sources.
- Review of existing sources and rates.
- Review of legislation on revenue (Laws/ Acts).
- Capacity building
- Efficient collection procedures by agents
- Payment of revenues as at when due by all concerned.
- Payment of revenues into designated bank accounts.

RELEVANT LAWS GUIDING THE ENFORCEMENT AND STRENGTHENING OF REVENUE GENERATION, COLLECTION & REMITTANCE

- The 1999 Constitution of the Federation Section 80 and 162 which deals with the Federation and Federal Government respectively
- Fiscal Responsibility Act 2007 Section 22 & 23
- Finance (Control and Management) Act 1958
- Financial Regulations

RELEVANT LAWS GUIDING THE ENFORCEMENT AND STRENGTHENING OF REVENUE GENERATION, COLLECTION & REMITTANCE (Cont.)

- **Financial Regulations**

- **Revenue Collection: Accounting Code**

The individual officers concerned with the collection of particular items of revenue are specified in an appendix to each year's Approved Estimates

- **Issue of Receipts**

- Except otherwise expressly provided, every Sub-Accounting Officer or Revenue Collector shall issue a receipt which bears the stamp of the Office of issue upon the prescribed form for each sum paid to him

- **Payer to Sign Receipts**

Where upon carbon copy receipt books are used, the payer shall sign the receipt in space provided for the purpose and where counterfoil receipts are used, the payer shall sign on the counterfoil of the receipt

RELEVANT LAWS GUIDING THE ENFORCEMENT AND STRENGTHENING OF REVENUE GENERATION, COLLECTION & REMITTANCE (Cont.)

- **Financial Regulations (Cont.)**

- **Details of transactions to be shown on Receipts**

Where printed receipts or license forms contain space for the insertion of details in manuscript, the appropriate details will be inserted in such space

- **Notification to public**

There will be exhibited prominently in every office where public money is received, notices to the effect that a numbered official receipt shall be obtained for every sum of money paid to Government

- **General Receipts (Treasury Book 6)**

Except where receipt or license books are specifically printed for particular purposes, or where receipting machines are used, General Receipts Treasury Book 6 shall be used by all Sub-Accounting Officers.

- **Counterfoils should be initialed**

Where fixed fee licenses or tickets of the counterfoil type are used the counterfoil of each license or ticket issued shall be initialed by the issuing officer

RELEVANT LAWS GUIDING THE ENFORCEMENT AND STRENGTHENING OF REVENUE GENERATION, COLLECTION & REMITTANCE (Cont.)

- **Financial Regulations (Cont.)**

- Revenue Collectors' Receipt (Treasury Book 6A)

Except where receipt or license books are specifically printed for particular purposes, or where receipting machine are used, Revenue Collectors' Receipts (Treasury Book 6A) shall be used by all Revenue Collectors

- Revenue Collectors' Duties

Every Revenue Collector will keep a cash book in which all receipts will be entered without delay in strict serial number order on the day of receipt, and in which all payments to a Sub-Accounting Officer or other prescribed officer will be promptly recorded

- Revenue Collectors' Cash Book

All receipt entries in Revenue Collectors' cash book shall include the dates and numbers of all receipts issued

RELEVANT LAWS GUIDING THE ENFORCEMENT AND STRENGTHENING OF REVENUE GENERATION, COLLECTION & REMITTANCE (Cont.)

- **Financial Regulations (Cont.)**

- *Treasury Control*

Every Revenue Collector shall submit his cash book and receipt books for examination to the Sub-Accounting Officers to whom he pays his collections at such fixed interval as the Accountant-General or Accounting Officer may prescribe

- *Sub-Accounting Officers' Duties*

The Sub-Accounting Officers and Federal Pay Officers are responsible for ensuring that Revenue Collectors pay in their collection and produce their cash book for examination in accordance with Financial Regulations (FR) 209 and 211

RELEVANT LAWS GUIDING THE ENFORCEMENT AND STRENGTHENING OF REVENUE GENERATION, COLLECTION & REMITTANCE (Cont.)

● **Financial Regulations**



● Revenue Bank Account

Each Ministry, Extra-ministerial office and other arms of government shall maintain a separate bank account for Revenue at the Central Bank of Nigeria or any other designated bank by the Accountant-General

The balance of the account shall be transferred to the Consolidated Revenue Fund (CRF) Account as in FR 209

On no account shall any withdrawal be made from the revenue account other than for the purpose of transfer to the CRF

Accounting Officers of ministries/extra-ministerial offices and other arms of government who earn revenue in foreign currency are to ensure that such revenue is paid to the CBN without exemption

RELEVANT LAWS GUIDING THE ENFORCEMENT AND STRENGTHENING OF REVENUE GENERATION, COLLECTION & REMITTANCE (Cont.)

- **Financial Regulations (Cont.)**

- *Interest on Bank Deposits*

Interest earned on bank accounts must be properly classified to the appropriate revenue head of Accounts and paid to the CRF

- *Deduction from Revenue Prohibited*

No deduction shall be made from any revenue collections or other receipts to adjust a previous over-credit

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RELEVANT LAWS GUIDING THE ENFORCEMENT AND STRENGTHENING OF REVENUE GENERATION, COLLECTION & REMITTANCE (Cont.)

- **Financial Regulations (Cont.)**
- **Moneys due to Federal Government**

The following general principles shall apply in respect of all monies due to Federal Government

- (i) All accounts or statements requesting payment to government of revenue due shall be sent out in advance and shall show there on the date by which payment ought to be made
- (ii) All services rendered by government must be paid for immediately on completion of the service. Where possible, payment may be made in advance
- (iii) Where payment is outstanding a system of following-up by means of reminder and final demand through courier service shall be made

RELEVANT LAWS GUIDING THE ENFORCEMENT AND STRENGTHENING OF REVENUE GENERATION, COLLECTION & REMITTANCE (Cont.)

- **Financial Regulations (Cont.)**

- **Loss of Revenue by negligence**

- If at any time, a public Officer sustains a loss Revenue due to negligence, he shall be liable to be surcharged for the amount involved
- Paper Money Register
- All remittances such as Bank notes, cheques, bank draft, etc. received through post or by hand shall be passed to the Director, Finance and Account Department who will send them to the Head of Account.
- Remittance of IGR
- Revenue paid into the Revenue Accounts for Internally generated Revenue (IGR) of MDAs shall be transferred to the CRF on or before the 15th of the following Month of the collection of the Revenue

RELEVANT LAWS GUIDING THE ENFORCEMENT AND STRENGTHENING OF REVENUE GENERATION, COLLECTION & REMITTANCE (Cont.)

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CONCLUSION

- Thank you for listening.