



# KEBBI STATE BUDGET OPERATION MANUAL



**March 2025** Foreword



The Kebbi State Budget Operation Manual is a comprehensive document that outlines the content, procedures, and activities related to the planning, preparation, approvals, execution, monitoring, and evaluation of the State and Local Governments' annual budgets. It simplifies and logically sequences the budget process and guidelines, ensuring ease of comprehension and application. Additionally, annexures have been included to provide a more holistic perspective on related matters.

The co-created budget manual serves as a valuable reference for Budget, Planning Officers, and Accountants in Kebbi State, guiding them in their day-to-day budget planning, implementation, and reporting activities. It covers the whole budget cycle, including linking the budget with other fiscal planning tools such as the Medium-Term Expenditure Framework. It equally facilitates public financial management reforms in areas that bring about improved budget credibility and transparency in the state, as well as a clearer understanding of the roles and responsibilities of the officials of Departments, Ministries, and Agencies (MDAs) in the budgeting processes.

The Kebbi State Budget Manual provides clear insights and structured guidance to establish uniform budgeting procedures and practices across the State. The preparation of the manual involved wide stakeholders, MDAs, and professional consultations, as well as valuable suggestions and inputs by staff and management of the Ministry of Budget and Economic Planning. Recognizing the global advocacy for the full adoption of International Public Sector Accounting Standards (IPSAS) by public entities, this manual has been developed to ensure that the whole budgeting process complies with international best practices. It enhances budget consistency, transparency, and accountability, enabling a detailed and comprehensive analysis of expected revenues, prudent expenditure planning, expenditure profiling, and cash management. The manual defines the procedures for determining budget expenditure and aligns with the National Chart of Accounts (NCOA).

It is important to note that the manual is a living document for immediate adoption in Kebbi State and therefore, it is subject to periodic reviews and updates. All MDAs of government are expected to obtain copies of the manual and ensure strict adherence to the requirements and guidelines therein by all responsible officers.

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## List of Abbreviations

<b>Abbreviation</b>	<b>Meaning</b>
BC	Budget Calendar
BCC	Budget Call Circular
BEP	Budget and Economic Planning
BPP & PPP	Bureau for Public Procurement and Public Private Partnership
BPS	Budget Policy Statement
BWVG	Budget Working Group
CMC	Cash Management Committee
CSO	Civil Society Organization
DMD	Debt Management Department
EFU	Economic and Financial Update
EXCO	Executive Council
FAC	Final Accounts Committee
SEC	State Executive Council
FSP	Fiscal Strategy Paper
IGR	Internally Generated Revenue
LF	Log Frame
MDA	Ministries, Departments and Agencies
MOBEP	Ministry of Budget and Economic Planning
MOF	Ministry of Finance
MTEF	Medium Term Expenditure Framework
MTSS	Medium Term Sector Strategy
OAG	Office of the Accountant General
RC	Result Chain
RF	Result Framework
SHOA	State House of Assembly
SIFMIS	State Integrated Financial Management Information System
SOIRS	Kebbi Internal Revenue Services
SSDP	Kebbi State Development Plan
SPR	Sector Performance Review



## CHAPTER I - INTRODUCTION

### 1.1 The Definition of the Budget

A Budget is a financial plan of action that outlines the sources and allocation of funds for a specific period to which it applies. It serves as key instrument for translating government's policies into programmes and series of activities that are aimed at improving service delivery and socio-economic development. Budget is therefore an annual financial plan on how the government would utilize anticipated public financial resources that would accrue during an in-coming fiscal year for the benefit of the citizens.

The need for a State budget is an express requirement of the Constitution of the Federal Republic of Nigeria. Section 121 (1) of the Constitution provides that:

*“the Governor shall cause to be prepared and laid before the Kebbi State House of Assembly (SHoA) at any time before the commencement of each financial year estimates of the revenues and expenditure of the State for the next following financial year”.*

This constitutional provision underscores the importance of budget preparation as a fundamental responsibility of the government to ensure fiscal discipline, transparency, and accountability in managing state resources.

### 1.2 Purpose of this Budget Manual

The Budget Manual outlines the annual budget processes of the Kebbi State Government. The manual defines and provides a structured framework for Government Ministries, Departments and Agencies (MDAs) to follow in planning and preparing their annual budgets. The manual provides practical step-by-step guidelines and tools to make the process easy and understandable.

This Manual will be used in conjunction with extant laws, rules, regulations, and manuals guiding financial and budgeting management in Kebbi state. These extant laws, rules, regulations, and manuals include: -

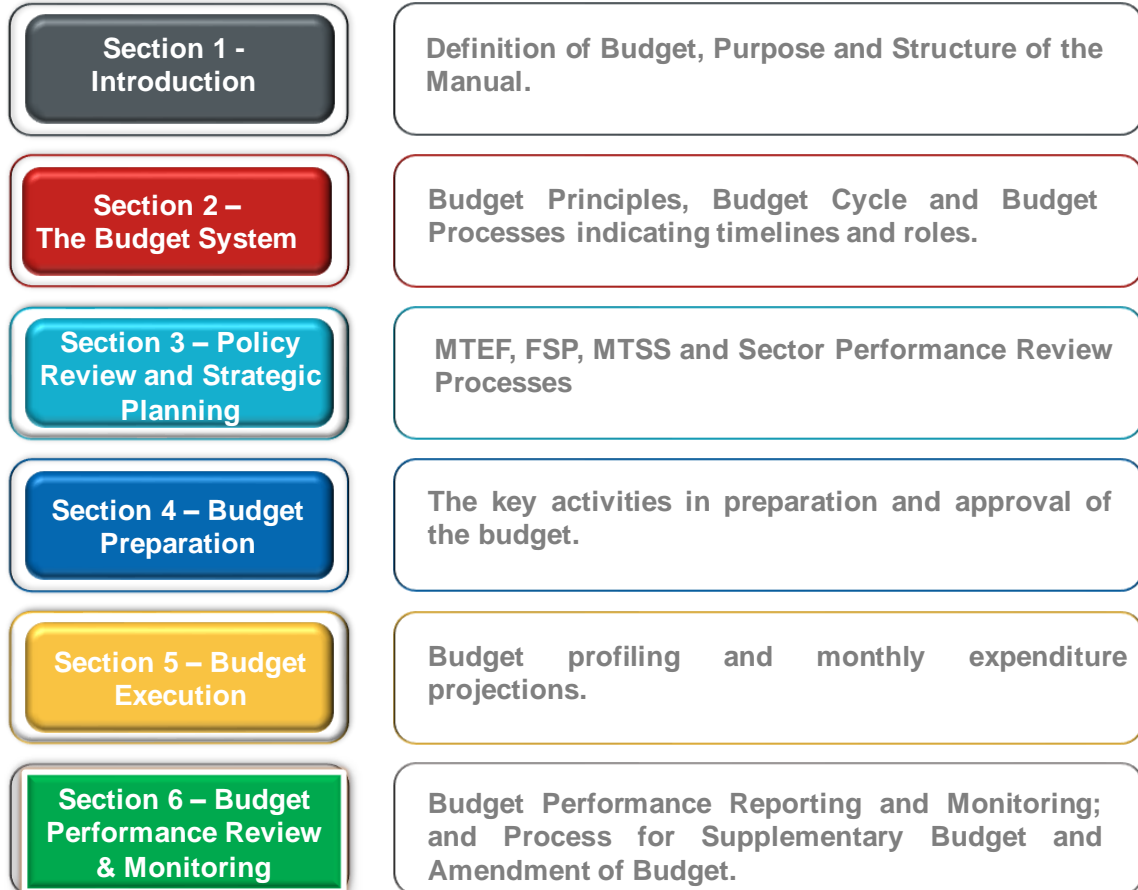
- a) 1999 Constitution of the Federal Republic of Nigeria (as amended).
- b) Finance (Control and Management) Law, 1958.
- c) National Financial Regulations (Instructions), 2010.
- d) Kebbi State Fiscal Responsibility Law, 2019.
- e) Kebbi State Public Procurement and Public Private Partnership 2019.
- f) Medium Term Sector Strategies (MTSS) Preparation Guide.
- g) Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS) Manual; and Budget Codes and Chart of Accounts Manual 2017
- h) Kebbi State Audit Law (amended) 2020.



### 1.3 Structure of the Budget Manual

The Budget Manual is divided into 6 (six) sections as indicated in figure 1 below.

**Figure 1 Budget Manual Structure at a glance.**



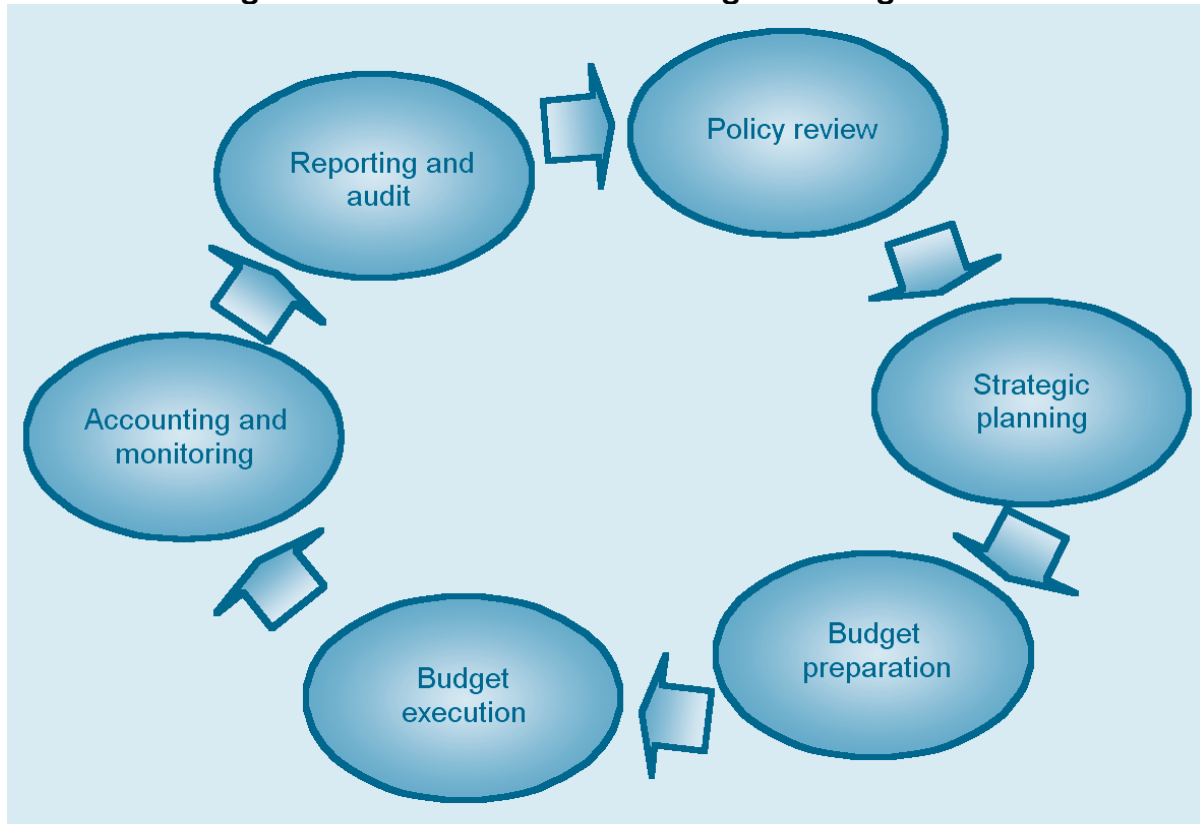


## CHAPTER 2 - THE BUDGET SYSTEM

### 2.1 Annual Budget Process

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 government to channel expenditure towards those areas that make the greatest contribution to its objectives<sup>1</sup>. Budget processes have six generic iterative stages as shown in figure 2 below.

**Figure 2: Six Generic Iterative Stages of Budget Process**



The manual provides guidelines and tools for 4 (four) out of the 6 (six) iterative stages, namely Policy review, Strategic planning, Budget preparation and Budget execution. However, the guidelines and tools provided in this manual will be used in conjunction with the guidelines and tools provided in the extant laws, rules, regulations, and manuals as enumerated in Chapter 1.2 above.

### 2.2 Budget Principles

The budget principles of Kebbi State Government shall be based on the following: -

- a) The budget must encompass all the fiscal operations of Kebbi State Government and must also ensure policy decisions having financial implications to be made against the background of a hard budget constraint and in competition with other fiscal demands.

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



- b) The total amount of money the Government spends should be closely aligned to what is financially sustainable over the medium term, ensuring that annual budgets are based on realistic projections of both revenue and expenditure.
- c) The Government expenditures should reflect government key priorities as articulated in the development plan (and similar policy documents) and operationalised in the medium-term sector strategies. Therefore, Government resources will be allocated to only activities with clear outputs and service delivery contributing to the attainment of the targets set by the Government in the development plans and/or medium-term strategies.
- d) The resources allocated to each organisational level should be utilised in efficient and effective manner to produce intended results at least cost and best quality; and
- e) The development plans, sector strategies and costing, assumptions and basis for fiscal forecasts, and financial performance reports should be accessible, clear, and communicated to the wider community for their input. Also, decision makers both members of Executive Council (ExCo) and SHoA must have access to comprehensive and relevant fiscal information to facilitate informed decisions.

### 2.3 Budget Processes, Timelines and Roles

There are various activities to be performed in each stage of the annual budget process. Each activity or sub activity must be performed by a government entity within a fixed timeline for the Appropriation Bill to be approved by the SHoA before the start of the fiscal year. The budget calendar provides the stages and the activities (and/or sub-activities), responsible entity or entities, and timeline (i.e. period for performing each activity or sub-activity). The Kebbi State Government Budget Calendar is provided in table I below.

**Table I: Kebbi State Government Budget Calendar**

S/N	Strategic Indicator	Output	Key Output Activities	Timeline	Responsible Entity
1.0	Policy Review and Strategic Planning	Annual Sector Performance Reviews (SPRs).		February – April.	MOBEP/MDAs
1.1.1			Issue concept note for preceding year's Sector Performance Review by each sector and timetable for completion of process.	February.	MOBEP
1.1.2			Sector Performance Review	February - March	MDAs
1.1.3			Provide technical and quality assurance support to the sectors in preparing SPRs;	February – March.	MOBEP





S/N	Strategic Indicator	Output	Key Output Activities	Timeline	Responsible Entity
			review & consolidate SPRs within first half of the month.		
1.1.4			Conduct session on outcome of SPRs; identify key achievements and challenging / emerging issues, etc. that will inform MTEF/FSP, MTSS and budget.	April.	MOBEP/MDAs.
1.2	<b>Design of the MTEF.</b>	<b>MTEF Developed</b>		<b>April – June.</b>	<b>MBEP/MoF.</b>
1.2.1			Call for Information and Data on Macroeconomic framework, Public debt, FSP, revenue and expenditure framework, and economic, social and development priorities.	April.	MOBEP.
1.2.2			Call for Personnel Details from MDAs/ Submission of Personnel Details by MDAs.	April.	MOBEP/MDAs. (activity)
1.2.3			Preparation of draft MTEF.	May.	MOBEP/MF (consultation with other relevant agencies including DMD, Expenditure Control and Main Account)
1.2.4			Hold Stakeholders Consultation on the draft MTEF.	May.	MOBEP/MF.
1.2.5			Presentation of Macro-Economic Framework setting out the macro-	June.	MOBEP/MoF.



S/N	Strategic Indicator	Output	Key Output Activities	Timeline	Responsible Entity
			economic projections for the next three financial years, and revenue and expenditure framework to EXCO for consideration.		
1.2.6			Presentation of MTEF to SHOA for Review and Approval.	June.	MOBEP/MoF.
1.3	<b>Preparation/Update of MTSS.</b>	MTSS Developed for major Sectors		April – June.	MOBEP.
<b>2.0</b>	<b>Budget Preparation</b>	<u>Draft Budget prepared and State Budget approved</u>			
2.1			Call for Personnel Details from MDAs/Submission of Personnel Details by MDAs.	April.	MOBEP.
2.2			Issue Budget call circulars to MDAs.	July	MOBEP
2.3			Preparation and Submission of Budget Proposals by MDAs.	July to August.	MDAs.
2.4			Bilateral budget discussions with MDAs.	August.	Budget Committee.
2.5			Consolidation of Draft Budget	September.	MOBEP.
2.6			EXCO review and approval of Executive Budget.	September.	SEC.
2.7			Laying of Budget before the State Assembly.	Not later than last week of September.	Governor.
2.8			Budget consideration by Committees of the SHOA and budget defense by MDAs.	October – December.	State House of Assembly Representatives and MDAs.



S/N	Strategic Indicator	Output	Key Output Activities	Timeline	Responsible Entity
2.9			Passage of the Appropriation Bill by the State Assembly and transmittal to the Governor.	December.	Joint Committee of the Whole State Assembly.  Clerk to the House of Assembly.
2.10			Review of the Appropriation by the Executive.	December	MOBEP and EXCO.
2.11			Governor assents the approved budget.	December	Governor
2.12			Public Presentation and Analysis of Approved Budget	December	Hon Commissioner, MOBEP in collaboration with HC. MoF .
<b>3.0</b>	<b>Budget Execution and Control</b>	<b>Issuance of Expenditure Warrant Cash Management Plan</b>			
3.1			Request for work plan from MDAs.	December.	MOBEP.
3.2			MDAs submit work plan to MOBEP/MoF.	December.	MDAs.
3.3			Revenue Forecast.	December	MOBEP/OAGF.
3.4			Preparation of Cash Forecast	December.	OAG/MoF
3.5			Preparation of Disbursement Plan	December.	MOBEP/MoF
3.6			Budgetary Releases and Implementation.	January – December.	MoF/OAGF/MDAs/ BPP.
<b>4.0</b>	<b>Budget Performance Review and Reporting</b>	<b>Performance Report</b>			
4.1			Receive first, second and third quarter budget performance reports from MDAs.	April, July, and October.	M&E/MDAs.
4.2			Issue consolidated first, second and third quarter	April, July, and October.	MOBEP.



S/N	Strategic Indicator	Output	Key Activities	Output	Timeline	Responsible Entity
			budget performance reports.			
4.3			Receive budget performance report for fourth quarter of preceding year.		January.	MDAs.
4.4			Issue consolidated preceding year's budget performance report		Last week of January.	MOBEP.
4.5			Results-Based Monitoring and Evaluation.		January – December.	MOBEP/MDAs



## CHAPTER 3 – POLICY REVIEW AND STRATEGIC PLANNING

### 3.1 Overview of Policy Review and Strategic Planning

This chapter provides guidance on institutional mechanisms that facilitate the allocation of resources to achieve strategic objectives. Affordability must influence policy making and planning at the point when the decision is made. Where adjustment is required to deal with changing macroeconomic conditions and, even more particularly, changing priorities, that adjustment needs to take place through policy change to be sustainable. The key sub-activities are shown in figure 3 below

Figure 2: Key Sub-Activities of Policy Review and Strategic Planning



The objective of this section is to provide guidance on institutional arrangements and processes for:

- ❖ Ascertaining available resources and allocation of resources; and
- ❖ Linking policy, planning and budgets

Good fiscal planning ensures that the total amount of money a state government spends is closely aligned to what is sustainable over the medium term and, in turn, with the annual budget spending being appropriately allocated to match policy priorities and spending to producing intended results at the lowest cost. To address issues of aggregate fiscal discipline and allocation of resources in accordance with strategic priorities, Kebbi State I Governments system will institutionalize the followings:

- ❖ Adopt Medium Term Planning.
- ❖ Principles of Responsible Fiscal Management (Medium Term Fiscal Forecast); and
- ❖ Creating a Contingency Reserve Funds on annual basis.

### 3.2 Medium Term Planning

Medium term planning entails the preparation of State Development Plan (SDP), and sound Medium Term Sector Strategies (MTSS's) for all sectors as outlined in the National Chart of



Accounts with notable ones such as Agriculture, Education, Health, Works, and Water Resources.

Whereas SDP defines the big picture and long-term goals, MTSS sets out specific inputs and activities to deliver specific outputs in the medium term. A Medium-Term Sector Strategy is thus a road map that combines ambition and realism, and clearly stipulates priorities, deliverables, and costs.

The MTSS process involves getting the Departments within a sector to articulate their medium-term goals and objectives against the background of the overall goals of Kebbi State Local Governments, identify and document key initiatives and cost to achieving the goals and objectives.

### 3.3 Medium Term Expenditure Framework

The Medium-Term Expenditure Framework (MTEF) is an integrated top-down and bottom-up approach of public expenditure management designed to:

- ❖ Achieve macro-economic stability without compromising economic development.
- ❖ Direct the bulk of public spending to the Government's strategic priorities as articulated in the MTEF and MTSS.
- ❖ Develop plan and vision document and the MTSS.
- ❖ Greater budgetary predictability for spending units; and
- ❖ More efficient use of public funds.

MTEF is a three-stage process comprising:

- ❖ A Medium-Term Fiscal Framework (MTFF), a set of integrated medium term fiscal policy objectives, fiscal targets, and projections.
- ❖ A Medium-Term Budget Framework (MTBF), documents medium term budget estimates for individual spending Departments based on the Government's strategic priorities and in a manner consistent with overall fiscal objectives; and
- ❖ Consolidates the MTBF of spending Departments and adds program and output-based budgeting.

MTEF specifically involves:

- ❖ An assessment of prior fiscal and economic performance, this looks at the fiscal and economic performance of the past six years to establish trends and provide context for



future fiscal and budget framework. This is referred to as Economic and Fiscal Update (EFU);

- ❖ Developing realistic macro-economic projections of total resources both from Federation, State Accounts, and Internal Sources.
- ❖ Developing comprehensive sector ceilings for a three-year period early in the process, so that Departments can prepare their budgets based on these ceilings, thereby avoiding the usual “game” of budget negotiations.
- ❖ These ceilings need to be based on top-down and bottom-up decisions of how resources should be allocated among sectors centred around Kebbi State Governments’ priorities.
- ❖ The budget preparation process focuses on estimating the resources required to meet government’s objectives through clear definition and costing of Departments’ planned expenditure thereby moving away from the incremental approach to budget preparation.
- ❖ Developing Fiscal Strategy Paper (FSP) to spell out the fiscal strategy for the planning terms.

### 3.4 Linking Policy, Planning and Annual Budget

The process of linking policy, planning and annual budget is the relationship between the Development Plan, Medium Term Strategies, and the Annual Budget planning sub-process. The Annual Budget in all circumstances should be consistent with the SDP, Medium Term Sector Strategies and Medium-Term Fiscal Framework of the State Government.

Kebbi State Government policies define the big picture and long-term goals while the Medium-Term Sector Strategies set out specific inputs and activities to deliver specific outputs in the medium term.

The Budget Policy Statement (BPS) sets out the overarching goals that will guide the Government's Budget decisions and the government priorities for the budget year. The overarching policy goals and priorities in the BPS are derived from the State Government policies as stated in the State Development Plans with the specific inputs and activities provided in the Medium-Term Strategies, limited by the available resources provided in the Medium-Term Fiscal Framework.



The BPS, therefore, is the major instrument of ensuring that the government wide priorities as documented in the Development Plan as well as the specific inputs and activities provided in the MTSS are captured in the Kebbi State Government Annual Budget.

The following are to be included in the Budget Policy Statement:

1. Broad annual budget goals and targets derived from the State Development Plan and Medium-Term Sector Strategies, that is, expected fiscal performance of the general government operations during the year under consideration.
2. Broad guide on sector priorities and justifications derived from the Medium-Term Sector Strategies.
3. Annual aggregate spending limit derived from the Medium-Term Fiscal Framework (revenue forecast);
4. Planning Reserve (included in the annual aggregate spending limit), is a proportion of the annual aggregate spending limit not allocated to spending Departments in the budget call circular. The planning reserve is allocated to spending Departments at budget discussion stage to augment for shortfall in budget request; and
5. Service Wide Vote, this is a special reserve for emergency or unexpected occurrences during the budget execution stage, that will be proposed as contingency budget.

The Executive 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 approval of State House of Assembly with funding to meet that need from Contingencies Fund.

### 3.5 Stakeholders' Consultation and Engagement

Stakeholders' participation and consultation is very important for formulation and implementation of effective fiscal and budget policies. The process should be inclusive with representation from Non-Governmental Organizations (NGOs), Civil Society Organisations (CSOs), sectoral expertise, organized private sector, labour, professional associations, the academia, community representatives, Faith-Based Organizations (FBOs), People with special needs, Women Groups and Artisans. Their participation should start from the preparation of the State Development Plan and MTSS to develop key sectoral contributions whilst a





consultative process involving calls for memoranda and a public forum should be used to get their inputs into the FSP and BPS, the venue and materials print should be accessible and inclusive (Brails, Signed Language Interpreters and Simple Language Ramp).

Stakeholders' consultation has three main benefits:

- ❖ Effective ways to involve citizens in each stage of government's work, from planning and budgeting to monitoring performance of public services.
- ❖ Ensure open and transparent government; and
- ❖ A clear flow of information from the government to its citizens and vice – versa.

Stakeholders' consultation can be done through:

- ❖ Democratic representation.
- ❖ Direct consultation in meetings and seminar, either with civil society groups, business leaders, traditional leaders, faith groups, or the public.
- ❖ Range of survey techniques for example opinion polls, to record what the public needs and what it thinks about specific issues; and
- ❖ Through radio and television phone-in programs, seeking out the public views.

### 3.6 Presentation of Fiscal Strategy Paper and Budget Policy Statement to State Executive Council

The draft State Government FSP as explained in Section 3.3 above and Budget Policy Statement will be presented to the State Executive Council within the timeline as specified in this manual for review, consideration, modification, and endorsement.

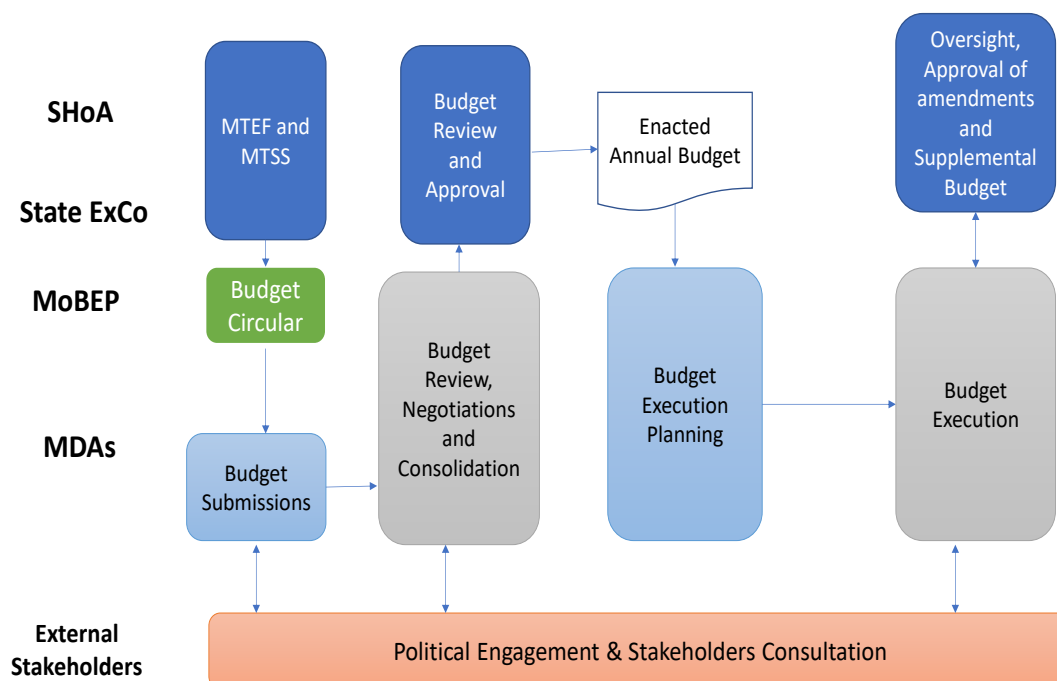


## CHAPTER 4 – ANNUAL BUDGET PREPARATION

### 4.1 Overview of Annual Budget Preparation

This section provides a step-by-step guide on the key sub-activities, responsibilities and documents involved in preparation of annual budget. The key sub-activities in annual budget process are shown in figure 5 below.

**Figure 5: Key Sub-Activities of Annual Budget Process**



### 4.2 Annual Budget Call Circular

The formal budget preparation process starts with issuance of annual budget call circular (BCC) by MOBEP to all MDAs of government. In principle the call circular should include the following which have already been developed and agreed at the Strategic Planning stage: -

- Economic and fiscal outlook of Nigeria (particularly Kebbi State) for the fiscal year.
- Aggregate spending limit for the year.
- A summary of State Budget Policy Statement.
- Government-wide priorities (providing budget policy thrust, priorities, etc.).
- Explanations and guidelines on downloading projects and programmes in Kebbi development plan and MTSSs.
- Sectors/MDAs Ceilings.
- Form and format the budget estimates would take.
- Input spending boundaries (e.g. capital versus recurrent and personnel versus overhead costs).
- Guidelines for preparing recurrent expenditure (particularly personnel costs).



- Budget Classification and Chart of Accounts
- Instructions for completing the budget forms; and
- Detailed timetable for submission of proposal and defense.

The time of issuing the call circular is very critical for early presentation of proposed annual budget to the SHOA. The time that the BCC will be issued as provided in the Budget Calendar in Chapter 2 table 1.

#### 4.3 Preparation of Budget Proposals by Spending MDAs

The MDAs on receipt of BCC are required to prepare detailed proposal which should be submitted to MOBEP. To produce the budget proposals within the timeframe, each Ministry or main organization is expected to: -

- Constitute Main Organization (for example main Ministry) budget subcommittee (to be chaired by Permanent Secretary/Chief Accounting Officer.
- Send copy of the BCC or Ministerial (main organization) circular to all sub organizations and sub-sub organizations calling for their proposals.
- The sub organization and sub-sub organization would prepare detailed proposal in accordance with the approved form and format; and
- The Ministry (or main organization) budget subcommittee would review the submissions from all sub organizations and sub-sub organizations.

Some MDAs may not have the requisite in-house technical manpower to prepare their proposals in line with the required format using the budget codes to upload budget in the State Integrated Financial Management Information System (SIFMIS). Non-adherence with the format will critically undermine the entire budget preparation process. There may be need for MOBEP to have standing technical back stopping team that would provide technical support to MDAs. The technical support will be with respect to the following: -

- Visiting MDAs to ensure that budget proposals meet all requirements.
- Specific training for budget staff in MDAs where the staff lacks proper knowledge of the requirements; or
- A member of technical backstopping team leading the process in the MDA without adequate capacity to prepare budget in line with the requirements.

The Permanent Secretary/Chief Accounting Officer in consultation with the Commissioner/Executive Chairman in case of Statutory Commission/Board is responsible for arranging the preparation and endorsement of the budget proposals of their respective MDAs and ensuring timely submission to the MOBEP. The MDAs will ensure that: -

- a) Only activities and projects in MTSS (for Sectors that have produced their MTSS) are provided for in the budget proposal.
- b) On-going, grant-assisted and development loan financed activities and projects shall be given higher priority.
- c) Activities or projects that addresses specific commitments of the government under any international, bilateral, or domestic agreement shall also be given priority.
- d) Only activities and projects the MDA has the technical and absorptive capacity to implement will be included in the budget proposal.



- e) All new activities and projects should have a justification and appraisal document prepared by appropriately skilled staff of the MDA or Consultant(s). For new capital activity or project that is within EXCO threshold for awards of contract<sup>2</sup> the justification and appraisal document will provide the activity or project performance indicators and method of measuring output and outcome. In 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.
- f) All new activities or projects (either purchase, construction, renovation, rehabilitation, repair or acquisition) are costed (MDAs are expected to identify and apply the lowest possible cost and the most effective methods in estimating the costs of activities and projects).
- g) The recurrent implications of capital projects should be estimated and provided for in the recurrent estimates.
- h) All proposals for counter-part funding for activities and projects financed by external sources are incorporated in the budget proposals; and
- i) The actual expenditures for the previous year and the first six months of the current financial year are provided.

The MDA's budget proposal must be cleared by the Main Organization Budget Sub-Committee before being submitted to the MOBEP. Only budget proposals duly signed by the relevant Permanent Secretary or Chief Executive of Statutory Commission/Board will be considered. MDAs budget proposals shall be submitted to MOBEP on or before the submission date stated in the BCC as provided in the Budget Calendar in Chapter 2 table 1 above.

#### 4.4 Review of Budget Proposals by MOBEP

On receipt of MDAs budget proposals, MOBEP will mandate the Budget Department to review the budget proposals to ensure that the proposals substantially comply with the requirements of the BCC including sector ceilings and completion of budgets forms and templates. The review will also include:

**Revenue Proposals:** The revenue line items provided by each MDA are carefully reviewed to ensure that no revenue items are omitted. In addition, checks are made to ensure that the figures for the last year, the current on-going year and projections for the next budget year are provided for all the 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 is reviewed to indicate 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 has significantly under-performed, especially if less than 50%, then the MDA is requested to provide explanations for the low level of revenue collection. If projections of future revenue do not show reasonable growth of at least 20% a year, the MDA is also requested to provide explanations.

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<sup>2</sup> Currently N100,000,000.00 (One Hundred Million Naira)



**Personnel Cost Proposals:** The Personnel cost proposals submitted by each MDA should have the following:

- Actual number and grades of staff currently in post.
- Increased costs of staff due to promotion, advancement, or conversion etc.
- Employment of additional staff to fill current vacancies (if approved).
- Allowances.
- Bonuses; and
- 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, provision of 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 and especially if there are significant increases in costs from the actual costs in the last full budget year and current year. Any major new events, for example, conferences or staff training must be adequately explained and justified by the MDA.

**Capital Expenditure Proposals:** Capital activities and projects as listed by the MDA should be consistent with the policy guidelines of the State Government and provided in their MTSS (for MDAs with MTSS). 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 rationalized, and steps agreed to avoid the duplication, during the bilateral discussions or referred to the EXCO for decision.

The Budget department should also ensure that justification and appraisal document as well as costing are prepared by appropriately skilled staff of the MDA or Consultant(s) are included for all new activities and projects. In addition, 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 on how proposed activity or project will meet the State's or the MDA's objectives, further justification will be required.

#### 4.5 Bilateral Discussion

The MOBEP on receipt of budget proposals (capital and recurrent) from MDAs shall hold bilateral discussion/negotiation with MDAs on their proposals. The MOBEP at the bilateral discussion will:

-

- Review the proposals with MDAs to ensure consistency with approved proposal completion guidelines.
- Ensure that the MDAs complied with the input spending boundaries.
- Review the personnel and over-head input and its compliance with State government overall recurrent expenditure policy (particularly the personnel profile).



- Ensure that the MDAs Identification of capital activities or projects are in line with policy priorities and are provided in MTSS (for MDAs with MTSS).
- Verify that new capital activity or project that is within EXCO threshold for awards of contract<sup>3</sup> is supported with formal Justification and Appraisal document prepared by appropriately skilled staff of MDAs or Consultants.
- Review and judge the reasonableness of the costing mechanism of activities or projects and programmes in the proposal.
- Review of MDA's performance indicators and method of measuring output and outcome to ensure consistency with Kebbi State Government approved system measuring output and outcome, and
- Where necessary allocate additional resources from Planning Reserve for funding important activities or projects covered within the MDA resource envelope (expenditure ceiling).

#### 4.6 Consolidating Annual Budget

The proposals from MDAs would be consolidated incorporating amendments and adjustments based on the bilateral discussions. The consolidated proposals from all MDAs are integrated to be Kebbi State Government draft budget estimates for the year. The process of consolidating the annual budget is primarily interactive in nature. The personnel and operational cost estimates are computed and deducted from the aggregate spending limit (earlier determined at strategic planning stage) and the balance is considered as the capital development fund. The total capital expenditure is estimated, which would consist of capital activities and projects. The new capital investment for the fiscal year would attract additional recurrent cost estimates, and accordingly adequate provision should be made by the MDAs. The additional recurrent cost implication of new capital investment should be computed by line item (or economic input) and added to the personnel costs and recurring operating cost estimates.

#### 4.7 Budget Stakeholders Consultations and Engagement

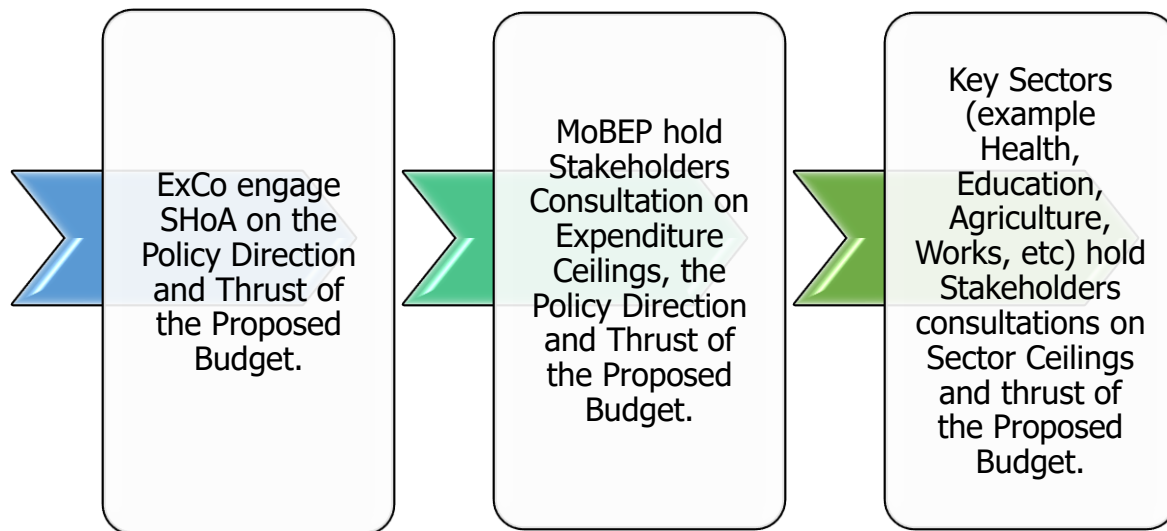
The EXCO, MOBEP and sector MDAs will prior to completion of the annual budget, embark on several levels of consultations and engagement. This consultation should be all inclusive; it is expected to include critical stakeholders such as the Professional bodies, academia, Civil Society Organization, Women groups, Person with Disability groups, Youths and Minority groups, Artisans, etc. The various levels of political engagement and consultations are as stated in figure 6 below.

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<sup>3</sup> Currently N100,000,000.00 (One Hundred Million Naira)



**Figure 6: Budget Stakeholders Consultations and Engagement**



#### 4.8 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 Budget Policy Statement approved by EXCO at the Strategic Planning Stage; and
- Trade off and balance of interests agreed at both political engagement and consultative processes with SHOA and other stakeholders (CSO) respectively.

#### 4.9 Presentation of Proposed Budget to the State House of Assembly

After review of the draft budget estimates, the Governor will present the EXCO proposed budget to SHOA as an Appropriation Bill within the timeline as provided in the Budget Calendar in Chapter 2 table 1. The State Appropriation Bill is composed of:

- The budget message of the Governor.
- The Proposed Budget.

The budget message of the Governor includes:

- (a) The statement of the Governor on the main directions of socio-economic development and fiscal policies in the coming financial year.
- (b) Macro-economic assumptions used for fiscal forecast.
- (c) Level of Fiscal deficit.
- (d) Deficit financing, describing anticipated composition.
- (e) Debt stock, including details at least for the beginning of the current year.
- (f) Brief review of the previous budget performance and half-year performance of current year's budget; and
- (g) Explanatory note on the proposed budget.

The explanatory note is a complete file of documents, justifying the Government proposed budget which includes: -



- a) Justification of planned State budget revenues, expenditures, and deficit (surplus), including the interest rates and maturities on loans to be borrowed for financing of the deficit, as well as trend analysis of the mentioned budget elements.
- b) Trend analysis of planned State budget revenues, expenditures, and deficit (surplus) based on actual figures of the previous financial year and confirmed figures of the current financial year.
- c) Justification of State budget revenues expectations in the proposed draft, with a breakdown per “allocations from the federation account”, “tax”, “non-tax” and “others” (such as grants. Loans and special funding).
- d) Justification of the proposed State budget appropriations, for each line of budget classification, identification and justification of the nature and the amount of budget credits and guarantees, identification of the basic norms for calculation of budget expenditures.
- e) Justification of budget appropriations for financing of targeted programmes, with indication of the programmes: legal basis, substance, tasks and objectives, and phases and timing of implementation.
- f) The structure and trend analysis of external and domestic loan as well as grants, based on actual figures of previous financial year and estimated figures of current financial year.
- g) Information on proposed appropriations against the original budget requests.
- h) Information on personnel expenditures of budget financed MDAs and trend analysis of this information based upon the corresponding figures of the last financial year and the estimated figures of the current financial year, as well as information on the actual number of employees.
- i) Any other information, which the State Executive finds essential for justification of the proposed budget.

The Kebbi State Government proposed budget and the budget message of the Governor will be made available to the public for review, analysis, and comments.

#### 4.10 Review and Approval by the State House of Assembly

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

- The Executive formally propose the budget to the SHOA (The public presentation by the Governor is regarded as the first reading of the Appropriation Bill).
- The second reading and thereafter the Bill will be referred to House Committee on Appropriation and other committees for discussion.
- Discussion of the budget may involve public hearing, discussion with the MDAs and votes by House Committees.
- Presentation of report of the House Committee on Appropriation to the House (referred to as the third reading); and
- Final deliberation and passage of the Appropriation Bill.

#### 4.11 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 Bill to make it a Law.





#### 4.12 Public Presentation and Analysis of the approved budget

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, MOBEP in collaboration with Commissioner, MOF and other key staff of State Financial Management Institutions (such as MOBEP, MOF, Board of Internal Revenue (BIR), and Office of the Special Adviser/Senior Special Assistant to the Governor). The approved budget together with the budget policy statement will be published (hard copy and online).

## CHAPTER 5 - BUDGET EXECUTION AND CONTROL

### 5.1 Overview of Budget Execution and Control

This section discusses the pre-budget implementation sub-activities. The requirement as set out in this section is to ensure that adequate planning of budget execution to control and ensure that actual expenditures are as provided in the approved budget. However, other budget execution activities such as issuance of expenditure warrants, procurement, release of funds, accounting and reporting are provided for in Kebbi State Financial Regulations (Instructions), 2013 and Kebbi State Public Procurement Law, 2016.

### 5.2 Budget Profiling

- ✓ Budget profiling is providing 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 in and out flow. The essence is to provide a basis for in-year revenue and expenditure budget performance tracking, monitoring, and re-forecasting.
- ✓ Budget profiling is the process of providing a monthly profile of revenue and expenditure i.e.
  - Revenue includes recurrent revenue and capital receipts
  - Expenditure includes personnel, social contribution, social benefits, overheads, grants and subsidies, public debt service and capital
- ✓ Projecting monthly cash in and out flow for the purpose of channeling expected funds to specific cost items for each month.
- ✓ Budget profiling helps in the effective and efficient management of cash resources to achieve maximum revenue generation and expenditure impact.
- ✓ Budget profiling provide a basis for in-year revenue and expenditure budget performance tracking, monitoring, and re-forecasting.



Description	Code	Code for Consolidation	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
January	1	0.001	100.0%												100.0%
February	2	0.002		100.0%											100.0%
March	3	0.003			100.0%										100.0%
April	4	0.004				100.0%									100.0%
May	5	0.005					100.0%								100.0%
June	6	0.006						100.0%							100.0%
July	7	0.007							100.0%						100.0%
August	8	0.008								100.0%					100.0%
September	9	0.009									100.0%				100.0%
October	10	0.010										100.0%			100.0%
November	11	0.011											100.0%		100.0%
December	12	0.012												100.0%	100.0%
Even	13	0.013	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	100.0%
Increasing	14	0.014	6.4%	6.7%	7.1%	7.4%	7.8%	8.2%	8.5%	8.9%	9.2%	9.6%	9.9%	10.3%	100.0%
Decreasing	15	0.015	10.3%	9.9%	9.6%	9.2%	8.9%	8.5%	8.2%	7.8%	7.4%	7.1%	6.7%	6.4%	100.0%
End of Quarter	16	0.016			25.0%			25.0%			25.0%			25.0%	100.0%
Start of Quarter	17	0.017	25.0%			25.0%			25.0%			25.0%			100.0%
Half Yearly	18	0.018						50.0%						50.0%	100.0%
	19	0.019													0.0%
	20	0.020													0.0%
	21	0.021													0.0%

### 5.3 Request for Monthly Capital Project Work Plan

At the inception of the budget implementation, MoBEP in consultation with the MoF issue budget implementation guideline and request for monthly work plan (or programme) from all spending entities within the State Government. The capital expenditure work plan will provide 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.
- Their planned start and completion dates for each activity/project.
- The person(s), organization and/or institution to carry out each activity/project.
- The total costs for each activity/project; and
- The costs broken into each of the months from start to completion date.

### 5.4 Request for Monthly Revenue Forecast

On approval and assent of the budget, the SORIS shall request all revenue generating MDAs to provide realistic revenue forecast for each of the 12 (twelve) months (i.e. from January to December). The revenue forecast would normally include the following information:

1. Name of MDAs.
2. Admin Code.
3. Sources of revenue, approved estimates, and Code.
4. Estimate of collection per source for each month (i.e. from January to December).

### Revenue Forecast

Upon receipt of Internally Generated Revenue (IGR) forecast from SORIS, the Accountant General will produce consolidated monthly revenue forecast for Government revenue from all sources (i.e. IGR, Federation Accounts transfers, Capital receipts and other revenues). The consolidated monthly revenue forecast for Kebbi State Government will be circulated to MoBEP.



### 5.5 Aggregate Monthly Expenditure Projections

On receipt of the work plans from MDAs, MoBEP and MoF will review the work plans against the consolidated monthly revenue forecast and if necessary, invite MDAs for discussion on how to adjust their work plan to conform with overall monthly resource inflow.

#### Type of Expenditure

- **Personnel**
    - Payroll
    - Non-Payroll
  - **Overheads**
    - Standing Orders
    - Centrally Managed
  - **Capital**
    - Discretionary Funds: An amount of Money that is available to spend on things that are not considered necessary, but they may be useful
    - Non-Discretionary Funds
- 
- Recurrent Expenditures listed by Economic item
  - Many items will be even across the year
  - Some may be quarterly, or focussed in certain periods of the year
  - Process:
  - Expenditure Profile by Percentage per month from January to December – this is called a “Profile”
  - Timing of disbursements will depend on many things:
    - Work Plans
    - Due Process
    - Contractual Milestones
    - Actual Contractor Performance (i.e., works, services)
    - Timing of Delivery (i.e., goods)

From the adjusted work plans, the MoBEP in consultation with MoF will produce aggregate monthly expenditure projections for:

- Personnel Costs.
- social benefits.
- Overhead (Operational) Costs.
- Grants.
- Contributions.
- Public debt service.
- Capital Costs.

Aggregate Monthly Expenditure Projection Template in Appendix 3.



## 5.6 Cash Management / Strategy

Cash Planning is an instrument for Cash Management which involves using tools and techniques to plan and control cash. It involves the preparation of cash flow projections based on expected receipts and payments. The Cash planning tools to be employed by Kebbi State include Revenue Profiling, Expenditure Profiling, Annual Cash Plan, In-Year Performance Review, Cash Disbursements, Revenue Managements and Commitments Controls.

## 5.7 Cash Management Committee

Kebbi State has also established three Committees to drive the realisation of its Cash Management Strategy. The Committees shall be responsible for profiling the revenue and expenditure of the State and providing critical input towards the attainment of the Cash Management Strategy objectives earlier listed. They include.

- a. Expenditure Profiling Committee, chaired by the Honourable Commissioner for Budget and Economic Planning, is responsible for working with the MDAs to prepare the expenditure profiles for recurrent and capital expenditure.
- b. Revenue Profiling Committee, chaired by the Accountant General, is responsible for collaborating and working with the Board of Internal Revenue to prepare the State revenue profiles.
- c. Cash Planning Committee chaired by the Honourable Commissioner of Finance. The responsibility of this committee is to align the expenditure and revenue profiles together to create annual Cash Plan. 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 Kebbi State Executive Council.

There shall be a Cash Management Committee (CMC) comprising of the following:

- a) Secretary to the State Government - Chairman.
- b) Honorable Commissioner, MoF - Member.
- c) Honorable Commissioner, MoBEP - Member.
- d) Honorable Commissioner, Ministry of Justice - Member.
- e) Permanent Secretary, MoF - Member.
- f) Permanent Secretary, MoBEP - Member.
- g) Accountant-General of the State, MoF - Member.
- h) Chairman of State Internal Revenue Service - Member.
- i) Director Budget, MoBEP - Member.
- j) Director Treasury Operations, MoF - Secretary

The Cash Management Committee (CMC) shall perform the following functions:

- Review and approve the aggregate monthly expenditure projections prepared by MoBEP in collaboration with MoF.
- Advise on the mobilization 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 projection to be in line with inflow and level of expenditure performance.



## CHAPTER 6 - BUDGET PERFORMANCE REVIEW AND MONITORING

### 6.1 Overview of Budget Performance Review and Monitoring

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

### 6.2 Budget Performance Reporting

This allows you to see easily what 'budget items' went as expected, which out of all performed base on the expectations, and which did not meet the expected aim and objective.

#### 6.2.1 Purpose of Budget Performance Reporting

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

#### 6.2.2 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 is required to be submitted to **MOBEP, MOF and SHOA** within one week of end of the month, as well as uploaded online (MoBEP & MoF Website) for citizens access and the promotion of fiscal transparency. The MDA's monthly Budget Performance Reporting Templates are as follows:

- Format of revenue performance report.
- Format of expenditure performance report.





will show how much the approved budget was consistent with the implemented budget; and how much the objectives of the budget were realized; and lessons learned.

MoBEP will also produce full year statistical reports. The statistical reports will indicate the performance of the budget against the following: -

- Administrative.
- Functions.
- Economic.
- Programmes; and
- Locations.

### 6.3 Monitoring of Capital Activities and Project

Adequate supervision and control must be made by the responsible official officers to a particular MDAs to ensure effective and efficient work done for better service delivery in a period of time.

#### 6.3.1 Objectives of Monitoring and Evaluation

The purpose of monitoring and evaluation in budget and project management is to address one or more of the following concerns:

- a) **Effectiveness:** Are budget activities or projects achieving their objectives and targets?
- b) **Efficiency:** Are budget activities or projects being implemented in an efficient manner to justify continuous funding?
- c) **Relevance:** Are the activities or projects in the budget still relevant to the needs of the State?
- d) **Impact:** To what degree have the beneficiaries of the activities or projects been affected positively or negatively, or has there been any change in behavior of project beneficiaries resulting from the activities or projects implemented?
- e) **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)?
- f) **Causality:** What factors or events have impacted on the implementation and performance of the budget activities or projects?

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.

**Inputs** – are resources allocated to the implementing unit for an expected level of output. The inputs or resources may include money, men and machines budgeted for the achievement of the desired level of output. Input monitoring and evaluation is necessary because it is the bases for achieving other levels of objectives of the budget or project.

**Activities** (Programmes and Projects)- the various tasks of government carried out to deliver the required services (in most cases referred to as projects); these are either carried out directly





by government officials or contracted out to outside 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; they consist of targets set to be achieved (example completed Primary Health Clinic with basic diagnostic equipment, 10 bedded ward block, consulting clinic, 4 flat quarters, etc).

**Outcomes** - the expected benefits of the outputs created and delivered using a given unit of input (functional primary health clinic used by the over 1,200 inhabitants of the village for their health care needs).

**Impacts** - the ultimate improvements in living standard of a community from the services provided directly or indirectly (example reduction in maternal mortality and under-five mortality).

Output and Impact are performed through special studies, review, assessment, or research embarked upon by specialist agencies such as State Statistical Agency, National Bureau of Statistics, Universities, and Research Institutions. The objective of this sub-section is to provide tools and mechanism to enhance capacity for monitoring of input, activities, and outputs.

However, monitoring capital activities and projects is to track progress to ensure that execution of each activity or project match 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 request for further funding, as the office responsible for budget management and control is adequately informed and convinced that monies released earlier have been judiciously utilized 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; as such reports provide experiences and records of successes, failures, lessons learned and good practice; and
- provide reports to external stakeholders like project sponsors (e.g. donors, and development partners) and non-stake actors on how resources have been managed.

### 6.3.2 Monitoring Tools and Reporting Templates

MoBEP, M&E Department in collaboration with Budget and Economic Planning department shall develop tools and reporting templates for effective monitoring of budget activities and projects. These tools may include log frames, and M&E template, work plans and progress reviews.

**The Log frame(LF)** defines the logic of the budget activity or project, and clearly state the linkages between cause and effect; the levels or hierarchy of objectives (inputs, and output) and how they can be achieved and measured over time. It should state the targets, indicators, milestones and their means of verification; the assumptions to the budget activity or project, the risk inherent in the budget activity or project i.e. potential challenges that could affect the success of the project and how those risks could be mitigated.



In essence, the LF therefore brings structure and logic to the relationship between project purpose and intended inputs, planned activities, and expected results.

**Result Framework (RF) and Result Chain (RC):** the RF sets out the different levels, or chain of the expected results from a particular policy intervention, program, project or development strategy.

The RF consists of:

- i. Results chain.
- ii. Indicators of the results.
- iii. Baseline values and targets for the indicators; and
- iv. 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 under listed 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 organization being monitored; and
- *Time bound* - Indicators must specify the timeframe for achieving results.

**Means of verification/data collection tools:** this refer to the means of acquiring evidence that the objectives (Indicators) have been met. Information obtained from already existing and accessible source e.g. statistics (primary data), reports (secondary source) or through special data collection exercises e.g. monitoring visits, interviews, Global Positioning System trackers, camera, radio etc. Template for data collection is provided in appendix 9.

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

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

**Performance Review and Feed Back Session:** Performance review sessions and feedback sessions with key stakeholders is a very 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 M&E team of MoBEP to understand and appreciate the situation and plan for future interventions.



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

- a) Inputs available as planned.
- b) Sub-Activities being carried out in accordance with the Work plan?
- c) Outputs being achieved as envisaged.

### 6.3.3 Entities responsible for monitoring and reporting

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

- a) Department of M&E, MoBEP – Inputs, outputs, and outcomes.
- b) State Bureau of Statistics/Department of Statistics, MoBEP - Inputs, activities, outputs, (and through special studies, review, assessment and research Outcomes, and Impacts).
- c) Spending MDAs - Activities and outputs.
- d) Office of State Accountant General–Inputs.
- e) Office of State Auditor General - Inputs, activities, and outputs.

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

M & E department, MoBEP shall embark on independent review visits to activities or projects locations to validate the monitoring reports submitted by MDAs. M & E department, MoBEP shall from the monthly monitoring reports submitted by MDAs and their independent visits reports to produce a consolidated quarterly monitoring report showing overall resource inputs compared to outputs.

The consolidated quarterly monitoring report will be forwarded to the Final Account Committee (FAC) with definite recommendations, MoF, the Accountant General, State Bureau of Statistics/Department of Statistics and major spending MDAs.

## 6.4 Supplementary and Amendment/Virement

### 6.4.1 Overview of Supplementary and Amendment/Virement

Supplementary appropriation means an appropriation made after a regular annual Appropriation Law, when the amount appropriated by the Appropriation Law for any purpose is insufficient or a need has arisen for expenditure for a purpose for which no amount has been appropriated by the Laws, Therefore, 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 regular or working annual budget will not be altered or modified. The supplementary appropriation is meant to seek approval for fresh and additional new funding from the Consolidated Revenue Fund and will automatically increase the size of the original annual budget.

Budget amendment or virement (note on virement) is the mechanism used to modify the regular or working annual budget to reflect changes that occur throughout the fiscal year. Budget amendment or virement will be for purpose of reallocating funds in a regular or working annual budget. Budget amendment or virement does not seek to take fresh or additional fund from the



Consolidated Revenue Fund and therefore will neither increase nor decrease the size of the original budget.

## **6.4.2 Steps in Supplementary Appropriation and Budget Amendment Law**

### **6.4.2.1 Supplementary Appropriation**

The steps for Supplementary budget are as follows: -

- The Commissioner or Chief Executive Officer whose MDA is responsible for responding to the need for funds that is urgent will initiate the process by submitting expenditure proposal to MoBEP for consideration.
- The MoBEP will review the expenditure proposal to ensure that the proposal conforms with budgetary principles and rules as well as verify and ascertain the funding source(s) (most times from the contingency fund).
- The MoBEP will forward the proposal to ExCo with the funding source(s).
- After scrutiny by the ExCo, if satisfied, will approve for a Supplementary Appropriation Bill to be forwarded to SHoA for consideration.
- SHoA will consider and approve the Supplementary Appropriation Bill.
- The approved Supplementary Bill will be forwarded to Governor for Assent.

### **6.4.2.2 Budget Amendment or Virement**

The steps for budget amendment or virement are as follows: -

- The need to reallocate fund will emanate from review of consolidated revenue, recurrent and capital expenditure monthly and/or quarterly budget performance reports.
- If the need for budget amendment or virement is identified, MoBEP in the quarterly budget performance report will provide justification for budget amendment or virement to the BWG.
- The BWG will review the quarterly budget performance report and the justification for budget amendment or virement provided by MoBEP and if satisfied will authorize MoBEP to propose budget amendment or virement to ExCo.
- MoBEP, in consultation with all the MDAs whose budgets will be affected by the amendment or virement will detail the reallocation(s)/modification(s) to the regular or working annual budget.
- The reallocations/modifications to the regular or working annual budget will be forwarded by MoBEP to ExCo for review.
- The ExCo will review and scrutinize the proposed reallocation(s)/modification(s) and if satisfied will approve for a budget Amendment or Virement Bill to be forwarded to SHoA for consideration. Subsequently, The State Fiscal Responsibility Law, also provide for the Commissioner Ministry of finance to review and approval certain levels of virements.
- SHoA will consider and approve the budget amendment or Virement.
- The budget amendment is not a bill and need not go through the time consuming and rigorous procedure of money bill (i.e. 1<sup>st</sup> to 3<sup>rd</sup> readings, etc.).

It is important to note that Supplementary budget or budget amendment/virement should not be for purpose of validating over-expenditure(s) on some appropriated expenditure line items. In addition, in-year amendment or virement should not be done more than twice in a fiscal year.








#### Appendix 4 - Monthly Budget Performance Report Template (Revenue)

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 5 - Monthly Budget Performance Report Template (Expenditure)





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 Coys & Parastatals						
22060100	Public Debt Charges						
	<b>Total</b>	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						
	<b>Total</b>						
	<b>Grand Total</b>						



### Appendix 8: Kebbi State Local Governments Budget Calendar

S/N	SUBJECT	ACTIVITIES	PERIOD	AGENCY RESPONSIBLE	OFFICER RESPONSIBLE
1	YEAR  Budget Monitoring and Appraisal	i. 1 <sup>st</sup> Quarter Y20XX Budget performance Appraisal and upload to the website	April	Ministry Of Local Government	Permanent secretary and all 21 LGA PRS
		ii. 2nd Quarter/Mid-year Review of 20XX Budget Performance and upload to the website.	July	MLGCM	Permanent Secretary  All 21 LGA PRS
		iii. 3rd Quarter Y20XX Budget Performance and upload to website	October	Budget Dept.	Permanent Secretary and all 21 LGA PRS
2	Preparation of Y20XX Budget Estimates	i. Issuance of Y20XX Call Circular	July	MLGCM	Honourable Commissioner
		ii. LGAs Budget Submission and Bilateral Discussion	August	MLGCM/LGAs	Budget Committee of all 21 LGAs and Budget Committee at MLGCM
		iii. Discussions to Review Budget Proposals by LGAs	August – September	MLGCM	HCLGCM, PS MLGCM, JAC (HOD, ACCT), SSA MLGCM, Director of Budget-MOFED, Director of Planning-MOFED, HOD Admin, HOD Chieftaincy,



S/N	SUBJECT	ACTIVITIES	PERIOD	AGENCY RESPONSIBLE	OFFICER RESPONSIBLE
					HOD LG, HOD Monitoring/Inspection, HOD PRS MLGCM Accounts and Macro and Statistics.
3	Y20XX Draft Budget	i. Submission of Y20XX draft Budget to Chairmen of Councils	September	MLGCM	Honourable Commissioner, MLGCM
		ii. Presentation of draft Budget to LGA Councils	October	Budget Committee	Honourable Commissioner/PS
		iii. Chairmen's input to Budget Proposal	October	MLGCM	21 LGA CHAIRMEN
		iv. Presentation of Y20XX Draft Budget to the Executive Committee of LGA(F&GPC)	Octobers, 20XX	MOFED	Honourable Commissioner
4	Legislative Processes	i. Presentation of Draft Y20XX Budget Estimates to House of Assembly	November 20XX	MLGCM	To agree with SHoA
		ii. Consideration of Budget Proposals by SHoA including	Nov – Dec 20XX	SHoA	



S/N	SUBJECT	ACTIVITIES	PERIOD	AGENCY RESPONSIBLE	OFFICER RESPONSIBLE
		interaction with MDAs/Scrutiny of estimates.			
		iii. Passing of the Y 20XX Appropriation Bill	Dec. ,20XX	SHoA	
5	Appropriation Law	i. Printing of the Appropriation Law	Dec-24	SHoA	Clerk of SHoA
		ii. ASSENT OF year 20XX Budget by the Governor	Dec-24	Governor's Office/MLGCM	His Excellency
		iii. Uploading Approved Y20XX Budget unto the State Website	Dec-24	MLGCM	Accountant General and ICT unit
		iv. Printing and Publishing of Approved Budget	Jan-25	MLGCM	Permanent Secretary
6	Execution of Y20XX Budget	i. Y20XX Budget Analysis [Media breakdown]	Jan-25	MLGCM [Budget Committee	Honourable Commissioner
		ii. Budget Profiling and Cash Management Plan	Jan-25	MLGCM	Honourable Commissioner



<b>S/N</b>	<b>SUBJECT</b>	<b>ACTIVITIES</b>	<b>PERIOD</b>	<b>AGENCY RESPONSIBLE</b>	<b>OFFICER RESPONSIBLE</b>
		iii. Issuance of Budgetary Operation Guidelines	Jan-25	MLGCM	Honourable Commissioner
7	Conclusion of Y20XX Budget	Y20XX Budget Performance Appraisal for the 4th Quarter/Full Year and upload	Jan-25	MLGCM [Budget	Honourable Commissioner, MLGCM, Permanent Secretary MLGCM and Accountant General