

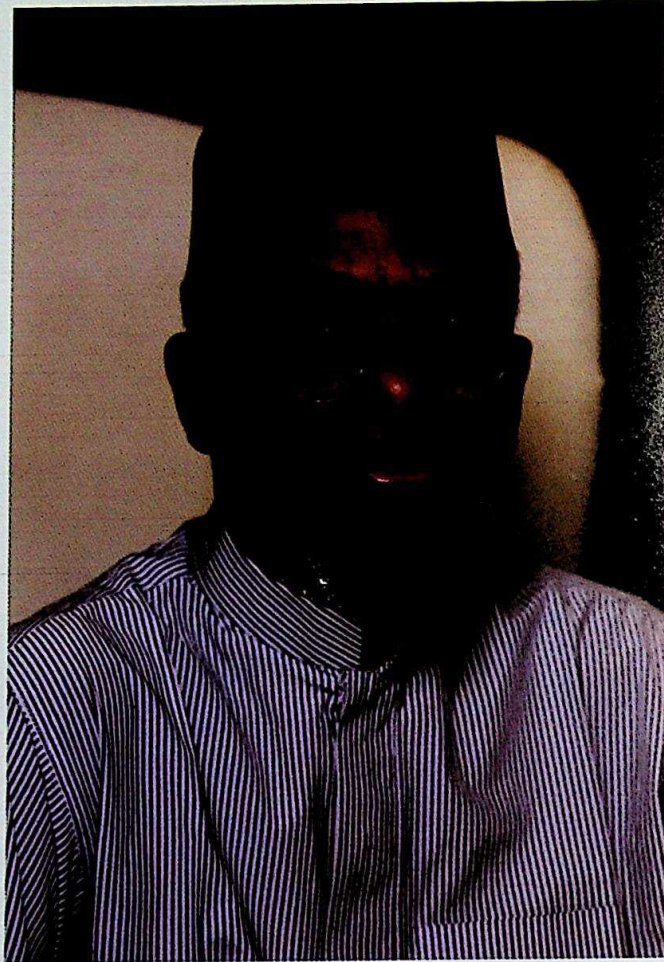


KADUNA STATE GOVERNMENT

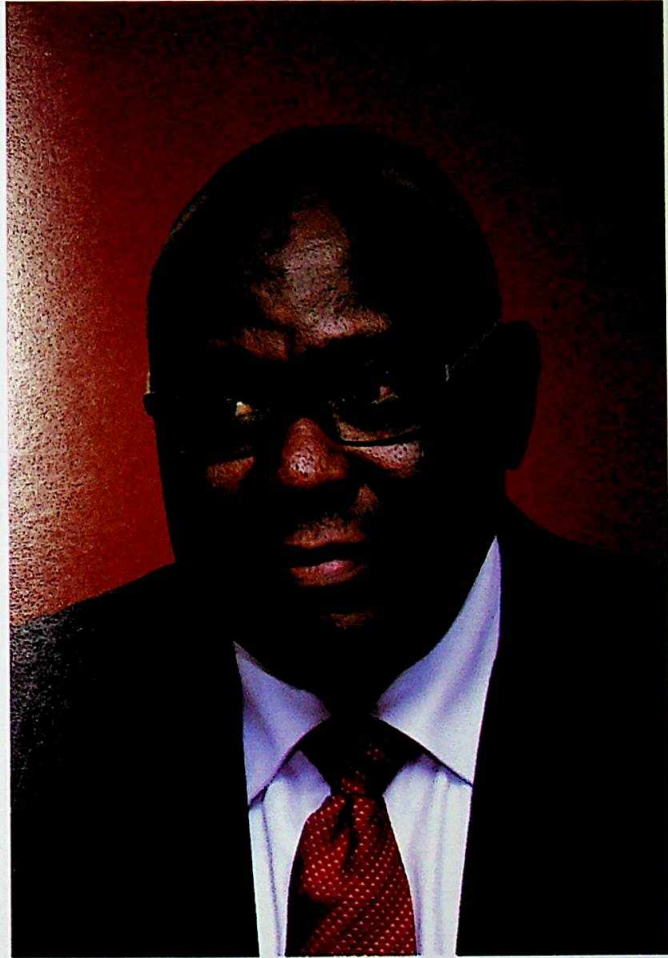
TREASURY SINGLE
ACCOUNT (TSA)

OPERATIONS MANUAL

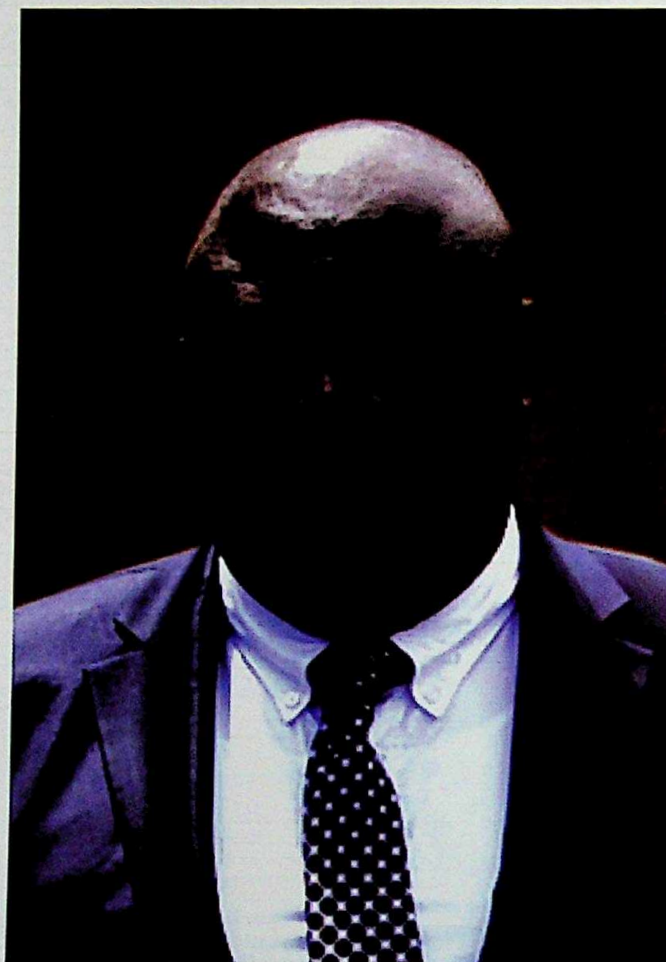
SEPTEMBER 2016



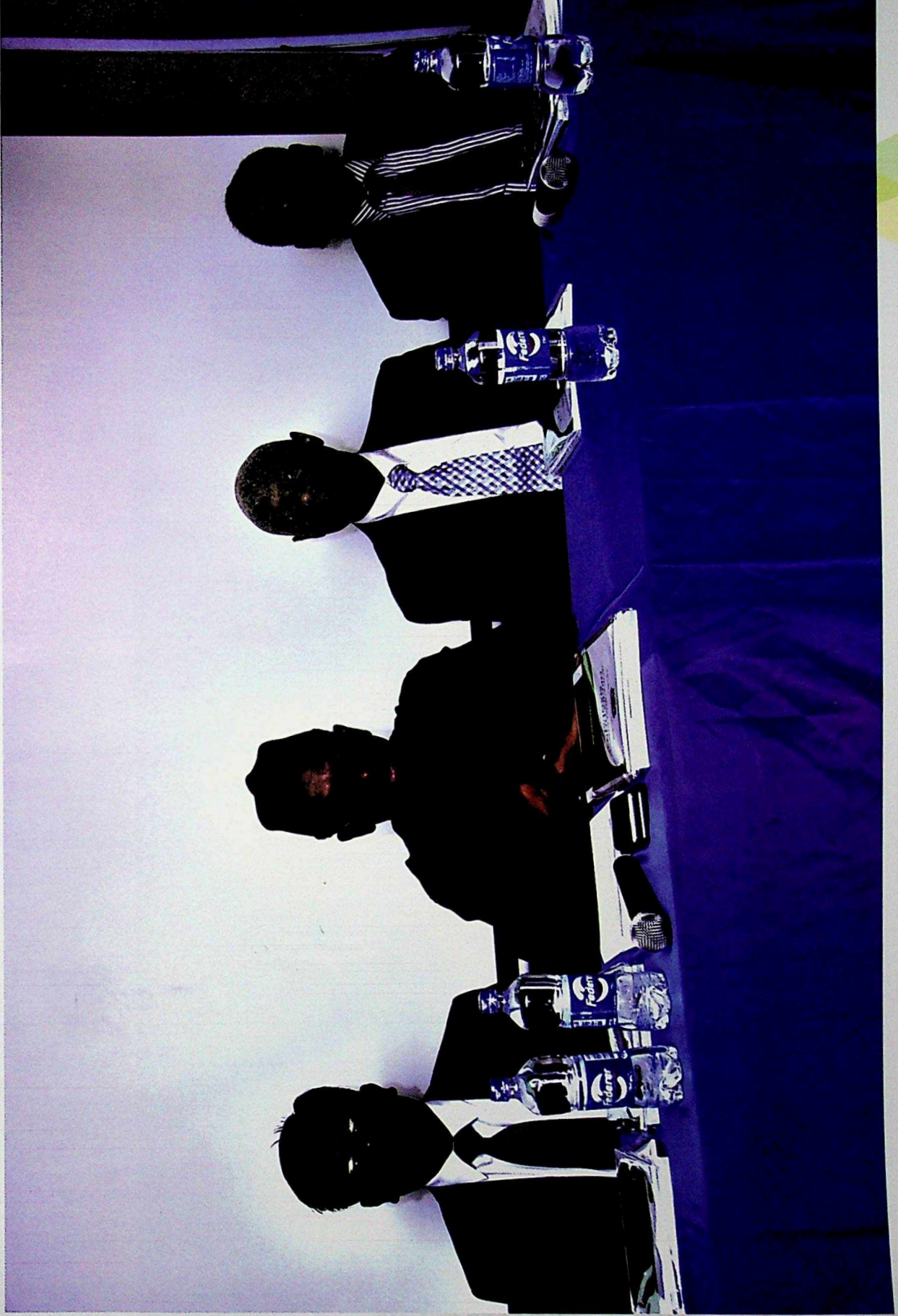
NASIR AHMAD EL-RUFAI
H.E EXECUTIVE GOVERNOR
KADUNA STATE



SULEIMAN ABDU KWARI
COMMISSIONER
MINISTRY OF FINANCE



WAZIRI, UMAR HASSAN FCA
ACCOUNTANT GENERAL
KADUNA STATE



The Governor, with IMF AFRITAC W2 Coordinator, IMF Country Rep and TSA Consultant

Revenues into the Kaduna State Government Revenue Account	A2
E-Collection for All Gov. Receipts and the Prohibition of Cash Collection	A2
Revenue Accounts and Paydirect Platform	A9
Forms and report templates	B1
Tax assessment form	B1
Electronic ticket	B2
Purchase/ job order	B3
Payment voucher	B4
Bank reconciliation template	B5
Cash flow forecast template	B6
Financing template	B7
Receipts by source	B9
Commitments by vote	B10
Expenditure by vote	B11
Cash receipts and payments	B12
Short-term investments	B13

List of abbreviations and acronyms

AIE	Authority to Incur Expenditure
API	Application Program Interface
BATMIS	Budget, Accounting and Treasury Management Information System
CBN	Central Bank of Nigeria
CDF	Capital Development Fund
CoA	Chart of Accounts
CRF	Consolidated Revenue Fund
DMB	Deposit Money Bank
DTF	Domestic Trust Fund
DTO	Director Treasury Operations
ECU	Expenditure Control Unit
GIFMIS	Government Integrated Financial Management Information System
ICT	Information, Communication and Technology
IGR	Internally Generated Revenue
IMF	International Monetary Fund
ISPO	Irrevocable Standing Payment Order
ITF	International Trust Fund
ITT	Implementation Task Team
KADIRS	Kaduna State Internal Revenue Service
KDSG	Kaduna State Government
LG	Local Government
MDA	Ministry, Department or Agency
MOF	Ministry of Finance
MOFI	Ministry of Finance Incorporated
MoU	Memorandum of Understanding
NIBSS	Nigeria Interbank Settlement System
OAG	Office of the Accountant General
OAGF	Office of the Accountant General of the Federation
PFM	Public Financial Management
PFMU	Project Financial Management Unit
PV	Payment Voucher
REF	Recurrent Expenditure Fund
RTGS	Real Time Gross Settlement

SIFMIS	State Integrated Finance Management Information System
SLA	Service Level Agreement
TETFund	Tertiary Education Trust Fund
TSA	Treasury Single Account
VAT	Value Added Tax
ZBB	Zero-Based Budgeting

Foreword

His Excellency Mallam Nasiru Ahmad el-Rufai, the Governor of Kaduna State, has had the focus of strengthening Public Financial Management (PFM) of Kaduna State Government (KDSG) from inception of his new administration on May 29, 2015. The PFM has its foundation rooted in the tripod of Government Integrated Financial Management Information System (GIFMIS), Zero-Based Budgeting (ZBB), and Treasury Single Account (TSA), as key drivers of improved governance.

In particular, KDSG's ability to deliver services requires that budgeted resources are both timely and expeditiously utilised. It is therefore imperative that cash management is strategically handled to ensure that cash receipts are adequately planned for and monitored, while expenditures are aligned with inflows, but also to reduce wastage to the barest minimum. KDSG seeks to optimise inflows, control outflows, eliminate indiscriminate expenditures and avoid deficits, with any surplus funds promptly invested.

It is in this context that the KDSG adopted the TSA on September 1, 2015. This arrangement for the first time, gave life to the statutory requirements of Section 120 of the Constitution of the Federal Republic of Nigeria of 1999, which specifies that *"all revenue or other monies raised or received by a State (not being revenues or other monies payable under the constitution or any law of a House of Assembly into any other public fund of the State established for a specific purpose) shall be paid into and from one Consolidated Revenue Fund (CRF) of the State"*.

The TSA comprises a unified structure of bank accounts, maintained in Deposit Money Banks (DMBs), all rolled up to the TSA, through which KDSG transacts all of its receipts and payments. The TSA itself is domiciled at the Central Bank of Nigeria (CBN), enabling Government to, at any given time, obtain a consolidated view of its cash resources. With this development, no Ministry, Department or Agency (MDA) within Kaduna State is permitted to operate bank accounts outside the oversight of the Government, with collection of cash criminalised. International and domestic donors are also captured in the arrangements of the TSA system.

The International Monetary Fund (IMF) and World Bank, as well as the Federal Government of Nigeria, through the Office of the Accountant General of the Federation (OAGF), have since the year 2012, been contributing to the rolling out of the TSA policy at the Federal Government level, and have continued to encourage and support its adoption at the subnational level as part of modernization of the PFM systems and processes.

This Operations Manual specifies the TSA governance arrangements, its architecture and key business processes. Potential stakeholders in TSA implementation are encouraged to use this manual as both a guide and point of reference.



Suleiman Abdu Kwari
Commissioner, Ministry of Finance
September 2016

Acknowledgements

This manual was prepared with the support of technical assistance provided by the IMF through its Fiscal Affairs Department and its AFRITAC West 2 Regional Technical Assistance Centre based in Accra, Ghana. This support is gratefully acknowledged. KDSG also thanks the World Bank, CBN, and the senior management and staff of MDAs in Kaduna State for the fruitful exchange and constructive insights provided during consultations on the design of the TSA. I seek the indulgence of all the contributors in accepting this blanket acknowledgment and appreciation of their efforts and sacrifices.

1 Background and introduction

1.1 Background

Kaduna State Government (KDSG) launched the establishment of a treasury single account (TSA) system on September 1, 2015. Prior to the launch, KDSG opened a Government Consolidated Revenue Fund (CRF) account known as TSA at the Central Bank of Nigeria (CBN). KDSG also instructed Deposit Money Banks (DMBs) in the state to close all Ministry, Department and Agency (MDA) revenue, operational and project accounts, and transfer fund balances to the TSA.

A total of 470 MDA bank accounts were closed, and DMBs transferred Naira (N) 24.65 billion into the TSA. The total amount transferred into the TSA comprised Internally Generated Revenue (IGR), International Trust Funds (ITF), and Domestic Trust Funds (DTFs), revolving funds, retention funds and prepayments² made to primary service delivery units (see **Table 1.1**).

Table 1.1: Definition of income sources

Income source	Description
1. IGR	<ul style="list-style-type: none"> This source includes all tax and non-tax revenues collected by KDSG
2. ITF	<ul style="list-style-type: none"> ITFs are earmarked grants/loans from international development partners to finance projects being implemented in the state
3. DTF	<ul style="list-style-type: none"> DTFs are earmarked grants from domestic institutions to finance initiatives in the state
4. Revolving fund	<ul style="list-style-type: none"> A revolving fund is an account used to fund specific inputs and/or activities without any fiscal year limitation (e.g. Drug revolving fund)
5. Retention funds	<ul style="list-style-type: none"> Retention funds or appropriations in aid constitutes income that MDAs are authorised to collect and offset against expenditure
6. Prepayments	<ul style="list-style-type: none"> These are amounts paid in advance for a service/activity (e.g. school/university trips)

The TSA will enable KDSG to consolidate cash resources on a daily basis, and reduce the costs of borrowing. Under previous arrangements cash shortages were experienced due to numerous unlinked accounts maintained at DMBs despite idle account balances. Furthermore, the system in place for handling receipts and payments was fragmented.

² Prepayments are amounts received for service delivery institutions in advance to cover the costs of activities such as school trips.

KDSG anticipates that a unified structure of government bank accounts under the TSA, will deliver the following benefits:

- Ensures complete, real-time information on government cash resources;
- Allows the Treasury to minimise the volume of idle balances in the banking system with consequent cost saving;
- Facilitates expenditure control and financial planning;
- Helps the preparation of reliable cash flow forecasts;
- Facilitates efficient payment mechanisms;
- Enables better coordination of debt management activities;
- Enhances efficiency and timeliness of bank reconciliations; and
- Facilitates timely and more complete accounting and fiscal reporting.

The successful operation of the TSA is dependent on KDSG meeting the eight pre-conditions presented in **Table 1.2** below. Most of these preconditions have been met. However, work is ongoing to upgrade the Information, Communication and Technology (ICT) infrastructure to support secure financial transactions and daily operations – especially the interfaces between systems running at KDSG, CBN and DMBs. KDSG is also expanding the functionality of the Budget, Accounting and Treasury Management Information System (BATMIS). BATMIS is KDSG’s State Integrated Financial Management Information System (SIFMIS), and operates on a Microsoft Dynamics NAV2015 software platform. KDSG has drawn up plans to enhance the capacity of TSA users over the next 12 months.

Table 1.2: TSA pre-conditions³

Pre-condition	Status at KDSG
1. Legal and regulatory requirements for TSA operations	<ul style="list-style-type: none"> • TSA operations adhere with the Constitution, Organic Law – Finance (Control and Management) Ordinance of 1958, KDSG Financial Instructions of 2005 and Guidelines for the Operation of TSA by State Governments in Nigeria⁴) • KDSG is finalising a MoU with CBN and service level agreements with DMBs
2. Technical requirements/ reliable ICT infrastructure	<ul style="list-style-type: none"> • KDSG is working with a CBN service provider to strengthen its ICT network
3. Fully operational interbank settlement systems	<ul style="list-style-type: none"> • Two settlement systems are in place Nigeria Interbank Settlement System and Real Time Gross Settlement System
4. Interface between BATMIS and	<ul style="list-style-type: none"> • An automatic interface is still to be

³ The activities that are still ongoing are shown in a different color (yellow).

⁴ CBN (2016) *Guidelines for the Operation of Treasury Single Account (TSA) by State Governments in Nigeria*. Central Bank of Nigeria. February 2016.

Pre-condition	Status at KDSG
CBN information system	developed. KDSG will use the bulk upload system as an interim measure
5. A comprehensive chart of accounts (COA) to capture relevant details consistently	<ul style="list-style-type: none"> A new COA has been developed which is compatible with the Government Financial Statistics Manual 2001/14⁵
6. An inventory of existing bank accounts to be used in TSA operations	<ul style="list-style-type: none"> An inventory of bank accounts to be used in the TSA operations has been developed
7. Capacity development of TSA users	<ul style="list-style-type: none"> KDSG has sensitised key users on the overall TSA architecture. This operational manual provides further details
8. Political support	<ul style="list-style-type: none"> The TSA has the support of the Governor of KDSG and top executives. KDSG is in continuous dialogue with CBN and DMBs

Sources: IMF⁶ and World Bank⁷

1.2 Aims of this manual

In the spirit of building a widely owned process for implementation, this TSA operations manual was developed following extensive stakeholder consultations. The specific aims of this manual are to:

- Clarify the roles and responsibilities of the various stakeholders during TSA implementation;
- Set out the processes and procedures for the management, implementation, day-to-day operation, and evaluation of the functioning of the TSA in one document;
- Serve as a generic reference guide for public servants, development partners, auditors and other interested parties wishing to familiarise themselves with the TSA's operations; and
- Minimise fiduciary risks by specifying standard procedures and controls to be complied with during implementation and day-to-day operation of the TSA.

1.3 Amendments to the manual

This TSA operations manual is intended to be a living document. It is expected that the manual will undergo periodic revisions to reflect the evolving prescribed practice. It is envisaged that the Office of the Accountant General (OAG) will in collaboration with users, review the manual to gauge its effectiveness on a regular basis during the initial stages of implementation. Feedback from stakeholders using the document is also encouraged and should be directed to the Accountant-General at the following address:

⁵ See <https://www.imf.org/external/np/sta/gfsm/> [Accessed 2 September 2016].

⁶ Pattanayak, S. and Fainboim, I. (2010) *Treasury Single Account: Concept, Design and Implementation Issues*. IMF WP/10/143.

⁷ Dener, C. (2014) *Treasury Single Account: Rapid Assessment Toolkit*. Version 2.0, February 2014.

Ministry of Finance
State Secretariat Complex
Independence Way
P.M.B. 2008
Kaduna.

1.4 Manual outline

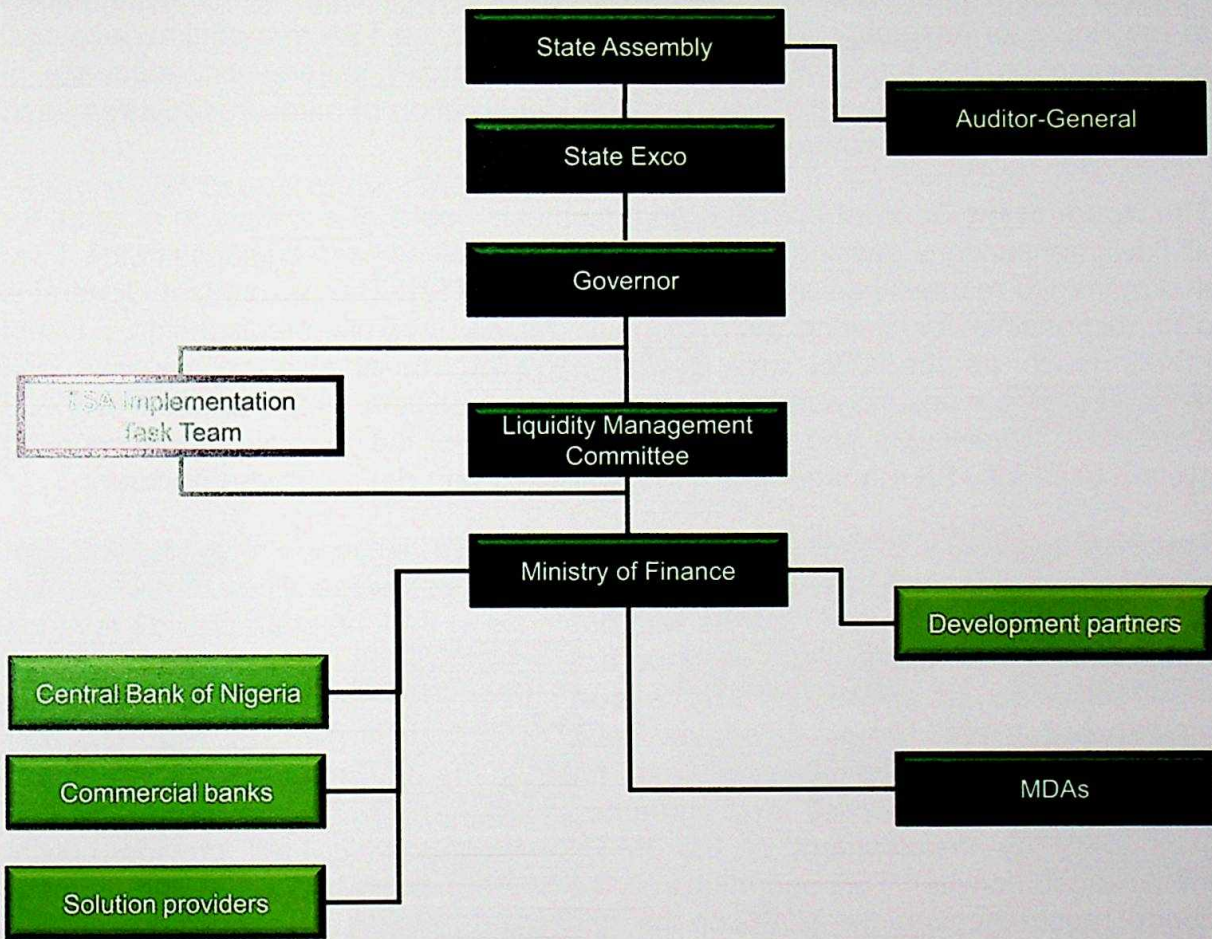
The next chapter (Chapter 2) covers the TSA's institutional arrangements. Chapter 3 specifies the TSA's architecture, process flows and the key reports needed to inform the management/operation of the TSA. Annex A sets out relevant Treasury circulars, and Annex B provides some key forms to be used.

2 The TSA's institutional arrangements

2.1 Overview of the institutional structure

KDSG has put in place a comprehensive institutional structure to enable the transparent and effective management of the TSA. The structure which is presented in **Figure 2.1** recognises the: ownership and leadership of KDSG in all aspects of implementation, from oversight to the delivery of agreed tasks. Specific roles and responsibilities of various institutional actors are described in the rest of this chapter.

Figure 2.1: Overall institutional structure



The **State Assembly** enacts laws, appropriates all funds, oversees policies and budget implementation and exercises wide investigative powers. The **State Exco** is the highest executive organ of the state. It is chaired by the **Governor** and comprises all Commissioners, the Head of Services and Advisers to the Governor. It is responsible for policy and approval of expenditure above N20 million.

The **KDSG TSA Implementation Task Team (ITT)**, a transitional committee appointed by the Governor, is responsible for overseeing and coordinating implementation. The TSA ITT is chaired by the Chief of Staff and comprises a total of thirteen members, including among others the Attorney-General, Commissioner of Finance, Commissioner of Budget and Economic Planning, Accountant-General,

Permanent Secretary Budget, and Permanent Secretary Finance. The TSA ITT reports to the **Governor** as the chief executive of the state.

According to Section 120 (4) of the Constitution, the **House of Assembly** shall appropriate funds before they can be withdrawn from the CRF/TSA. During budget implementation, a **Liquidity Management Committee** (LMC) chaired by the Commissioner of Finance is responsible for advising the Governor on KDSG's liquidity position, and recommending fund allocations to MDAs and on capital expenditure.

Section 125 (1) of the Constitution also enjoins the **Auditor-General** or persons authorised by him to audit the public accounts. He is required to submit audit reports to the House of Assembly. The scope of the audit of the TSA at a minimum covers: an opinion on the fund balances reported in financial statements; adequacy of internal controls for TSA operation; and the identification of measures to strengthen any weaknesses in the control environment.

The **Accountant-General** operates and maintains books of accounts to account for all flows/transactions passing through the TSA as well as cash balances in the TSA, and manages receipts into and payments from the TSA. The Accountant General is also responsible for issuing instructions to **MDAs** and other stakeholders within KDSG (such as the CBN and DMBs) pertaining to handling of receipts and payments, and investing surplus cash, if any. In addition, the Accountant General supervises, administers and preserves the integrity of the financial and accounting system used for TSA management. He also liaises with **development partners**.⁸

The **CBN** is KDSG's fiscal agent and banker, and administers the main TSA account and sub-accounts, and provides retail banking services as specified in the MoU and service level agreements. 17 **DMBs** with branches in Kaduna state provide revenue collection services and operate revenue accounts for KDSG (where taxpayers can make payments) as specified in service level agreements. **Solution providers** such as *Interswitch* and Nigeria Interbank Settlement System (NIBSS) keep track of internally generated revenues and sweep funds to the TSA respectively on a timely basis as specified in service level agreements. Another service provider, GEMS, is supporting the development of the BATMIS/SIFMIS which will provide critical interlinkages between TSA operations on the one hand and budgetary and financial control requirements of the KDSG on the other hand.

2.2 The Office of the Accountant-General

Figure 2.2 sets out the structure of the OAG. The Director Treasury Operations (DTO) supports the AG in supervising the activities of four directorates: Debt Management; Ministry of Finance Incorporated (MOFI)/ Finance and Accounts; Project Financial Management Unit (PFMU); and Computer Centre. The debt management function is mandated to implement policies and strategies for the effective management of KDSG's debt portfolio. The MOFI/finance and accounts manages investments as well as treasury operations including cash management,

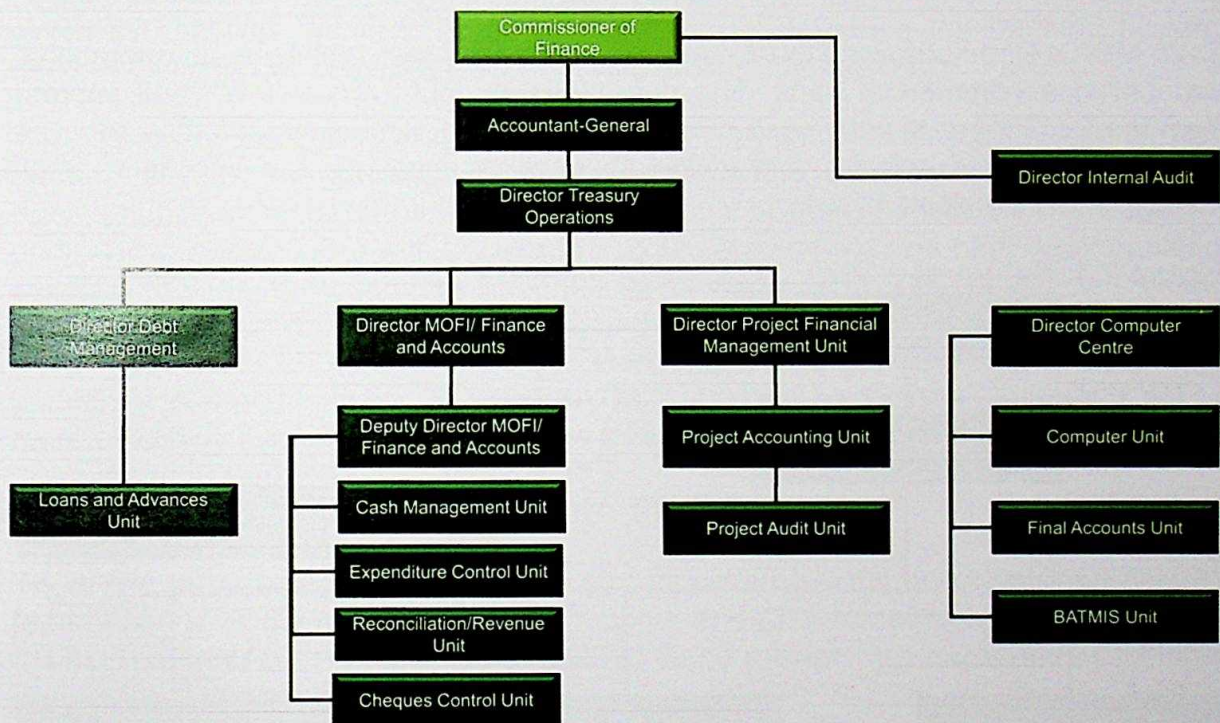
⁸ Development partners that are currently active in Kaduna include the African Development Bank, Bill and Melissa Gates Foundation in partnership with Dangote Foundation, Islamic Bank, UNICEF and World Bank.

expenditure control, revenue and cheques control through four units. The PFMU leads and coordinates the implementation of World Bank funded projects. In particular, it is responsible for project administration, procurement, accounting, monitoring and reporting. The Computer Centre administers KDSG's payroll and pension systems, manages the BATMIS and KDSG wide network, and generates final accounts.

2.3 Internal audit

The **Internal Audit** function within the Ministry of Finance plays an important role in keeping the Commissioner of Finance informed on operational, compliance and financial aspects. In particular, the Internal Audit function is required to inform the Commissioner on: the internal control and risk environment; the usage of funds; progress with respect to the achievement of the reform objectives and targets; and offer advice and recommendations for enhancing resource management and accountability.

Figure 2.2: Set-up of the OAG



2.4 MDAs

Figure 2.3 sets out the structure of a MDA. The **Permanent Secretary/Chief Executive** is the MDA's Accounting Officer. He/she is responsible for an expenditure vote as specified in the annual estimates. Each Accounting Officer is authorised to spend public resources through the issue of warrants signed by the Commissioner of Finance, after the Annual Estimates and Appropriation Law has been passed by the House of the Assembly.

The Accounting Officer may also delegate spending and voucher signing authority to officers in **Technical Directorates**. He/she does so by issuing an Authority to Incur

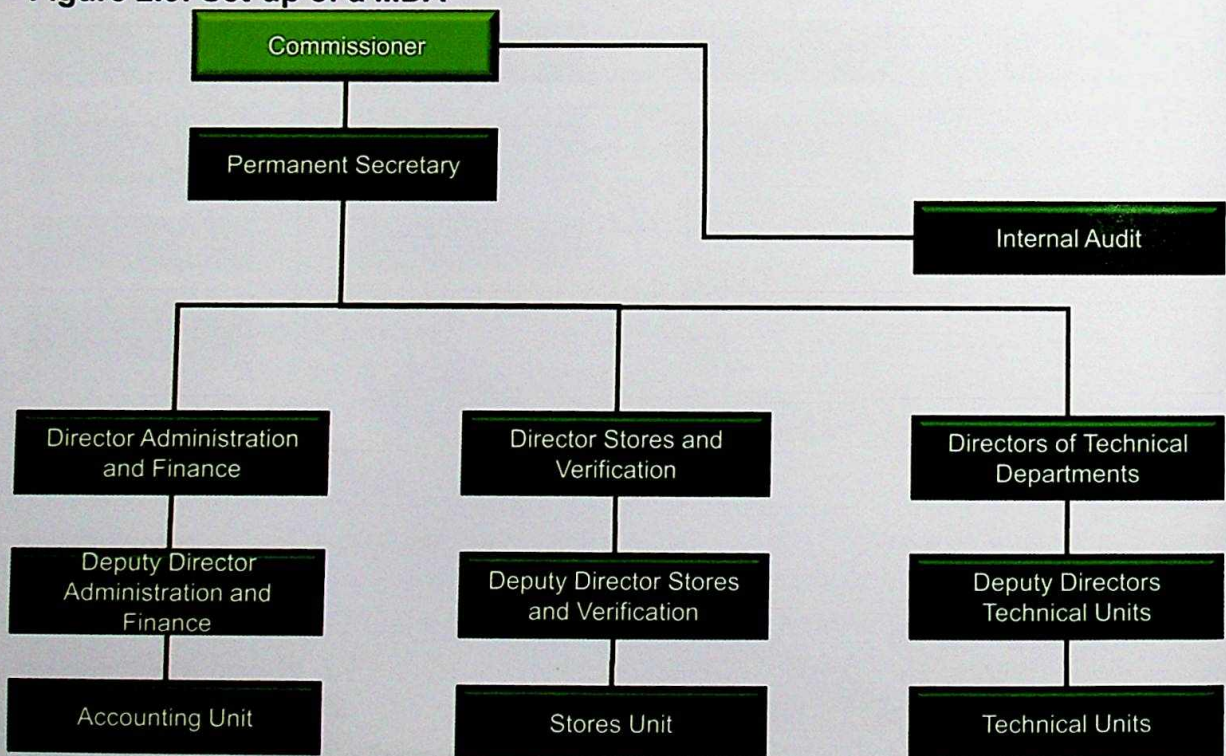
Expenditure (AIE). AIE holders or Sub-Accounting Officers cannot spend more than amounts authorised.

The **Directorate of Stores and Verification** is responsible for verifying and acknowledging the receipt of goods and equipment from suppliers, and ensuring that they have been delivered according to specifications. These tasks are performed prior to any payments being made. The directorate is also mandated to safeguard consumable stocks for operational use in the MDA's store, and maintain an inventory record in ledgers and bin cards.

The **Director of Finance and Administration** within a MDA supports the Accounting Officer with the day-to-day operation of the accounting system. This includes the maintenance of proper books of accounts, custody of accounting documents and ensuring that financial transactions are posted to the BATMIS in accordance with KDSG's Financial Instructions of 2005, and are subject to pre-audit by **Internal Audit**. Some MDAs also manage internationally (non-World Bank) and domestically funded projects in accordance with the requirements contained in development cooperation agreements and memoranda of understanding.

Each MDA's Directorate of Finance and Administration also maintains an operational account in a commercial bank. The operational account receives a small imprest from the OAG to meet petty cash needs for the cost of items such as office supplies (e.g. tea, coffee, sundries), and in the absence of accounts with suppliers, small floats to meet the costs of petrol.

Figure 2.3: Set-up of a MDA



3 TSA's architecture and process flows

3.1 Overview of the TSA's architecture

Figure 3.1 sets out the overall architecture of the TSA system in the KDSG. A main TSA/CRF account is held at the CBN, which receives internally generated revenue (IGR) from MDAs, federal transfers and budget support (see **Section 3.2**). The TSA/CRF has four sub-accounts which are also maintained at CBN as follows: (1) recurrent expenditure; (2) capital expenditure; (3) International Trust Fund (ITF); and (4) Domestic Trust Fund (DTF). Both recurrent and capital expenditure are funded from the TSA on the basis of warrants signed by the Commissioner of Finance. The ITF and DTF are ring-fenced, and deposits are made into them from an offshore domiciliary account and domestic institutions respectively (see **Sections 3.4** and **3.5**).

The offshore domiciliary account is in CBN's name, and essentially acts as a correspondent bank. Nevertheless, when the need arises, the offshore domiciliary account is used to make direct payments in forex for project related expenditures to overseas suppliers. Work is underway to automate interface the banking system used by the offshore domiciliary account with CBN's T24 system.

The CBN records all transactions relating to the TSA and its sub-accounts on its T24 system, a real-time banking software platform. T24 enables CBN to maintain individual project ledgers (mirror accounts) for the offshore domiciliary account, ITF and DTF, provide KDSG with access to account statements and offer retail banking services such as disbursements to beneficiaries via the Real Time Gross Settlement (RTGS) system and the Nigeria Interbank Settlement System (NIBSS). In addition, work is underway to transition from the electronic manual system¹⁰ to an automatic and direct interface between T24 and BATMIS. This will enable the OAG and CBN to more efficiently and effectively discharge their roles.

3.2 Receipts deposited directly into the TSA

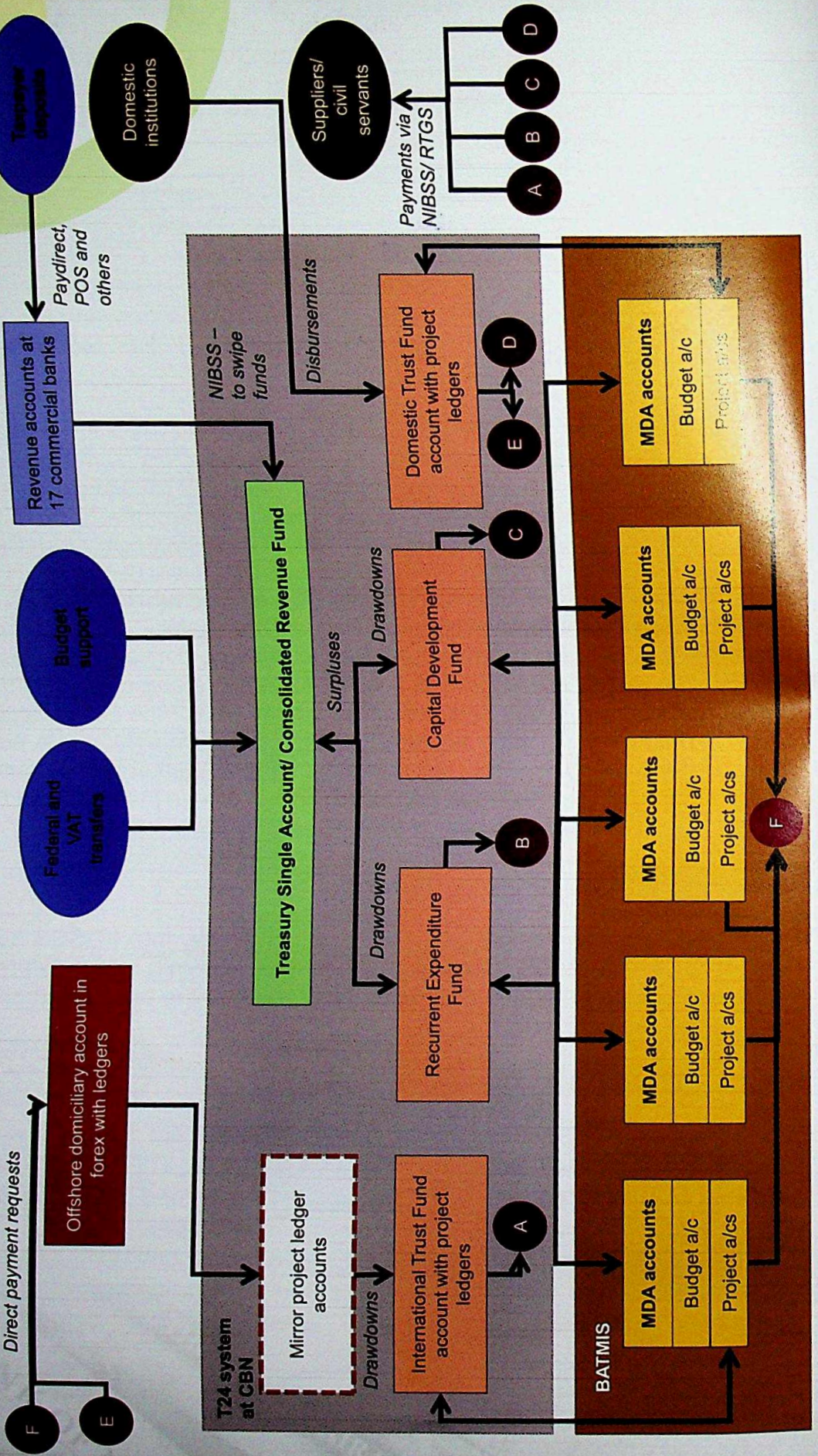
There are three types of receipts that are deposited directly into KDSG's TSA: (1) federal and VAT transfers; (2) budget support; and (3) internally generated revenue (IGR). The processes around the deposit of these receipts are expounded on in the remainder of this section.

3.2.1 Federal and VAT transfers

In line with Section 160 (2) of the Constitution all 36 states are eligible to receive a monthly statutory allocation from the Federation Account. The vertical allocation formula is 52.68%, 26.72% and 20.6% to federal, state and local governments respectively. Horizontal allocations to each state are determined using the following five criteria: (1) equality; (2) population; (3) land mass and terrain; (4) social development factors; and (5) IGR effort. The monthly allocation is disbursed net of any payments made by the Federal Government on behalf of the

¹⁰ The current system is manual in KDSG and automated at the CBN.

Figure 3.1: Schema of the TSA system



state such as irrevocable standing payment orders (ISPOs), loans, subsidy support and so forth. Each state also gets a share (23%¹¹) of excess crude revenue and 50% of Value Added Tax (VAT) revenue collections from the Excess Crude and VAT accounts respectively.

3.2.2 Budget support

International development partners have the option of disbursing funds to KDSG via budget support. Under such an arrangement, funds are deposited directly into the TSA. Such funds are managed in accordance with the Finance (Control and Management) Ordinance of 1958 and KDSG's Financial Instructions of 2005. The frequency and quantum of disbursements and any other conditions are specified in a financing agreement. Budget support is typically of a general form or may be targeted at specific sectors.

3.2.3 IGR

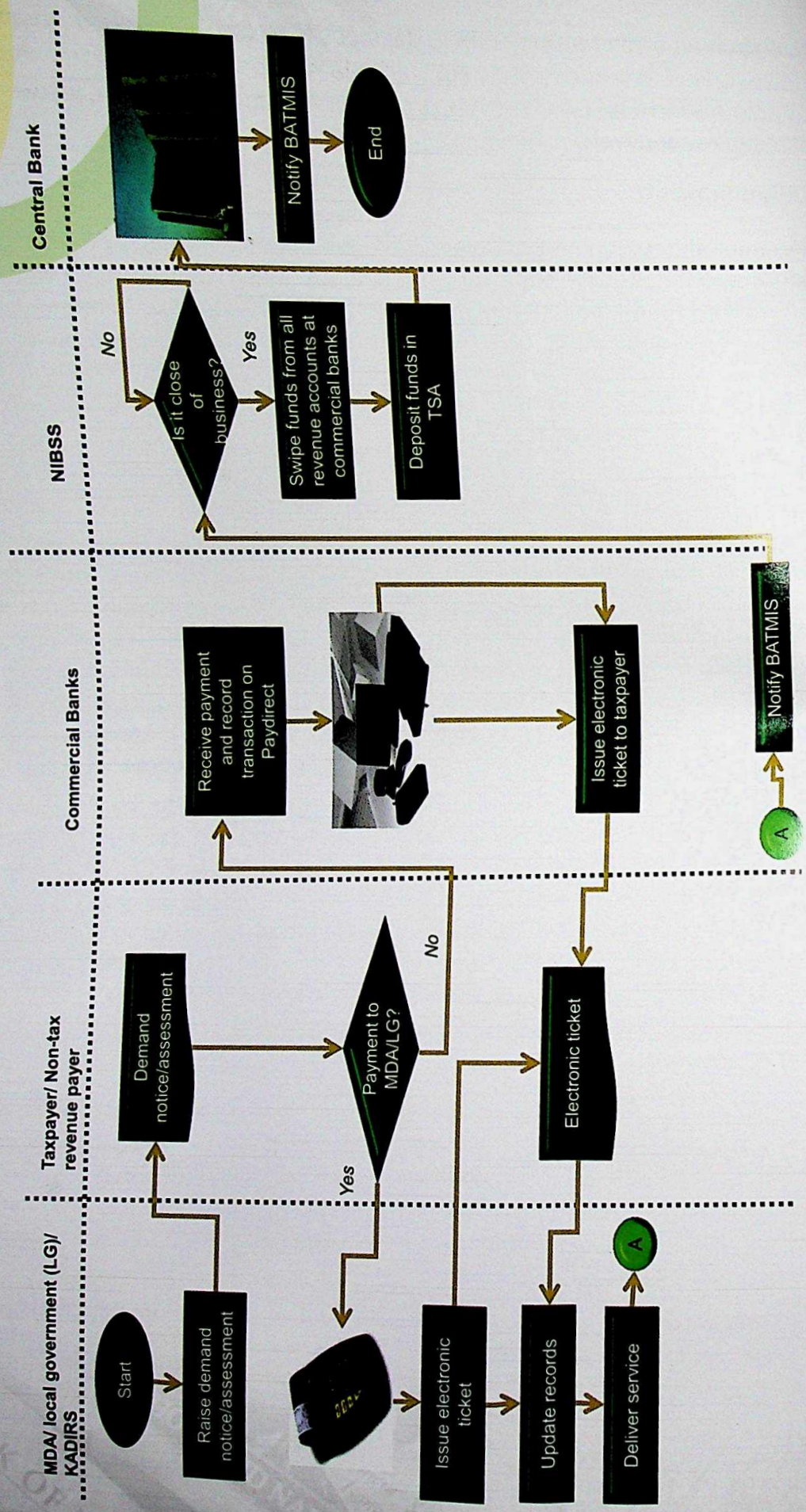
From 1 March 2016, The Kaduna State Tax (Codification and Consolidation) Law no 3 of 2016, mandates a newly established Kaduna State Internal Revenue Service (KADIRS) to control and administer both tax and non-tax revenues. Such revenues include: personal income tax; withholding tax for individuals; capital gains tax for individuals; stamp duties on instruments executed by individuals; hotel occupancy and restaurant consumption tax; land taxes and use charges; presumptive tax; road taxes; commerce related fees (e.g. business registration); revenues from traffic offences; local government taxes; court fees; and various licences.

Figure 3.2 illustrates the process used in collecting IGRs. Per the Treasury Circular of 18 August 2015 (see **Annex A**), KADIRS is required to use the Paydirect and/or Point of Sales (POS) platforms supported by Interswitch and CitiServe respectively. Paydirect is an electronic payment platform which reports on every transaction in real-time. Payers also have the option of making non-cash payments at DMBs, lower courts and at local government (LG) offices via POS terminals, which are interfaced with Paydirect. In particular, the process is as follows:

- KADIRS/a MDA starts by raising a demand notice or an assessment (see **Annex B**);
- A taxpayer/non-tax revenue payer has the option to discharge his/her/its liability by making payment via POS using a debit/credit card or to one of the 17 DMBs. Once the deposit is recorded, each system generates an electronic ticket which is issued to the taxpayer/non-tax revenue payer as evidence of receipt of payment (see **Annex B**). The MDA then updates its records and delivers the service;
- POS terminals are linked to Paydirect, which picks up all transactions made at MDAs and LGs;

¹¹ The revenue sharing formula is 52%, 26% and 22% of 87% of the excess crude revenue to Federal, State and Local Governments respectively. 13% of the excess crude revenue is set aside for states that produce oil.

Figure 3.2: Process map for IGR



- All payments via the POS and deposits to DMBs are recorded on Paydirect, which is interfaced with BATMIS via an application program interface (API). The API enables the OAG to access all information and generate reports on deposits into the 17 commercial bank accounts;
- At the end of each business day, NIBSS, again through an API with Paydirect checks each of the 17 DMBs accounts and establishes whether there are any deposits. NIBSS sweeps all revenue deposits to the TSA. Another API between the T24 system at CBN and BATMIS, sends notifications to the OAG of daily sweeps.

3.3 Payments from TSA

This section describes how payments are made from the TSA. In line with KDSG's Financial Instructions, no disbursements can be made from the TSA/CRF for both recurrent expenditure and capital expenditure without the Commissioner of Finance issuing Annual General Warrant and Development Fund Annual General Warrants respectively. During budget implementation, if there is need to spend more than what is appropriated in the annual estimates or the case for reallocating expenditure arises, then supplementary warrants approved by the House of Assembly must be issued.

In addition to the above, every month, the Liquidity Management Committee (LMC) advises the Governor on the state's liquidity position and approves payments on the basis of MDAs' needs which are submitted to the CMU in the form of work plans for capital projects and three to six month profiles of budget needs – the CMU is expected to prepare a cash plan based on MDAs work plans, revenue reports from KADIRS, outturn data and other information available at the OAG (see **Figure 3.3**). The Governor communicates each vote's cash limit by issuing monthly budget releases via the Ministry of Budget and Planning. Budget releases form the basis for transfers from the TSA to the recurrent and capital expenditure sub-accounts under the TSA main account.

Figure 3.4, illustrates how expenditure is typically incurred. Once the OAG receives a budget release that contains the necessary approvals, the expenditure item, code and amount are posted to the budget module of BATMIS. Thereafter:

- The MDA authorised to incur expenditure, posts the estimated cost of goods, works and/or services in the vote book on BATMIS. The system only allows a MDA to raise a job or purchase order if the equivalent amount of funds have been committed in the vote book;
- A payment voucher (PV) can only be raised when the Director of Finance and Administration (in a MDA) and the DTO (Centralised Accounts) receive a supplier's invoice/payment schedule and supporting documentation from a user/technical department, which is duly signed by an authorised officer. The signature validates accurate receipt of goods or completion of works and services and acts as an authority for a PV to be raised on BATMIS;

Figure 3.3: Determining the level of budget releases

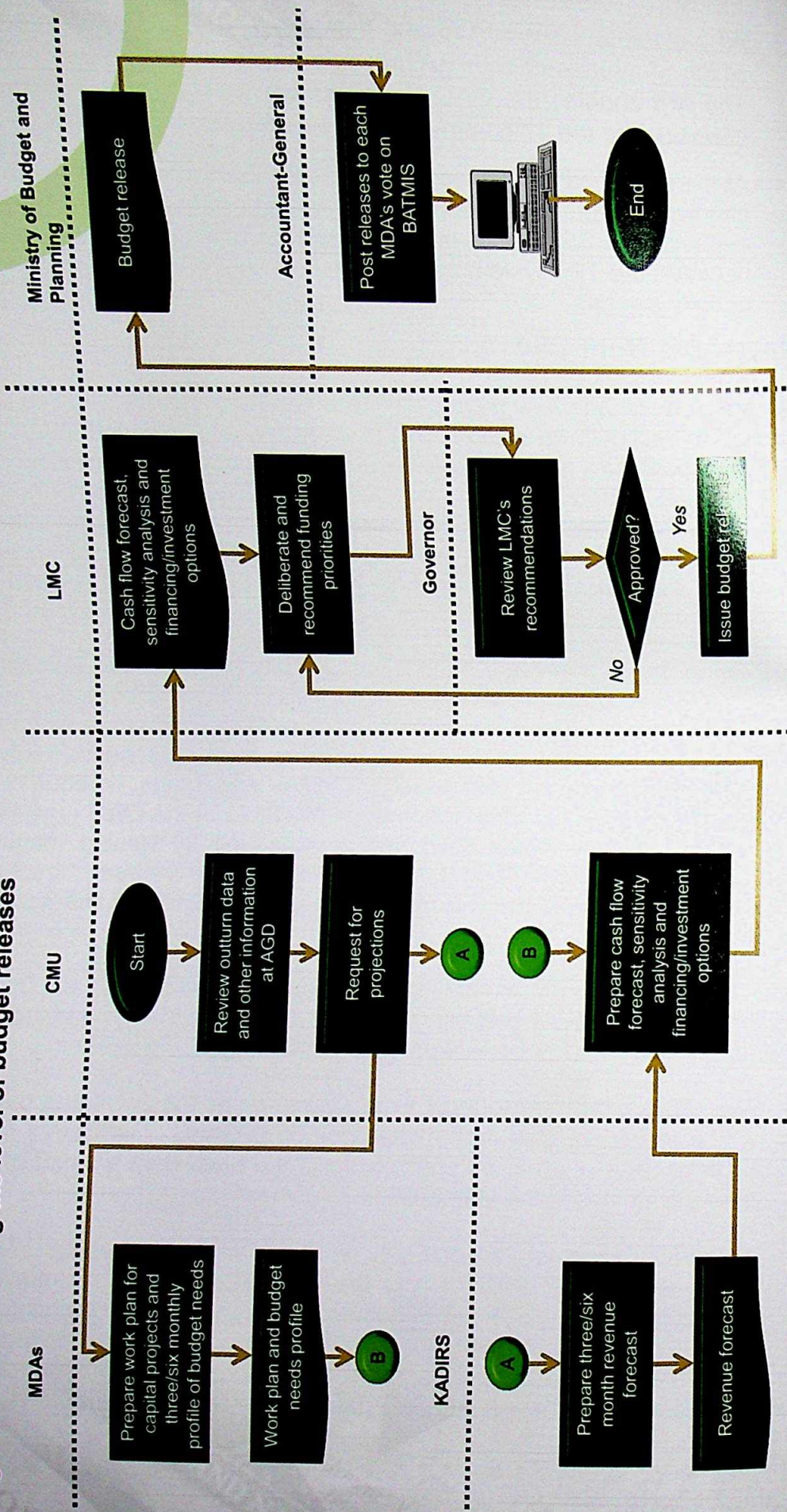
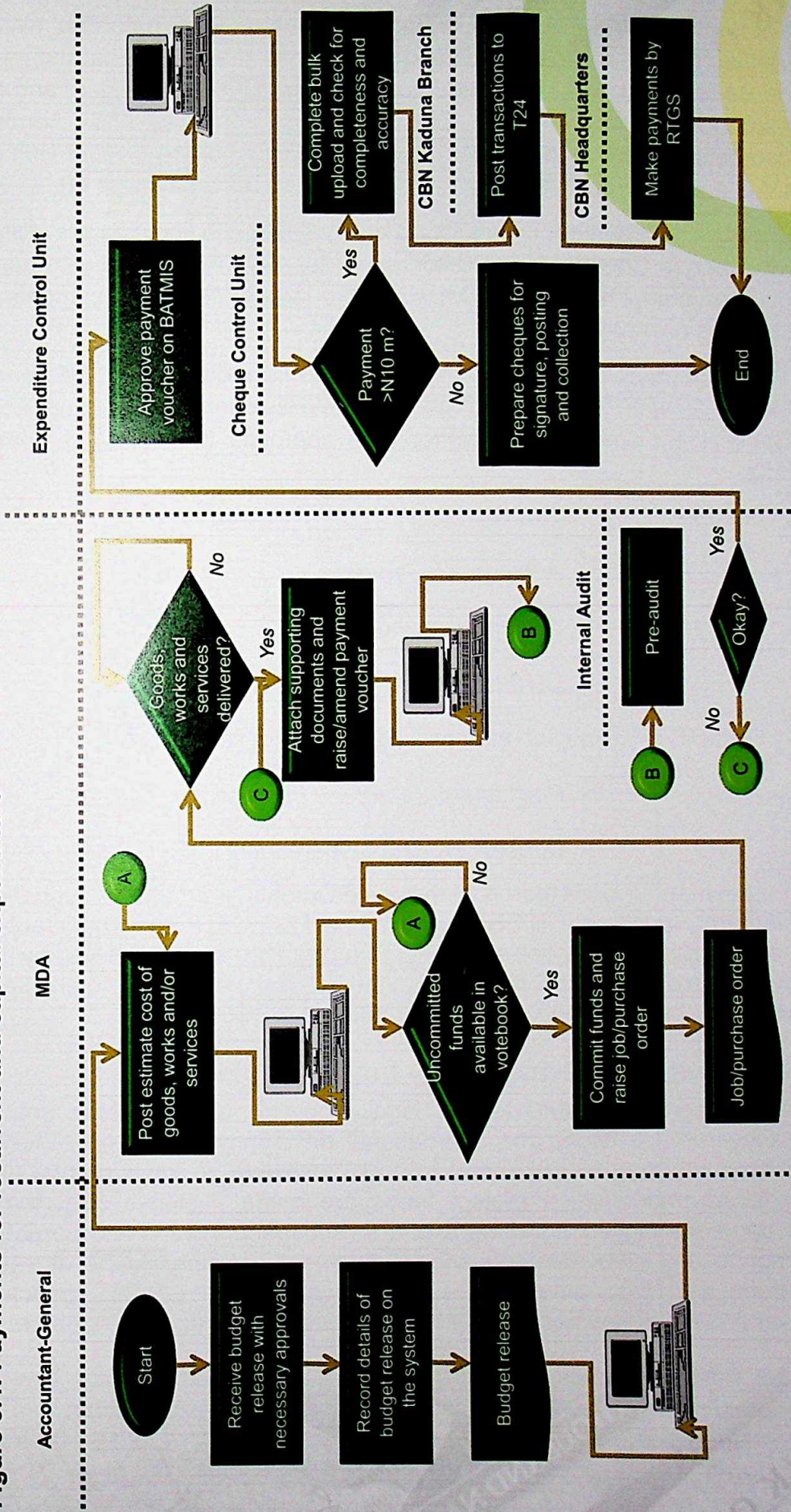


Figure 3.4: Payments for recurrent and capital expenditure



- Thereafter, the MDA's/OAG's Internal Auditor logs onto the system and verifies the PV against supporting documents. If satisfied that the information on BATMIS is accurate, he/she approves the PV on the system and signs the hardcopy at hand. The Directorate of Finance and Administration countersigns the hard copy of the PV. The Expenditure Control Unit (ECU) at OAG approves all PVs on BATMIS and generates a payment list;
- Whether the payment is by cheque or e-payment, in line with prevailing policy, the Cheque Control Unit at OAG reconciles the payment list with hard copies of PVs submitted by the MDA before scheduling for payments through cheques or e-payment;
- The signatories to the TSA are one person from each of the following groups "A" & "B" with "C" as alternate for Commissioner Finance and Accountant General, for amounts not higher than approved threshold set from time to time:
 - Group A *The Governor*

Accountant General
 - Group B *Deputy Governor*

Commissioner Finance
 - Group C (Subject to approved limits from time to time)

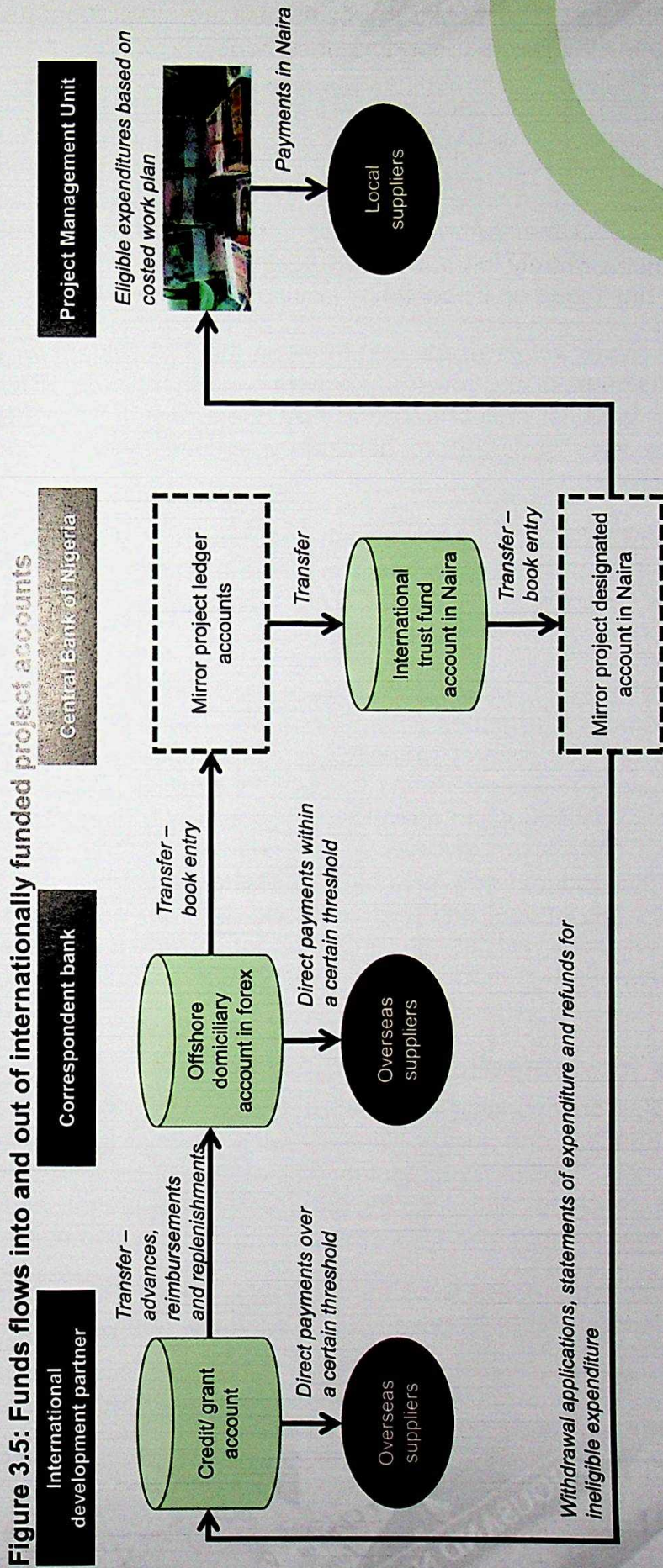
Permanent Secretary, Finance

Director Treasury Operations
- If a payment is more than N10 million, payments are made through the NIBSS platform. Specifically, NIBSS points to the TSA. Once the Accountant-General has approved the payroll and/or PVs on BATMIS, he is prompted by the system to direct NIBSS to effect payments. Thereafter, prior to any payment, he must again authenticate transfers on the NIBSS platform.

3.4 Funds flows for internationally funded projects

Development agreements/MOUs are legally binding arrangements between the Federal Government/KDSG and international development partners. They set out the total amounts that donors intend to make available as loans/grants, and terms and conditions under which project funds are made available (e.g. the amount payable upon signing an agreement and in subsequent tranches thereafter), and used. Prior to any disbursements by development partners, KDSG is required to furnish them with the names of the officials authorised to sign applications for withdrawal and make payments, and their authenticated specimen signatures.

Figure 3.5 illustrates funds flows for internationally funded projects. Development partners transfer project funds into an offshore domiciliary account in forex held at Citibank, London in the United Kingdom. KDSG requests for funds to be transferred from credit/grant accounts to the offshore domiciliary account in writing (e.g. via



written applications for withdrawal). Requests are typically supported by interim financial reports and statements of expenditure (SOEs).¹³

Credit/grant accounts are also used to make direct payments to overseas suppliers in forex and/or for expenditures over certain thresholds. For example, for World Bank funded projects, the PFMU submits the authorised invoice and supporting documentation (such as purchase orders and goods received notes and contracts) together with the Withdrawal Application Form 2380 to the World Bank. The World Bank makes payment directly to the supplier. The World Bank confirms to the PFMU that the payment has made on its behalf by issuing a 'Payment Advice'.¹⁴

CBN maintains a mirror ledger account in forex on the T24 system for each project, which records each deposit and transfer/payment – in other words, KDSG can obtain a bank statement for each project account. Any direct payments made to overseas suppliers in forex from the offshore domiciliary account are also posted to the corresponding mirror accounts.

At the request of KDSG, and based on cash flow requirements informed by project work plans, CBN makes drawdowns from the offshore domiciliary account to the ITF account which is maintained in Naira. The ITF comprises designated project accounts, which are also maintained in Naira.

Payments in Naira for works, goods and services procured using project finances are made by KDSG through designated project accounts. The PFMU/Project Accountant makes payments on the basis of properly and fully supported PVs generated on BATMIS and matched against funds committed during procurement. Project Managers and/or other authorised members of the project management team must authorise suppliers'/contractors' invoices by signing them. Authorised invoices signify that: (i) works, goods and services have been accurately delivered; and (ii) details on an invoice such as the amount and payment conditions are accurately reflected. In addition, signed invoices act as an authority for payment. Payments to local suppliers are made through NIBSS, and expenditure charged to the designated project account.

3.5 Funds flows for domestically funded projects

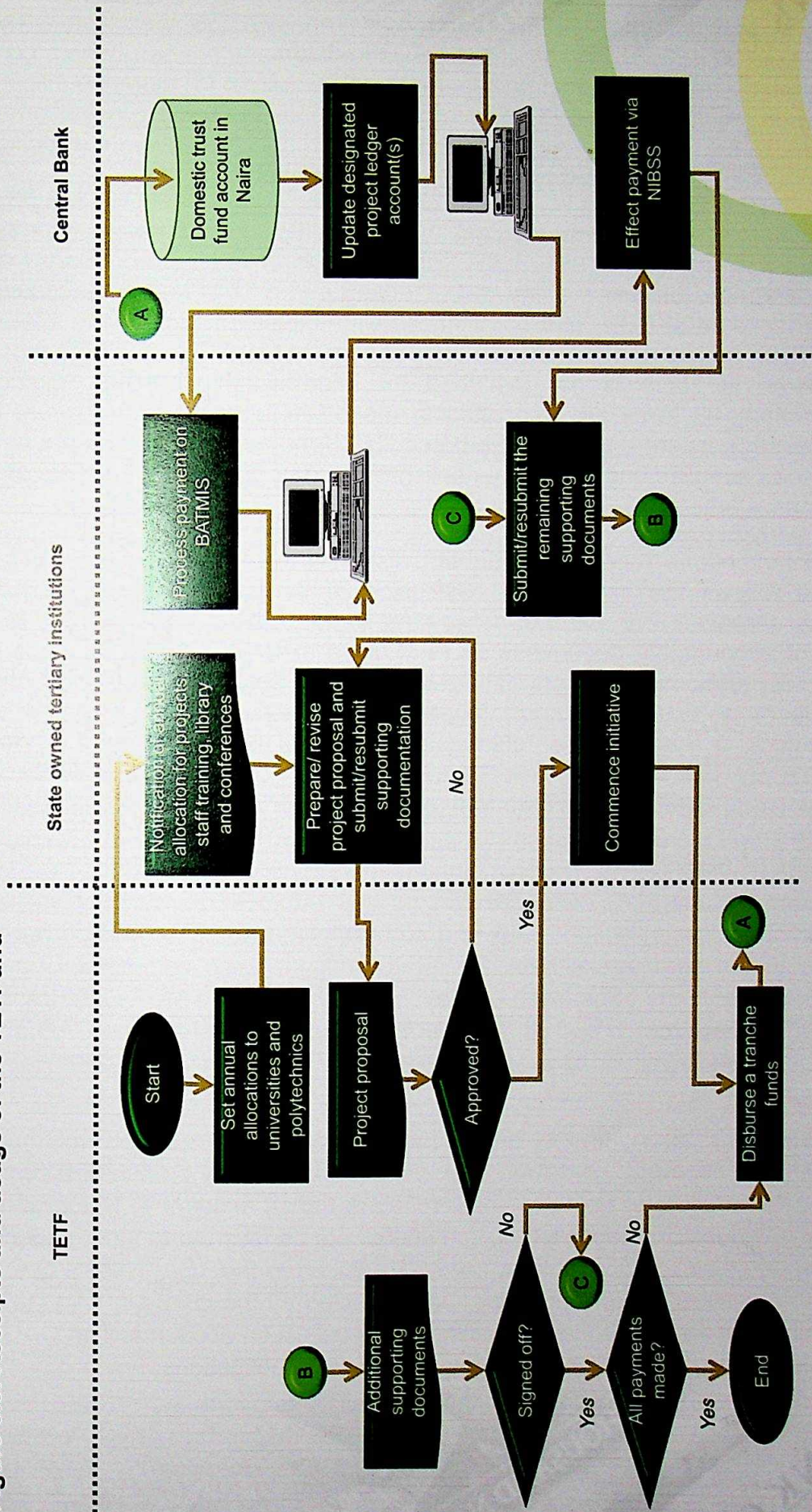
KDSG also benefits from financing from domestic institutions. The Tertiary Education Trust Fund (TETFund) is one such institution which provides earmarked funding to the three tertiary institutions in Kaduna state to meet the costs of: essential physical infrastructure for teaching and learning; instructional material and equipment; research and publication; and academic staff training and development.

Figure 3.6 presents the process flows for TETFunds. The TETFund's management allocate funds to federal and state governments annually, one year in arrears.

¹³ A SOE summarizes eligible expenditures incurred during a stated period, based on individual transactions. Expenditures are normally grouped by category.

¹⁴ A Payment Advice provides the following information: agreement number; application number (assigned by the PFMU); value date of payment; withdrawal authorisation number (assigned by the World Bank); category charged; currency and amount of payment; exchange rate used and the equivalent amount charged to the credit/grant in the currency of commitment; and the undisbursed balance of the credit/grant account.

Figure 3.6: Receipts and usage of the TETFund



Tertiary institutions are thereafter required to prepare proposals for seven types of interventions to do with: (1) infrastructural and equipment/furniture-based; (2) library; (3) academic staff training and development; (4) research; (5) journal publication; (6) conference attendance; and (7) manuscript development. Tertiary institutions submit proposals to the TETFund together with supporting documentation (e.g. designs, list of books/equipment and cost estimates, staff nomination form etc.).

The TETFund's management may ask the tertiary institution to revise its proposal or provide additional information. If the submission is in order, the tertiary institution obtains an approval, and the first disbursement into a TETFund sub-account under the DTF account at CBN, and commences with implementation of the intervention. All TETFund project transactions are recorded on BATMIS. The payment process for expenditure in Naira is as described for internationally funded projects. Any disbursements in forex are deposited in the offshore domiciliary account (with a mirror ledger account on T24 in the name 'TETFund'). CBN makes forex payments to overseas supplies and to meet establishment code (ESTACODE) costs of tertiary institutions' staff.

Some interventions require subsequent disbursements. "The release of funds in tranches follows the satisfactory conclusion of the due process".¹⁵ Specifically, following utilisation of the first tranche, each tertiary institution is required to submit copies of accountable documents to TETFund's internal audit. Documents include bank statements, bank reconciliation statements, electronic payment schedules, PVs, returns on expenditure form, inspection reports, financial returns and so forth. Furthermore, a third tranche release is conditional upon receipt of a clearance certificate by the Internal Audit Unit, a practical completion certificate by the Monitoring and Evaluation Department, progress reports and supporting documents.

3.6 Account sweeping

KDSG has in place SLAs with 17 DMBs in Kaduna to provide retail banking services – in particular, the collection of tax and non-tax revenues. A negotiated fee may be payable to the commercial bank for retail banking. Each commercial bank must record every revenue transaction on Paydirect. KADIRS and MDAs use transactions recorded on Paydirect to update taxpayer/non-taxpayer records. The OAG also uses transactions on Paydirect as a primary source for posting revenue collections in the cashbook.

Cash sweeping arrangements are in place in order to lower the volume of idle balances and overdraft/ borrowing costs. In particular, every branch of a commercial bank in Kaduna State, holds a single revenue transit account in which all tax and non-tax revenues are deposited, which should not be diverted to incur expenditures. All revenue collection accounts at DMBs are linked to the TSA. NIBSS operates an automated system that sweeps revenues collected by the DMBs in Kaduna into the TSA daily, with zero balances remaining in the collection accounts. The OAG retains all monies in the TSA until they are required to settle obligations.

¹⁵ TET Fund (2015) *Guidelines for Accessing TETFUND Intervention Funds*. May 2015.

3.7 Investing cash surpluses

As both the ITF and DTF accounts are ring-fenced, the overall minimum balance in the TSA at any one time cannot be less than the total account balances in the two accounts. Furthermore, KDSG does not benefit from ways and means advances to tide over mismatches in cash flow. However, cash flow forecasts prepared by the CMU at OAG, provide a critical basis for identifying cash flow surpluses.

It is KDSG's policy to earn interest on surplus balances through placements in DMBs and/or through the purchase of financial instruments such as Treasury Bills. In particular, the following criteria must be met:

- The OAG must ensure that there are sufficient funds in the TSA to meet short-term obligations;
- The OAG should only consider secure investments, informed by Fitch and Standard and Poor's ratings;
- Surplus funds should be invested for a maximum period of three months;
- The acceptable lowest return on investment is +2% of the minimum rediscount rate or the equal rate of return earned from 91-day Treasury Bills;
- The Accountant General is required to report to the State Executive Council on the performance of investments on a monthly basis.

3.8 Bank reconciliations

At the end of every month the Reconciliation Unit within OAG undertakes a reconciliation of the TSA and its sub-accounts by: obtaining bank statements from the CBN's T24 system; and preparing a bank reconciliation statement for each account to agree the cash book balance to that shown on the bank statement and explain any differences between the two.

The PFMU and Project Accountants in MDAs are responsible for preparing bank reconciliations on a project-by-project basis. To facilitate this process, at the end of every month, the CBN provides each project with a schedule, which specifies all direct transfers from the overseas domiciliary account.

Currently, the OAG obtains bank statements for the TSA and its sub-accounts from the CBN in hard copy. As an interim measure, KDSG will be installing a virtual private network to enable it to obtain secure online access to bank transactions and statements on CBN's T24 system. Once the BATMIS is interfaced with the T24 system, KDSG will be able to download bank statements and automatically match the transactions in the bank statement with those in the cashbook, and generate a list of unmatched transactions that need to be further followed up for full bank reconciliation.

Bank reconciliations are an important mechanism for monitoring KDSG's cash flows, and provide a vital control over cash resources. Each bank reconciliation statement should specify and explain any unreconciled items, in particular:

- Deposits recorded on bank statements but not entered in the cash book;
- Cheques recorded in the cash book but not credited on bank statements due to time lags between when they are drawn and the dates on which they are deposited;
- Charges recorded on the bank statements but not entered in the cashbook. The cash book balance must be adjusted for charges;
- Transfers shown on bank statements, which have not been posted, to the cashbook. The cash book balance must be adjusted for transfers;
- Posting errors in the cash book or on bank statements, which need to be corrected; and
- Unauthorised bank withdrawals. Such transactions would require follow up with the CBN or an investigation.

3.9 Reports to be generated for TSA management

The MOFI/Final Accounts and Computer Centre Directorates are responsible for generating reports from BATMIS and other sources to inform the Accountant-General and his/her team on the effectiveness of the TSA arrangement. A schedule of reports is provided in **Table 3.1**.

Table 3.1: TSA reports

Report	Description	Responsibility	Frequency
Bank reconciliation statements	Bank reconciliation statements for the TSA and its sub-accounts	Reconciliation Unit	Weekly and monthly
Movements in the offshore domiciliary account	Reports receipts into and payments from the offshore domiciliary account	CBN	Weekly, monthly and annually
Summary of TSA balances	Bank balances in the four TSA accounts and their netting off with the TSA main account	CBN/CMU	Daily
Cash flow forecast	Projected cash inflows and outflows	CMU	Weekly and monthly
Financing schedule	Sets out how expenditure is to be financed	CMU	Annually
Receipts by source	Presents all revenues deposited into the TSA and drawdowns to the ITT and DTF	CMU	Weekly, monthly, quarterly and annually
Commitments by vote	Sets out commitments against budget allocations by vote	ECU	Monthly quarterly and annually
Expenditure by vote	Sets out expenditure	CMU	Monthly

Report	Description	Responsibility	Frequency
	against budget allocations by vote		quarterly and annually
Cash receipts and payments	Reports cash receipts and payments for the period	CMU	Monthly quarterly and annually
Short-term investments	Lists the particulars of surplus cash invested in the money markets	CMU	Monthly

Treasury circulars

Treasury Circular of 18 August 2015 (KDS/C.30/2/VOL.1): To All Banks in Kaduna State

MINISTRY OF FINANCE**KADUNA STATE**

State Secretariat Complex Independence Way,

P.M.B 2008, Kaduna

Office of the Accountant-General

KDS/C.30/2/VOL.1

18th August, 2015

To All Banks in Kaduna State

REQUEST TO OPEN KADUNA STATE GOVERNMENT REVENUE ACCOUNT

I am directed to write and convey the approval of His Excellency the Governor of Kaduna State to open KADUNA STATE GOVERNMENT REVENUE ACCOUNT. This would be a single collection account for all revenues to be deposited in your bank.

2. Further, we hereby request that you open 71 (Seventy-One) Sub-Accounts in the names on the attached list, and link them to the Kaduna State Government Revenue Account.
3. Daily collections in the Sub-Accounts is to be rolled-up to the Kaduna State Government Revenue Account, and swept over night to the Kaduna State Government Treasury Single Account (TSA) with the Central Bank of Nigeria (CBN, Kaduna Branch (Account No. 0100126961019) as per earlier directive.
4. Grateful Make available to us the Account Number as soon as possible.
5. Accept the assurances of my office now and always, please.

A handwritten signature in black ink, appearing to read 'Umar Hassan Waziri'.

WAZIRI, Umar Hassan, FCA
Accountant- General of Kaduna State

Attached:

Kaduna State Government Revenue Sub-Accounts

Treasury Circular of 18 August 2015

KADUNA STATE GOVERNMENT REVENUE SUB-ACCOUNTS

- 1) Kaduna State Board of Internal Revenue Service
- 2) Kaduna Geographic Information Service (KADGIS)
- 3) Ministry of Finance
- 4) Ministry of Environment and Natural Resources
- 5) Ministry for Local Government
- 6) Ministry of Education, Science and Technology
- 7) Ministry of Youth and Sports
- 8) Ministry of Budget & Planning
- 9) Ministry of Water Resources
- 10) Ministry of Commerce, Industry & Tourism
- 11) Ministry of Women Affairs & Social Development
- 12) Ministry of Works, Transport and Housing
- 13) Ministry of Health & Human Services
- 14) Ministry of Justice
- 15) Ministry of Agriculture and Forestry
- 16) Kaduna State House of Assembly
- 17) Kaduna State Library Board
- 18) Kaduna State Primary Health Care Agency
- 19) College of Midwifery Tudun Wada
- 20) Kaduna State Pension Board
- 21) Kaduna State Public Works Agency (KAPWA)
- 22) Kaduna State Teachers Service Board
- 23) Bureau of Local Government Pension
- 24) Drugs and Supply Management Agency
- 25) State Emergency Management Agency
- 26) College of Nursing Kafanchan
- 27) Civil Service Commission
- 28) Kaduna State Environmental Protection Agency (KEPA)
- 29) Kaduna State Universal Basic Education Board (SUBEB)
- 30) Public Procurement Agency
- 31) School of Health Technology Makarfi
- 32) Directorate of Interfaith Matters
- 33) Government Secondary Schools
- 34) Kaduna Tertiary Institutions
- 35) Poverty Alleviation Program
- 36) Kaduna State Industrial & Finance Company
- 37) Kaduna State Urban Planning and Development Authority (KASUPDA)
- 38) Private School Board
- 39) Local Government Service Commission
- 40) The Head of Service Kaduna /Bureau of Establishment
- 41) Science and Technology School Management Board
- 42) Kaduna State Development and Property Company Limited (KSDPC Ltd)

Treasury Circular of 18 August 2015

- 43) Kaduna State University (KASU)
- 44) Kaduna State Aids Control Agency (KADSACA)
- 45) Auditor General Local Government
- 46) Nuhu Bamalli Polytechnic Zaria
- 47) Rural Water Supply and Sanitation Agency (P.UWASSA)
- 48) Kaduna State Public Service Commission
- 49) Government Printing Document
- 50) State Independent Electoral Commission
- 51) Kaduna Agricultural Development Project (KADP)
- 52) Kaduna State Transport Authority (KSTA)
- 53) Kaduna State Industrialization & Micro Credit Management Board
- 54) Auditor General Kaduna State
- 55) Kaduna State High Court of Justice
- 56) Kaduna State Customary Court of Appeal
- 57) Kaduna State Sharia Court of Appeal
- 58) Kaduna State Water Board
- 59) Kaduna State Rural Electricity Board
- 60) Kaduna State Judicial Services Commission
- 61) Project Financial Management Unit (PFMU)
- 62) Kaduna State Local Government Joint Account Allocation Committee
- 63) Kaduna State Markets Development and Management Company Limited
- 64) Kaduna State Health Management Board
- 65) Kaduna State Media Corporation
- 66) Farmers Supply Company Ltd
- 67) Ikara Food Processing Company Limited
- 68) Zaria Pharmaceuticals Company Limited
- 69) Kaduna Agro Industry Limited
- 70) Kaduna Ginger Processing Limited
- 71) Kaduna State Fertilizer Program

MINISTRY OF FINANCE



KADUNA STATE

State Secretariat Complex Independence Way,

P.M.B 2008, Kaduna

Office of the Accountant-General

KDS/C.30/2/VOL.I/36

18th August, 2015

The Principal Private Secretary,
Sir Kashim Ibrahim House,
Kaduna.

The Permanent Secretary,
Office of the Deputy Governor,
Sir Kashim Ibrahim House,
Kaduna.

The Secretary to the State Government
General Hassan Usman House,
Kaduna.

The Head of Service,
General Hassan Usman House,
Kaduna.

All Honourable Commissioners,

The Chairman,
Civil Service Commission,
Kaduna.

The Chairman,
Local Government Service Commission,
Kaduna.

The Chairman,
Teachers Service Board,
Kaduna.

All Chief Executives of Parastatals.

The Provost,
College of Education,
Gidan Waya.

The Provost,
College of Nursing,
Kafanchan.

The Rector,
Nuhu Bamalli Polytechnic,
Zaria.

The Provost,
Shehu Idris School of Health
Science and Technology,
Makarfi.

The Registrar,
Kaduna State University [KASU],
Kaduna.

Introduction of Treasury Single Account (TSA) and Collection of All Government Revenues into the Kaduna State Government Revenue Account

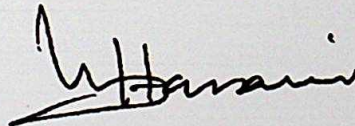
His Excellency the Governor of Kaduna State Mallam Nasir Ahmad el-Rufai has approved the operation of Treasury Single Account (TSA) with the Central bank of Nigeria (CBN). The TSA takes effect from 1st September 2015. This is in compliance with the constitutional provision that all revenues are to be paid into the Consolidated Revenue Fund (CRF).

2. With effect from that date, all payments due to the Kaduna State Government (KDSG) or any of her agencies are to be paid into the TSA through Deposit Money Banks (DMBs), in line with the operations of the TSA. Collection accounts, to be called Kaduna State Government Revenue Account, shall be maintained in each of the DMBs where all revenue must be deposited.

3. Consequently, the following guidelines shall apply:

- I. All existing revenue, project, revolving fund and other collection accounts operated by the MDAs. and all the 23 Local Governments, in the DMBs are to be closed not later than 21st August 2015, and all available balances transferred to the TSA with the CBN, no exceptions allowed;
- ii. Evidence of transfer of the balances and closure of the accounts is to be forwarded to the office of the Accountant-General, not later than Monday, 24 August 2015. **For the avoidance of doubt, bank accounts are to be properly closed in line with extant rules and regulations;**

- iii. At the same time, all DMBs have been requested to immediately open a single account with name **Kaduna State Government Revenue Account**. This account would have 71 Sub-Accounts through which all collections shall be made;
 - iv. All Ministries, Departments and Agencies (MDAs) shall provide payers with details of revenue payable to the Government Thereafter, payers shall proceed to DMBs to make deposits into **the Kaduna State Government Revenue Account**, an account already in the DMBs for this purpose;
 - v. Henceforth, all payers shall make payments into the **Kaduna State Government Revenue Account** only through the designated Sub-Accounts in any branch of DMBs or electronic payment channels such as the Point of Sale (PoS);
 - vi. MDAs shall provide the required service(s) to the payers only after confirmation of the payment into the nominated Pass-Through accounts in any branch of the DMBs as advised;
 - vii. All MDAs are to keep Cash Book/Memorandum Register where all receipts are recorded and thereafter, prepare and submit Returns to the Cash Management Unit (CMU) at the Office of the Accountant-General of Kaduna State on monthly basis;
4. All MDAs are required to similarly open a NEW Operational Account with DMBs of their choice, after due approval have been obtained from the office of the Accountant-General, into which monthly remittances would be made, in accordance to approved budgetary allocations;
 5. Further clarification should be directed to the CMU, Office of the Accountant-General of Kaduna State, if required; and
 6. All Accounting Officers, Directors of Finance and Accounts, Directors of Internal Audits, Heads of Accounts and Heads of Internal Audits of MDAs and other arms of KDSG are enjoined to give this Circular the widest circulation and ensure strict compliance to avoid sanction, please.



WAZIRI, Umar Hassan, FCA
Accountant-General of Kaduna State

MINISTRY OF FINANCE



KADUNA STATE

State Secretariat Complex Independence Way,

P.M.B 2008, Kaduna

Office of the Accountant-General

KDS/C.30/2/VOL.1/58

9th November, 2015

The Principal Private Secretary,
Sir Kashim Ibrahim House,
Kaduna.

The Permanent Secretary,
Office of the Deputy Governor,
Sir Kashim Ibrahim House,
Kaduna.

The Secretary to the State Government
General Hassan Usman House,
Kaduna.

The Head of Service,
General Hassan Usman House,
Kaduna.

All Honourable Commissioners,
The Chairman,
Civil Service Commission,
Kaduna.

The Chairman,
Local Government Service Commission,
Kaduna.

The Chairman,
Teachers Service Board,
Kaduna.

The Chairman,
State Independent Electoral Commission (SIECOM)
Kaduna.

The Auditor - General,
Office of the Auditor - General,
Kaduna.

The Auditor - General,
Office of the Auditor - General,
Local Government Audit,
Kaduna.

The Accountant General,
Ministry of Finance,
Kaduna.

The Chairman,
Kaduna State Assembly Service Commission,
Kaduna.

The Executive Chairman,
State Universal Basic Education Board (SUBEB),
Kaduna.

The Clerk,
Kaduna State House of Assembly,
Lugard Hall,
Kaduna.

The Secretary,
Judicial Service Commission,
Kaduna.

The Chief Registrar,
High Court of Justice,
Kaduna.

The Chief Registrar,
Sharia Court of Appeal,
Kaduna.

The Chief Registrar,
Customary Court of Appeal,
Kaduna.

All Chief Executives of Parastatals.

The Provost,
College of Education,
Gidan Waya.

The Provost,
College of Nursing,
Kafanchan.

The Rector,
Nuhu Bamalli Polytechnic,
Zaria.

The Provost,
Shehu Idris School of Health
Science and Technology,
Makarfi.

The Registrar,
Kaduna State University (KASU),
Kaduna.

REVENUE ACCOUNTS AND PAYDIRECT PLATFORM

As you are aware, the state has adopted the Treasury Single Account (TSA) policy, and the Office of the Accountant General has earlier issued circular as to the closure of all Revenue Accounts hitherto operated by MDAs.

2. Following on that, all MDAs are advised to make use of the payment platform 'PayDirect' deployed to all commercial banks for the collection of Revenues, Fees, Charges, Levies, and all other monies due to Kaduna State Government.

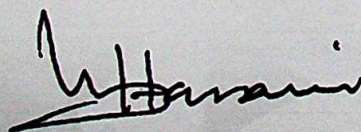
3. The 'PayDirect' collection platform has been linked to the Kaduna State Government Revenue Account available in all banks. Balances in the Revenue Account will be "swept" directly to the Kaduna State Government Treasury Single Account (TSA) in the Central Bank of Nigeria (CBN).

4. On no account should any MDA open or operate any Revenue Account other than the approved Kaduna State Government Revenue Account. Any such Revenue Accounts existing in any commercial bank is to be closed and the balances transferred into the Kaduna State Government Revenue Account immediately, with evidence forwarded to the Office of the Accountant General. Failure to do so **on or before 13th November, 2015** will attract sanctions in line with extant Civil Services Rules.

All MDAs are further reminded of "NO CASH" transaction policy in force in the State. Where there are challenges, MDAs should formally request for the deployment of Point of Sale (POS) e-wallet, etc from the Office of the Accountant General.

6. Questions and clarifications should be directed to my office.

7. Please accept the assurances of my office, now and always.



WAZIRI, Umar Hassan, FCA
Accountant- General of Kaduna State

MINISTRY OF FINANCE



KADUNA STATE

State Secretariat Complex Independence Way,

P.M.B 2008, Kaduna

Office of the Accountant-General

KDS/C.30/2/VOL.1/36

21st September, 2015

The Principal Private Secretary,
Sir Kashim Ibrahim House,
Kaduna.

The Permanent Secretary,
Office of the Deputy Governor,
Sir Kashim Ibrahim House,
Kaduna.

The Secretary to the State Government
General Hassan Usman House,
Kaduna.

The Head of Service,
General Hassan Usman House,
Kaduna.

All Honourable Commissioners,

The Chairman,
Civil Service Commission,
Kaduna.

The Chairman,
Local Government Service Commission,
Kaduna.

The Chairman,
Teachers Service Board,
Kaduna.

The Chairman,
State Independent Electoral Commission (SIECOM)
Kaduna.

The Auditor - General,

Office of the Auditor - General,
Kaduna.

The Auditor - General,
Office of the Auditor - General,
Local Government Audit,
Kaduna.

The Accountant General,
Ministry of Finance,
Kaduna.

The Chairman,
Kaduna State Assembly Service Commission,
Kaduna.

The Executive Chairman,
State Universal Basic Education Board (SUBEB),
Kaduna.

The Clerk,
Kaduna State House of Assembly,
Lugard Hall,
Kaduna.

The Secretary,
Judicial Service Commission,
Kaduna.

The Chief Registrar,
High Court of Justice,
Kaduna.

The Chief Registrar,
Sharia Court of Appeal,
Kaduna.

The Chief Registrar,
Customary Court of Appeal,
Kaduna.

All Chief Executives of Parastatals.

The Provost,
College of Education,
Gidan Waya.

The Provost,
College of Nursing,
Kafanchan.

The Rector,
Nuhu Bamalli Polytechnic,
Zaria.

The Provost,
Shehu Idris School of Health
Science and Technology,
Makarfi.

The Registrar,
Kaduna State University (KASU),
Kaduna.

E-Collection for All Govt. Receipts and the Prohibition of Cash Collection

Recall Treasury Circulars No. **TRY/A6 & B6/2012 of 4th July 2013**, which introduced E-Collection for all receipts accruing to Kaduna State Government.

This Circular serves to re-emphasize and re-iterate the policy of 'No Cash' collection as a critical success factor for the recently implemented Treasury Single Account (TSA) for the State.

It is to be noted that accepting cash under any guise or pretense for tax, levy, fine, charge, or rate payable to the Kaduna State Government is strictly prohibited.

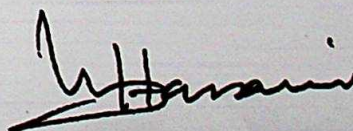
The Kaduna State Revenue Harmonization, Appeal Tribunal and Other Connected Matters Law provided that "Payments of all revenue shall be through electronic payment and direct lodgments".

Due consideration has been given to the need for broad coverage, ease of access and payer's convenience in the acceptable payment options made available to the Payer. Consequently, any of the under-listed e-Payment may be used:

- § Direct Bank Lodgment
- § Cheque/ Bank Draft
- § Internet Payment
- § Point-of-Sale
- § Verve Cards/ MasterCard/ Visa Cards
- § Pay Pall/ Mobile Money
- § Other e-Payments Options, etc.

For the avoidance of doubt, non-compliance would result in immediate sanctions for both the Violating Officer and the Supervisors who created the atmosphere that enable the violation, or permitted it to continue.

All Accounting Officers, Directors of Finance and/ or Account, Directors of Internal Audit, Heads of Account and Heads of Internal Audit of all MDAs as well as Chief Executives of Parastatals are hereby urged to give this Circular the widest circulation and to also ensure strict compliance, please.



Waziri, Umar H. FCA
Accountant-General, Kaduna State

Forms and report templates

Tax assessment form

Kaduna State Board of Internal Revenue
Office of the Executive Chairman
Notice of Original Assessment



AX BC
NO.25 KADUNA
KADUNA

File No: T30
Assessment No: BNG-4-2014-2015
Date of Assessment: Tuesday, November 24, 2015 12:00:00AM

In pursuance of Personal Income Tax Act No. 104 of 1993, notice is hereby given that an assessment to income tax for the 2014 assessment year has been made on you as detailed below. The under-mentioned tax is payable by you into the State Revenue Account at banks designated for that purpose or Area Revenue Office where this assessment was raised.

Income From Employment	0.00
Income From Trade, Business, Prof. or Vocation	500,000.00
Director's Fees	0.00
Pensions	0.00
Income From Rent	0.00
Interest Income	0.00
Dividend Income	0.00
Income From Other Sources	0.00
Gross Income	500,000.00
Less Statutory Deductions	0.00
Less PAYE Non Taxable	0.00
	0.00
Assessable Income	500,000.00
Less Relief	
Personal Allowances	300,000.00
Children Allowances	0.00
Dep. Rel. Allowances	0.00
Life Insurance Allowances	0.00
Other Allowances	0.00
Total Relief	300,000.00
Chargeable Income	200,000.00
Tax Payable	14,000.00
Add WHT on Frank Investment Income	
Dividend	0.00
Interest	0.00
Gross Tax Payable	14,000.00
Less: Tax Withheld or Remitted	0.00
Less: Bonus	0.00
Net Tax Payable	14,000.00

OBJECTIONS AND APPEALS

If you do not agree with the assessment you can object. If you do this, you must:

- Give notice in writing to this office specifying the grounds of objection within one month from the date of receipt of this notice.
- If the objection is not settled by agreement with this office, you may appeal to the State Body of Appellate Commissioners.

While an objection or appeal is pending you are required to pay the tax assessed by the due date of payment shown.

Even if no tax is payable on the assessment, an objection should be made if the amount of the income assessed is not correct.

Tax Computation

First		at		
200,000.00		7.00%		14,000.00
0.00		11.00%		0.00
0.00		15.00%		0.00
0.00		19.00%		0.00
0.00		21.00%		0.00
0.00		24.00%		0.00
200,000.00				14,000.00

COLLECTION
AUTHORITY

NOTICE TO PAY
BERNEN OWARI

YEAR OF ASSESSMENT 2014

NET TAX PAYABLE	DUE DATE OF PAYMENT
14,000.00	Tuesday, December 24, 2015 12:00:00AM

NAME
ADDRESS

AX BC
NO.25 KADUNA
KADUNA

INTEREST AT 21 PER CENT PER ANNUM WILL BE CHARGED ON ANY PART OF THIS TAX WHICH IS NOT PAID WITHIN SIXTY DAYS FROM THE DUE DATE OF PAYMENT. HOWEVER, ALL PAYMENTS MUST BE MADE NOT LATER THAN 15TH DECEMBER OF THE CURRENT YEAR.

If you have notified your tax liability for any or some of the years assessed, kindly submit to the Board within seven (7) days all documentary evidence(s) of such payments.

Executive Chairman, Board of Internal Revenue

Kaduna State Board of Internal Revenue

File No: T30
Assessment No: BNG-4-2014-2015

HOW TO PAY YOUR TAX

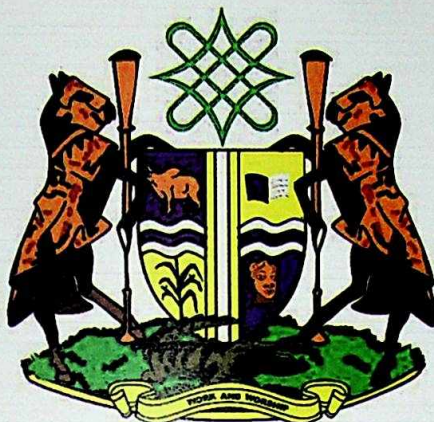
This notice should accompany a remittance or be produced at the time of payment.

AN OFFICIAL RECEIPT SHOULD BE OBTAINED FOR EACH PAYMENT.

Payment of tax to the Board may be made in cash if tendered personally or by bank draft or by a cheque drawn on a recognized Bank in Nigeria. Cheques should be made payable to Kaduna State Board of Internal Revenue, crossed "A/C PAYABLE ONLY" and have your name and address printed in block capitals on the back and paid to any of the Board designated bank listed overleaf.

The Board will enforce compliance by you through the revenue Court by distraining your moveable and unmoveable property in accordance with the provisions of the Revenue Court Edict, and section 96 of the Personal Income Tax Law No. 104 of 1993 as amended.

Electronic ticket



**KADUNA STATE
PAYMENT RECEIPT**

TIN -Tax Identification Number: **--N/A--**
 Customer Name: **FORTE OIL PLC**
 Payment Period: **OCTOBER 2015**
 Total Amount Paid: **N 49,402.32**
 Payment Method: **Internal Transfer**
 Payment Date: **23-Nov-15 18:36:40**
 Bank - Branch: **STANBIC-Kaduna**
 Deposit Slip Number: **12345**
 Payment Ref. Number: **STANBIC|BRH|KADS|23-11-2015|031051**
 Receipt Number: **1532736562**
 Serial Number: **47420020643607**
 Bank Teller: **Ojoro, Onyeche**
 Third Party: **KADUNA NORTH REVENUE OFFICE [AC-24]**

Revenue Category	Revenue Type	Amount
Board of Internal Revenue	3225Withholding Taxes on Contracts (Board of Internal Revenue)	N 49,402.32

Purchase/ job order



Kaduna State Government

PURCHASE/JOB ORDER

Form number:
Serial number:

Date:.....
To:

Organisation Name
Sub-Organisation Name
Address

Please Supply Goods/Services Detailed below:

No	Item Description	U/M	Qty	Unit Price	Total Cost

TERMS & CONDITIONS

1. Your invoice should be submitted together with the original of the LPO
2. The Purchase Order Number must be quoted on all communications relevant to this order

Purchase Order Request No: _____

Request Prepared By: _____

Goods to be delivered to: _____ Expected Date for Delivery _____

Authorised By: _____

Purchasing Officer/Supplies Officer

Chief Accountant

Head of Examination



Official Seal

Payment voucher



PAYMENT VOUCHER
 Recurrent Expenditure

Organisation Name
 Sub-Organisation Name
 Payment to

Date	Detailed description of services	Rate	Amount	
			N	K
Total				

Total amount in words.....

Certified that the details above are in accordance with the relevant contract, regulations or other authority under which the Services/Goods were provided/purchased.

Officer who prepared the Voucher: Signature..... Name (in block letters).....

Officer who checked the Voucher: Signature..... Name (in block letters).....

I certify that the Services/Goods have been duly performed/received and that financial authority.....is held to incur this expenditure and that the relevant D.V.E Account entries have been made.

Signature of Officer Controlling Vote or A/E..... forName (in block letters).....Date.....

Cheque No.....Account No.....Account Name..... Name of Bank.....

Received in the sum of.....Naira and.....Kobo in payment of the above accounts thisday of20.....

Witness to mark..... Name of Payee..... Signature.....

Witnessing Official: Name..... Rank.....

Voucher number:

□ □ □ □ □ □ □ □ □ □

Month/ Year

□ □ □ □ □ □ □ □ □ □

Administrative segment:

□ □ □ □ □ □ □ □ □ □

Economic segment:

□ □ □ □ □ □ □ □ □ □

Fund segment:

□ □ □ □ □ □ □ □ □ □

Date received in Treasury

.....

Checked and passed at

.....

For

.....

Payable only at

.....

Checked by Internal Auditor (Name and Signature)

.....

Bank reconciliation template



Bank Reconciliation Statement

ACCOUNT NAME

ACCOUNT NUMBER

BANK RECONCILIATION STATEMENT AS AT / / 201__

- | | | | |
|----|-------------------------------------------------|---|-------|
| 1. | Opening Cash Balance as at:/...../201__ | N | _____ |
| 2. | Add: Receipts during the month | N | _____ |
| 3. | SUB TOTAL | N | _____ |
| 4. | Less: Expenditure during the month | N | _____ |
| 5. | Closing Cash Balance as at:/...../201__ | N | _____ |

CASH BOOK ADJUSTMENTS:

- | | | | |
|-----|------------------------------------------------|---|-------|
| 6. | Add: (a) Bank interest | N | _____ |
| | (b) Other income not in the cash book | N | _____ |
| 7. | SUB-TOTAL | N | _____ |
| 8. | Less: Bank charges..... | N | _____ |
| 9. | ADJUSTED CLOSING CASH BOOK BALANCE | N | _____ |
| 10. | Add: Unpresented cheques | N | _____ |
| 11. | Less: Uncredited lodgements at the bank | N | _____ |
| 12. | Add / Less: Other adjustments | N | _____ |
| 13. | BALANCE AS PER BANK STATEMENT | N | _____ |

Prepared by:

_____	_____	_____	_____
Name	Designation	Signature	Date

Checked by:

_____	_____	_____	_____
Name	Designation	Signature	Date

Cash flow forecast template

ITEM	Month												Total
	J	F	M	A	M	J	J	A	S	O	N	D	
REVENUE													
Opening Balance													
Statutory Allocation(GROSS)													
<i>Deductions from FAAC allocations (Federal Transfers)</i>													
Statutory Allocation (Net)													
VAT													
Exchange Gain Differential/Other Federal Transfers													
IGR													
Internal Loans													
External Loans													
External Grants													
Internal Grants													
Net Inflow													
Total Expenditure													
Recurrent Expenditure													
Pensions & Gratuity													
Personnel Costs													
Overhead Cost & Standing Orders													
Other recurrent releases													
Capital Expenditure (Including School Feeding)													
Total Outflow													
Net Flows From Operations(Shortfall/Surplus)													
Opening Balance													
Net Cash Flow													
Closing Balance													

Financing template

Financing Table for the Period []

Government Expenditure	A	Detail as required
MDAs		
<i>Personnel</i>		
<i>Other Current</i>		
<i>Capital</i>		
Statutory Transfers, other		
Debt Interest		
Government Revenue	B	Detail as required
Transfers from Federation Account		
IGRs		
VAT, other local revenue		
Surplus (-) or Deficit (+)	C=A-B	
<u>Other flows:</u>		Detail as required
Assets sales or privatisation receipts	D	
On-lending, net of repayments*	E	
Debt redemptions and repayments	F	
Gross Financing Requirement	G=C-D+E+F	
<u>Sources of Financing:</u>		
I. External Loans and Credits		
Project-related	H	Target
Policy loans (budgetary support)	I	Forecast
Commercial borrowing	J	Forecast
II. Domestic Borrowing		
Bonds	K	Target [if option is available]
Bills	L	Target [but flexible]
Commercial borrowing	M	
Short-term lending to banks, net	N	Forecast
Increase in TSA (net of changes in any other short-term liabilities)**	O	Residual
Total Gross Financing	G=H+I+J+K+L+M-N-O	
* Includes on-lending to e.g. Government business enterprises of external project-related loans		
** Increased TSA cash balances, net of e.g. any borrowing from central bank (if available)		

Note: A financing table should typically be published with the annual budget, looking forward for the year ahead. Within the year, it may be difficult to maintain the table if it is put together from different data sources, there are time lags in some flows (a change in the TSA will be identified before the contributing factors are known), different definitions (perhaps mixing accruals and cash) are used or reconciliations are delayed. In practice there may need to be residual item.

Receipts by source

Bank Name Payment Notification	MDALG	Bank Name Payment Notification	Customer Name Payment Notification	Receipt No Payment Notification	Payment Date Payment Notification	Item Name Payment Notification Line	Item Code Payment Notification Line	Item Amount Payment Notification Line
	11001002							
	Ministry of Lands & Surveys							
	Total For 11001002							
Total for Bank [x]								
	36001001							
	Ministry of Culture & Tourism							
	Total For 36001001							
Total for Bank [y]								

Commitments by vote

Name of ministry, department and agency _____

Vote number _____

<i>Note</i>	This month/quarter/year Naira million	Previous month/quarter/year Naira million
Current expenditure		
Approved and contracted	_____	_____
Approved but not yet contracted	_____	_____
Capital expenditure		
Approved and contracted	_____	_____
Approved but not yet contracted	_____	_____
Total Commitments	_____	_____

Indicate whether a commitment is for longer than a year

Cash receipts and payments

Cash receipts and payments for the period ended [x]

	Note	← 200X →			← 200X-1 →		
		Receipts/ (Payments) controlled by entity	Payments by other government entities	Payments by external third parties	Receipts/ (Payments) controlled by entity	Payments by other government entities	Payments by external third parties
<i>(in thousands of currency units)</i>							
RECEIPTS							
Authorized allocations/Appropriations		X	X	-	X	X	-
Other receipts		X	-	-	X	-	-
Grants/Assistance		-	-	X	-	-	X
Total receipts		<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
PAYMENTS							
Wages, salaries and employee benefits		(X)	-	-	(X)	-	-
Rent		(X)	(X)	-	(X)	(X)	-
Capital Expenditure		(X)	(X)	(X)	(X)	(X)	(X)
Transfers	3	(X)	(X)	(X)	(X)	(X)	(X)
Total payments		<u>(X)</u>	<u>(X)</u>	<u>(X)</u>	<u>(X)</u>	<u>(X)</u>	<u>(X)</u>
Increase/(Decrease) in Cash		<u>X</u>	<u>X</u>	<u>(X)</u>	<u>X</u>	<u>(X)</u>	<u>X</u>
Cash at beginning of year	2	X	N/A*	N/A	X	N/A	N/A
Increase/(Decrease) in Cash		X	N/A	N/A	X	N/A	N/A
Cash at end of year	2	<u>X</u>	<u>N/A</u>	<u>N/A</u>	<u>X</u>	<u>N/A</u>	<u>N/A</u>