

The legal and regulatory framework of public sector accounting will be covered in this subject.

You'll also learn about the Finance (Control and Management) Act 1958, the Fiscal Responsibility Act (FRA) 2007, the Public Procurement Act (PPA) 2007, the Freedom of Information Act (FOI) 2011, and the Financial Regulations, which are all provisions of the 1999 Constitution that affect public sector accounting in Nigeria (2009).

You'll also learn about the provisions of the Nigerian Extractive Industries Transparency Initiative Act 2007 relating to public sector accounting.

The Bureau of Public Procurement has released the Federal Treasury Accounting Manual, Treasury Circulars, and the Procurement Procedures Manual (BPP).

THE CONSTITUTIONAL, LEGAL AND REGULATORY FRAMEWORK OF PUBLIC SECTOR ACCOUNTING IN NIGERIA

Among other things, the legal and regulatory framework for public sector accounting and financial management includes:

1. The Nigerian Constitution of 1999
2. Finance (Control and Management), Act 1958
3. Fiscal Responsibility Act (FRA) 2007
4. Public Procurement Act (PPA) 2007
5. Freedom of Information Act (FOI) 2011
6. The Financial Regulations (2009).
7. The Nigerian Extractive Industries Transparency Initiative Act 2007.
8. The Federal Treasury Accounting Manual.
9. Treasury Circulars
10. The Procurement Procedures Manual: Issued by the Bureau of Public Procurement (BPP).

1. THE NIGERIAN CONSTITUTION OF 1999

The constitution is the supreme law of the country, from which all other laws are derived. As a result, it is the most important accounting regulation framework in the public sector.

It establishes the consolidated revenue fund as well as the Federation Account, among other things.

Section 80(1) to (4): Establishment and operation of the Consolidated Revenue Service are the most relevant sections of the 1999 Constitution for public sector accounting. (1) to (4) of Section 81: The procedure for authorizing expenditures from the Consolidated Revenue Fund is dealt with in this section.

Article 82. This clause provides for the administration of government in the event that the budget is not approved on time.

It allows the President to withdraw funds from the Federation's Consolidated Revenue Fund for a period of six (6) months while the budget is being approved.

It specifies how money from the consolidated revenue fund can be withdrawn. It also specifies the appointment, duties, and removal of the Auditor-General of the Federation, as well as the auditing of government agencies and parastatals.

The Contingencies Fund is established under Section 83 of the Act.

Section 84 is concerned with the President's and other statutory officers' salary.

The audit of public accounts is mentioned in Section 85.

Sections 86 and 87 deal with the Auditor-appointment General's and term.

Sections 88 and 89 grant the National Assembly the authority to undertake investigations and obtain any necessary evidence.

Section 149: Ministers are required by the Constitution to reveal their assets and liabilities, as well as their oaths of allegiance.

Section 162: This section establishes the Federation Account, which receives all revenue collected by the Federation Government (with limited exclusions).

Section 163 is concerned with the distribution of other revenues.

Section 164: This section deals with federal grants-in-aid to states.

Section 313: This section deals with the mechanism of revenue allocation.

2. FINANCE (CONTROL AND MANAGEMENT) ACT OF 1958, CAP. 144, 1990

This is the most important statute that governs government accounting. It is the fundamental law that governs the method and oversight of all government financial operations.

The Act governs how government funds are managed and operated. It specifies the books of accounts to be kept and the procedures to be followed for preparing financial statements and accounts.

The Act is divided into six sections:

PART I: Establishes general control and legislative control over public funds. It empowers the Minister of Finance to oversee the Federation's expenditures and finances in order to guarantee that the Legislature is given a full accounting.

It also entrusts the Minister with the management of the Consolidated Revenue Fund, as well as the supervision and control of all things pertaining to the Federation's financial affairs that are not delegated to another Minister by law.

PART II: The management of the consolidated revenue fund is covered in Part 11. It grants the Minister the authority to issue warrants authorizing the release of funds from the Consolidated Revenue Fund to pay statutory expenditure or the cost of any purpose for which an amount has been appropriated in line with any Act.

It stipulates that no power shall be granted in excess of the quantity allotted for the purpose in question when it comes to the issue of moneys other than statutory spending. This section also covers the handling of erroneous receipts and losses.

PART III: The government's investments are discussed in this section. It governs the approval and oversight of government investments.

It states that the Consolidated Revenue Fund, as well as any other public fund of the Federation, may include deposits with a bank or the Joint Consolidated Fund, either on call or with a six-month notice period, or any investments in which a trustee in Nigeria may legitimately invest trust money.

It also states that the disposal of funds from the Consolidated Revenue Fund or any other public fund for any such purpose requires no legislative authority other than that provided in this section and may be made by the Governor.

In line with particular instructions provided by the Minister, the Accountant-General or the State Agents for Overseas Governments and Administration. In line

with particular instructions provided by the Minister, the Accountant-General or the State Agents for Overseas Governments and Administration.

PART IV: The legislature's authorization of expenditures is the subject of this section.

According to the Constitution, the Minister shall cause estimates of the Federation's revenues and expenditures for the next financial year to be prepared, which shall be presented to the President for approval and, once approved, shall be laid before each House of the National Assembly at a meeting commensurate with the meeting commensurate with the meeting commensurate with the meeting commensurate with the meeting commensurate with the meeting commensurate with the meeting commensurate with the meeting commensurate with the meeting commensurate with the meeting.

PART V: This section covers the Federation's additional public funds. It outlines how some public funds are allocated by law and how annual balances are carried forward.

It further provides that under certain circumstances, interest and investment variations must be paid to the Consolidated Revenue Fund. This section also covers the fluctuations in the value of investments as well as the regulations for managing finances.

PART VI: This section covers a variety of topics, including the treatment of all government monies. On April 1, 1958, it discusses the creation of annual accounts for all funds as well as the transfer from the general revenue balance to the consolidated revenue fund.

3. AUDIT ORDINANCE (OR ACT) OF 1956.

The Act covers the auditing of government accounts in general. The Auditor-General for the Federation is appointed, tenured, paid, and terminated under this Act. (In the Act, he is referred to as the Director of Federal Audit). It is responsible for auditing public finances, including those of parastatals.

According to the Act, the Director of Federal Audit shall conduct inquiries into and audit the accounts of all accounting officers and all people entrusted with the collection, receipt, custody, issue, or disposition of funds on behalf of the House of Representatives.

receipt, custody, issue, sale, transfer, or delivery of any stamps, securities, stores, or other property of the Federation's government (section 7(1)).

The Act also states that the Director of Federal Audit must satisfy himself that: (a) all reasonable precautions have been taken to safeguard the collection of Federal Public Moneys, that the law relating thereto has been duly observed, and that all directions or instructions relating thereto have been obeyed; and (b) the law relating thereto has been duly observed and that all directions or instructions relating thereto have been obeyed (b)

That all money appropriated or otherwise disbursed has been spent and applied for the purpose or purposes for which the grants made by the Federation legislature were intended to provide, and that the expenditure complies with the authority that governs it, and (c) that adequate regulations for the guidance of storekeepers and store accountants exist and have been duly observed (Audit Act, 1956: section 7(2) (a-c)).

Section 11 of the Act states that if the Director of Federal Audit suspects any anomalies in the receipt, custody, issue, or sale of federal public funds or in the receipt, custody, issue, or sale of federal public lands, the Director of Federal Audit must investigate.

He shall immediately bring the situation to the attention of the Governor-General or the Minister as he may judge appropriate in the transfer or delivery of any stamps, securities, stores, or other property of the Government of the Federation, or in the accounting for the same.

Section 14(2) states that the Director of Federal Audit shall transmit to the Minister copies of the accounts signed and presented by the Accountant-General of the Federation in accordance with the provisions of section 13, as well as a certificate of audit and a report upon his examination and audit of all accounts relating to the Federation, within eight months of the close of each financial year or such longer period as the House of Representatives may by resolution appoint.

The Act gives the Director of Audit safeguards and leeway in carrying out his duties. It states that the Director of Federal Audit may:

(a) call upon any Federal or Regional officer to provide any explanations or information that he may require in order to discharge his duties; (b) call upon any Federal or Regional officer to provide any explanations or information that he may require in order to discharge his duties; and (c) call upon any Federal or Regional officer to provide any explanations or information that he may require in order to discharge his duties.

(b) allow any Federal or Regional official to conduct any inquiry, investigation, or audit on his behalf, and such person shall report to the Director of Federal Audit on the findings.

(c) without payment of any fee, cause a search to be made in and extracts to be taken from any book, document, or record in any public office,

(d) examine all persons whom he may think fit to examine regarding the receipt or expenditure of funds (which oath, declaration, or affirmation the Director of Federal Audit is hereby empowered to administer),

of money or the receipt or issue of any store affected by the provisions of this ordinance, and all other matters and things necessary for the proper performance and exercise of the duties and powers vested in him (section 12(1)(d))

(e) lay before the Attorney General of the Federation; a written case concerning the interpretation of any ordinance or regulation concerning.

The Audit Act was enacted before Nigeria's independence in 1960, and it is a colonial legislation. Various constitutions (1963, 1979, 1989, and 1999) have recognized and codified the Act's essential features since its enactment. Many objections have been leveled at it, claiming that its provisions are insufficient to combat corruption and promote public service probity, openness, and accountability.

The Audit Act's flaws, according to Ogunyemi (2014), are divided into two categories.

The first, according to him, is in the Act's construction or writing. The lack of a provision for a sanction on corruption or misuse of public funds, as well as archaic and antiquated laws and the Auditor-lack General's of full autonomy, are all examples of this.

The second limitation is imposed on the Act by an existing clause of the 1999 constitution, which prohibits the Auditor-General from investigating or reporting on certain accounts of government entities.

Another issue that has been identified is that the power to act on the Auditor General's conclusions is vested in the arms of government that are the primary focus of the Auditor's examination, namely the legislature and the executive branch. The obvious consequence is that the indicted individual who is able to act on his indictment will simply refuse to do so.

It opposes the fundamental judicial principle of equitable justice and fair dealings encapsulated in the legal maxim of *nemo iudex in causa sua*, according to Ogunyemi (2014), which is a major necessity of the rule of law. The Act's inadequacies have prompted calls for its repeal or reform.

In this regard, the National Assembly has been presented with a bill to repeal the Audit Act of 1956 and re-enact the Audit Act of 2014.

The Bill has passed the House of Representatives, but the Senate has yet to do so.

When passed into law, the Bill is projected to increase the Office of the Auditor-General for the Federation's authority, establish the Audit Service Commission, and address other relevant issues.

The Bill's passing will not only make the Auditor's Office financially self-sufficient, but it will also provide it administrative authority.

The Federation's general. They will now be able to hire, promote, and discipline their employees.

4. APPROPRIATION ACTS

When Money Bills become Laws, they are known as Appropriation Acts. They oversee financial matters such as the payment and withdrawal of funds from the Consolidated Revenue Fund.

Appropriation Acts are passed on a yearly basis to authorize the release of public funds in order to provide services during the fiscal year in question. Except for the Contingencies Fund and the Consolidated Revenue Fund, Appropriation Acts may order a change in the way any fund is operated.

5. TREASURY/FINANCE CIRCULARS AND CIRCULAR LETTERS

These are administrative instruments that are provided to guide the departments of government's day-to-day ordinary activities. They're utilized to change existing rules and regulations in the public sector.

6. FISCAL RESPONSIBILITY ACT, 2007

The Fiscal Responsibility Act of 2007 establishes the Fiscal Responsibility Commission to ensure the prudent management of the nation's resources, long-term macroeconomic stability of the national economy, greater accountability and transparency in fiscal operations within the Medium-Term Fiscal Policy Framework, and the promotion and enforcement of the National Fiscal Policy Framework. The Fiscal Responsibility Act of 2011 revised the 2007 Act.

The Act is broken down into sections. Part established the Fiscal Responsibility Commission, which is in charge of putting the Act's provisions into effect.

The following are the powers granted to the commission:

1. The ability to compel any individual or government entity to reveal information about public revenues and expenditures; and
2. The authority to order an investigation into whether somebody has broken any of the Act's 3. If the Commission is satisfied that such a person has violated any provision of this Act, the Commission shall transmit a report of the investigation to the Attorney-General of the Federation for possible prosecution.

The commission's responsibilities include:

- (a) monitoring and enforcing the provisions of this Act in order to further the economic goals set forth in section 16 of the Constitution; and promoting the economic goals set forth in section 16 of the Constitution.
- (b) Disseminate standard procedures, including worldwide best practices, that will increase efficiency in the allocation and management of public expenditure, revenue collection, debt control, and fiscal transparency;
- (c) Conduct fiscal and financial research, analyses, and diagnoses, and publish the findings to the public;
- (d) Establish rules for carrying out the Act's tasks; and
- (e) Perform any other role compatible with the achievement of the Act's goals.

PART II

— This section lays forth the basis for the Federal Government's drafting of the Medium-Term Expenditure Framework. It states, among other things, that the Federal Government, after consulting with the states, shall: (a) Prepare and lay before the National Assembly, for their consideration, a Medium-Term Expenditure Framework for the next three fiscal years; and (b) Prepare and lay before the National Assembly, for their consideration, a Medium-Term Expenditure Framework for the next three fiscal years.

(b) Cause a medium-term spending Framework for the next three financial years to be produced not later than four months before the start of the next financial year.

By a resolution of each House of the National Assembly, the framework so laid shall be examined for approval with such adjustments, if any, as the National Assembly deems suitable.

PART III

– Outlines the process for preparing the annual budget. The Annual Budget is to be drawn from the Medium Term Expenditure Framework, according to the Act. It states, for example, that the Medium-Term Expenditure Framework shall:

- (1) Serve as the foundation for the revenue and spending estimates that must be developed and presented to the National Assembly under section 81 (1) of the Constitution.
- (2) The sectoral and compositional distribution of the expenditure estimates referred to in paragraph (1) of this section must be compatible with the Medium Term Expenditure Framework's medium-term developmental priorities.

It also lists the materials that will be included with the Annual Budget Estimates.

The budgetary planning of businesses and other relevant entities is covered in Part IV. According to this section, the Government corporations, agencies, and government-owned companies listed in the Schedule to this Act (referred to as "the Corporations") must prepare and submit to the Minister their Schedule estimates of revenue and expenditure for the next three financial years not later than six months after the commencement of this Act and every three financial years thereafter, not later than the end of the second quarter of each year.

After that, by the end of the second quarter of each year, cause their Schedule estimates of revenue and spending for the next three financial years to be developed and presented to the Minister. Each of the bodies is also required to provide the following documents to the Minister by the end of August each fiscal year:

- (a) An annual budget based on the estimates presented in accordance with subsection (1) of this section; and
- (b) Projected operating surplus produced in accordance with accepted accounting procedures.

The Minister shall attach the estimates provided pursuant to paragraph (2) of this section to the Appropriation Bill that will be presented to the National Assembly.

PART V

– This section covers the appropriate bodies' budgetary implementation and achievement of aims.

The section covers topics such as the Annual Cash Plan, the Disbursement Schedule, the Minister's power to approve virements, the Minister's power to restrict further commitments, the restriction on the grant of tax relief, the budget office's responsibility to monitor and report on implementation, and the application of Part V to States and Local Governments.

The topic of public revenue is covered in Part VI. It deals with revenue forecasting and collection.

PART VIII – deals with government spending. It discusses the grounds for growing government spending as well as the circumstances for increasing personnel spending.

It further states that all contracts related to the execution of the yearly budget must follow the rules and guidelines for (a) contract procurement and warding; and (b) contract management.

(a) Contract certification and due process.

deducted from the debtor government's portion of the Federation Account at the point of origin

The conditions of borrowing are outlined in PART X, as well as the verification of compliance restrictions. It establishes a framework for financial institutions to lend, as well as specific limits on the CBN's dealings with government agencies and parastatals.

It further states that the Minister may make assurances on behalf of any government in the Federation with the permission of the Federal Executive Council.

PART VII

–concerns savings and asset management, as well as the consequences of noncompliance with Part VI.

Part 111 also outlined the consequences of violating public spending laws, as well as the application of Part VIII to states and local governments.

PART 1

It establishes a framework for debt management and sets restrictions on federal, state, and local government debt. It's also for external debt services. In this regard, the Act states that the servicing of foreign debts is the responsibility of the government that committed the debt, and that the cost of servicing Federal Government guaranteed loans is the duty of the federal government that guaranteed the loan.

PART XI – for the conduct of government business to be transparent and accountable. It specifies that the Federal Government must manage its fiscal and financial affairs in a transparent way, and that all transactions and decisions concerning public revenues and expenditures, as well as their repercussions for the government's finances, must be fully disclosed and widely publicized.

It further states that during the drafting and debate of the Medium-Term Expenditure Framework, Annual Budget, and Appropriation Bill, the National Assembly must maintain transparency.

In order to promote openness and accountability, the Act mandates the publication of audited financial statements and a summary report on budget execution (PART XII). It specifies that a person has legal ability to enforce the provisions of this Act by seeking prerogative orders or other remedies from the Federal High Court without having to demonstrate any specific especial interest.

PART XIII

Portion XIV provides interpretation of some terminology employed in the Act, whereas part XIV establishes various and miscellaneous provisions.

7. MODEL FINANCIAL MEMORANDA FOR LOCAL GOVERNMENT

The Federation Account Allocation Committee (FAAC) established an Ad Hoc committee to evaluate and standardize the accounts of the Federal, State, and Local Governments on June 15, 2001, with the following terms of reference:

1. Examine and evaluate the current Public Sector Accounting Records and their applicability to the Published Annual Accounts.
2. Using IFAC Exposure papers, investigate the current structure of public sector accounting in accordance to international standards.
3. Determine whether current public sector records are relevant to the proposed standard models.
4. To identify different users of Public Sector Financial Statements and their financial information requirements.
5. To harmonize the financial reporting systems of the federal, state, and local governments.
6. To make recommendations for adequate financial reporting standards that are compatible with modern technology.
7. To establish accounting standards capable of producing accurate financial data in a timely way.
8. Make any further recommendations that are appropriate and desired. According to the 2001 Committee Report, the financial statements of the three tiers of government at the time had the following unfavorable features:

- Statements that are disjointed and unrelated.
- Voluminous size is difficult to comprehend.
- Many end users find it of little or no utility.
- It's unimportant. 5. It is devoid of substance.
- Untrustworthy
- There is a lack of accurate representation.

8. Deficiencies Prudence Incompleteness There is a lack of consistency. As a result, the 2001 Committee issued the following recommendations:

1. The government's continued use of the cash foundation of accounting

2. The seven statements that follow:

i. The claim

No. 1: Financial Statement Responsibility

ii. Conclusion

No. 2: Statement of the Auditor-Opinion General's

iii. Make a statement

Cash Flow Statement iv. Statement No. 3:

No. 4: Assets and Liabilities Statement

v. Proposition

No. 5: Statement of the Consolidated Revenue Fund vi. Statement of the Consolidated Revenue Fund

No. 6: Capital Development Fund Statement vii. Statement

Notes to the Financial Statements (No. 7) Only the following statements, however, apply to Local Government Councils: Statement

Financial Responsibility Statement (Statement of Financial Responsibility) (Statement of Financial Responsibility) (Statement of Financial Responsibility)

No. 2: Auditor-Opinion General's on Local Government Statement No. 3: Cash Flow Statement Statement

No. 4: Assets and Liabilities Statement Statement

No. 5: Statement of Revenue and Expenditure (Statement of Revenue and Expenditure) (Statement of Revenue and Expenditure)

No. 6: Financial Statement Notes According to FAAC, the need for a review of the six statements arose as a result of the six statements' recommendations.