



HOUSE OF REPRESENTATIVES FEDERAL REPUBLIC OF NIGERIA

VOTES AND PROCEEDINGS

Thursday, 13 November, 2008

1. The House met at 10.00 a.m. Mr Deputy Speaker read Prayers.
2. **Votes and Proceedings:**
Mr Deputy Speaker announced that he had examined and approved the Votes and Proceedings of Wednesday, 12 November, 2008.

By unanimous consent, the Votes and Proceedings was adopted.

3. **Announcement:**
Visitors:
Mr Deputy Speaker announced the presence in the Gallery, of staff and students of Amana International School, Kano.
4. **Petitions:**
The following petitions were received and referred to the Committee on Public Petitions:

Mohammed, praying the House to intervene in his alleged wrongful dismissal by the Nigerian Army, with a view to re-instating him;

- (ii) Hon. Patrick Asadu (*Nsukka/Igboeze South Federal Constituency of Enugu State*), from Mr Julius Okonkwo Asadu, praying the House to investigate his alleged wrongful dismissal by the Federal Ministry of Science and Technology, with a view to re-instating him and granting all other reliefs sought therein;
- (iii) Hon. Henry S. Dickson (*Segbama/Ekeremor Federal Constituency of Bayelsa State*), from Chief J. E. Alia, on behalf of the Agge Community, praying the House to intervene in the alleged ravagmg of their Community by the Joint Task Force (JTF) and ensure that justice prevailed.

5. **Presentation of Report:**
Joint Committee on Finance and Foreign Affairs:
Motion made Question proposed, "That this House do receive the Report on a Bill for an Act to Enable Effect to be given in the Federal Republic of Nigeria to the Agreement Between the Federal Republic of Nigeria and Republic of South Korea, for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital Gains (HB. 30) 2008" (*Hon. John Owan Enoh*).

Question put and agreed to.

Report laid. **6. \$3 Billion**

World Bank Loan Offer:

Motion made and Question proposed,
The House:

Notes the World Bank's willingness to grant this country a loan facility of S3 billion for the development of infrastructure as well as eradicating poverty;

Aware that few years after Nigeria exited from the Paris and London Club debt traps, the World Bank is proposing another trap cycle of modern economic slavery;

Disturbed that the previous loans from the World Bank have not been judiciously utilized for the provision of infrastructural facilities;

Observed that the World Bank's claim that the loan is interest free, but will attract only service charges is disturbing.

Resolves to:

- (i) Urge the Federal Government to reject this seeming death trap coming from the World Bank only few years after the country had a partial debts' pardon;
- (ii) Mandate the Joint Committee on Finance and Appropriations to look into this matter and advise the Federal Government accordingly and thereafter report back to the House within one month (*Hon. Dino Melaye and 11 Others*).

Debate:

Amendment Proposed:

Leave out all the words in Prayer (i) (*Hon. O. Onigbogi*),

Question that the amendment be made, put and agreed to.

Main question as amended put and agreed to.

The House:

Noted the World Bank's willingness to grant this country a loan facility of \$3 billion for the development of

Aware that few years after Nigeria exited from the Paris and London Club debt traps, the World Bank is proposing another trap cycle of modern economic slavery;

Further aware that Nigeria attained her economic, cultural and political independence in 1960, and accepting this offer from the World Bank would amount to another financial and economic slavery;

Disturbed that the previous loans from the World Bank had not been judiciously utilized for the provision of infrastructural facilities;

observed that the world Bank claim that the loan is interest free, but would attract only service charges is disturbing.

Resolved to:

Mandate the Joint Committee on Finance and Appropriations to look into this matter and advise the Federal Government accordingly and thereafter report back to the House within one month (HR. 65/2008).

7. 2009 Budget Proposal:
Motion made and Question proposed,
The House:

Notes that the Appropriation Act is the only law that is annually passed by the National Assembly through which government financial programmes and policies are implemented;

Aware that the 2008 Appropriation process was characterised by controversies, trade of blames and eventual amendment;

Disturbed that up till now the 2009 Budget Proposal has not been forwarded to the National Assembly;

Concerned that the National Assembly constitutional power of appropriation is gradually being eroded by the Executive's deliberate exclusion of all its input in the budget process;

Worried that with less than 30 Legislative sitting days to the end of the year, the 2008 budget performance is below 30% despite over 90% releases to various Ministries, Departments and Agencies;

Observed that the confusion in the appropriation process has almost put the activities of Ministries, Departments and Agencies and consequently the Private and Public sectors of the economy on hold;

Resolves to:

Urge the President to direct all the Ministries, Departments and Agencies to work with the various Committees overseeing them to harmonize the 2009 budget proposal before forwarding it to the National Assembly, to facilitate speedy passage before the end of December 2008 (*Hon. Mohammed Ali Ndume*).

Debate:

Amendment Proposed:

Leave out all the words in the prayer and *insert* the following instead thereof:

"Urge the President to activate the consultation process provided in the Fiscal Responsibility Act, regarding Budget and present the 2009 Budget Proposal to facilitate speedy consideration and passage by the National Assembly" (*Hon. C. I. D. Maduabum*).

that the amendment be made, put and agreed to.

Main question as amended put and agreed to. The House:

Noted that the Appropriation Act is the only law that is annually passed by the National Assembly through which government financial programmes and policies are implemented;

A ware that the 2008 Appropriation process was characterised by controversies, trade of blames and eventual

Disturbed that up till now the 2009 Budget Proposal had not been forwarded to the National Assembly;

Concerned that the National Assembly constitutional power of appropriation is gradually being eroded by the executive's deliberate exclusion of all its input in the budget process;

Worried that with less than 30 Legislative sitting days to the end of the year, the 2008 budget performance is below 30% despite over 90% releases to various Ministries, Department and Agencies;

Observed that the confusion in the appropriation process has almost put the activities of Ministries, Departments and Agencies and consequently the Private and Public sectors of the economy on hold;

Resolved to:

Urge the President to activate the consultation process provided in the Fiscal Responsibility Act, regarding Budget and present the 2009 Budget, Proposal to the National Assembly to facilitate speedy consideration and passage (HR. 66/2008).

8. A Bill for an Act to Repeal the Nigerian Accounting Standards Board Act No. 22 of 2003 and Enact **the** Financial Reporting Council of Nigeria Act and for Related Matters, 2008 (*Adjourned consideration*): *Motion made and Question proposed*, "That this House do resume consideration of the Report on a Bill for an Act to Repeal the Nigerian Accounting Standards Board Act No. 22 of 2003 and Enact the Financial Reporting Council of Nigeria Act and for Related Matters, 2008 (*Hon. Gbenga Onigbogi*).

Question put and agreed to.

Question that the House do resolve into Committee of Whole to consider the Report, put and agreed to.

9. Extension of Sitting:

Motion made and Question proposed, "That this House do extend the Day's Sitting to enable it deliberate on the other items on the Order Paper" (*Hon. Tunde Akogun*).

Question put and agreed to.

(HOUSE IN COMMITTEE)

(*Mr Deputy Speaker in the Chair*)

A BILL FOR AN ACT TO REPEAL THE NIGERIAN ACCOUNTING STANDARDS BOARD ACT,
No. 22 OF 2003 AND ENACT THE FINANCIAL REPORTING COUNCIL OF NIGERIA ACT
AND FOR RELATED MATTERS

PART IV — FINANCIAL PROVISIONS

Committee Recommendation:

Clause 33: Establishment of Fund of the Council.

(1) The Council shall establish and maintain a fund into which shall be paid:

- (a) all incomes accruing from annual dues charged, for every —
 - (i) professional accountant, not less than N10,000 annually;
 - (ii) publicly quoted company, an amount based on its market capitalization, to be determined by the Council, but not less than 200,000.00 annually;
 - (iii) public interest entity other than those covered by (ii) above, an amount based on its turnover, to be determined by the Council but not less than N50,000.00 annually; and
 - (iv) registered company other than those covered by (ii) and (iii) above, not less than N5,000.00 annually
- (b) budgetary allocations and subventions from the Federal Government;
- (c) fines and penalties imposed by The Council;
- (d) fees charged for services rendered by the Council;
- (e) gifts, loans, grants-in-aid from national, bilateral and multilateral organizations and agencies;
- (f) rents, fees and other internally generated revenues from services provided by the Council; and

all other sums accruing to the council from time-to-time

Failure to pay the annual dues as at when due, as determine by the Council, shall attract a penalty of N2,000 for each and every day during which the default continues plus triple the amount involved or to imprisonment of the chief principal officers for a term not exceeding six months or to both (*Hon. Gbenga Onigbogi*).

Amendment Proposed:

Leave out all the provisions in subclause (1) (a) - (d) and *insert* the following instead thereof;

"All incomes accruing from annual levies charged from —

- (a) every professional accountant in public practice not less than N5,000.00 annually;
- (b) every publicly quoted company, an amount based on its market capitalization, annually as follows —
 - (i) an amount equal to 0.1 % of market capitalization or N250,000.00 which is lower where the market capitalization of a company is not more than N1.00 billion;

- (if) an amount equal to 0.04% of market capitalization or N2,000,000.00 whichever is lower where the market capitalization of a company is greater than N1.00 billion but not more than N500.00 billion;
- (iii) N5,000,000.00 only, where the market capitalization of a company is greater than N500.00 billion;
- (c) every public interest entity other than those covered by (b) above an amount based on its annual turnover as follows —
 - (i) N5,000.00 where the annual turnover of the entity is not less than N25.00 million but not more N50.00 million;
 - (ii) N20,000.00 where the annual turnover of the entity is greater than N50.00 million but not more than N 5 00.00 million;
 - (iii) N50,000.00 where the annual turnover of the entity is greater than N500.00 million but not more than N1.00 billion;
 - (iv) N100,000.00 where the annual turnover of the entity is greater than N1.00 billion but not more than N10.00 billion;
 - (v) N1,000,000.00 where the annual turnover of an entity is greater than N10.00 billion;
- (d) registered companies other than those covered by (b) and (c), an amount not greater than N5,000.00 annually".
- (2) Where a person fail to pay the levy charged in accordance with sub-section (1) above, as and when due, the person shall —
 - (a) pay a penalty equivalent to 10% of the amount due in addition for every month of default cumulatively for up to ten months;
 - (b) thereafter, if still in default, the defaulting person shall be prosecuted and if convicted shall be liable to a fine of not more than three times the amount due plus all accrued penalties for
 - (c) in addition, in the case of a company, the chief executive officer of the company shall be liable to a fine of not more than N500,000.00 or imprisonment for a term not exceeding six months (*Hon. Gbenga Onigbogi*).

Question that the amendment be made, put and agreed to.

Question that Clause 33 as amended, stand part of the Bill, put and agreed to.

Committee Recommendation:

Clause 40: Exemption from **tax**.

- (1) The Council shall be exempted from the payment of income tax on any income accruing from investments made by the Council.
- (2) The provisions of any enactment relating to the taxation of companies or trust funds shall not apply to the Council.

Leave out all the provisions of Clause 40 (Hon. Gbenga Onigbogi) — Agreed to.

PART V — REGISTRATION OF PROFESSIONAL ACCOUNTANTS

Committee Recommendation:

Clause 41: Registration of Professional Accounts.

- (1) The Council shall maintain a Register of Professional Accountants.
- (2) A person shall not hold any appointment or offer any services for remuneration as a Professional Accountant for public interest entities, unless he is registered under this Act.

- (3) A person who wishes to be registered shall make a written application to the Council in a prescribed form.
- (4) An application made under subsection (2) of this Section shall be accompanied by such fees and such information as the Council may from time to time require.
- (5) Where the Council is satisfied that the applicant holds a practicing certificate, the Council shall enter the name of the registered Professional Accountant and such particulars as it considers relevant, in the Register of Professional Accountants.
- (6) A person who contravenes subsection (2) of this Section commits an offence and shall, on conviction, be liable to a fine not exceeding N500,000.00 or to imprisonment for a term not exceeding 6 months (*Hon. Gbenga Onigbogi*) — *Agreed to.*

Question that Clause 41 stand part of the Bill, put and agreed to.

Committee Recommendation:

Clause 42: Duration of Registration.

- (1) Every registration made under section 40 shall be valid for a period of 2 years.
- (2) Every registered professional accountant shall, not later than 3 months before the expiry of the registration, make a written application for renewal of registration to the Council in such form and manner as the Council may from time to time prescribe.
- (3) Where the Council is satisfied that the applicant continues to meet the requirements under section 40 (2) - (5) of this Act, the Council shall renew the registration (*Hon. Gbenga Onigbogi*) — *Agreed to.*

Question that Clause 42 stand part of the Bill, put and agreed to.

Committee Recommendation:

Clause 43: Practice by suspended Professional Accountants

No registered professional accountant shall employ a person who has been suspended from practice, unless the Council has consented to such employment (*Hon. Gbenga Onigbogi*) —

Question that Clause 43 stand part of the Bill, put and agreed to.

Committee Recommendation:

Clause 44: Professional Accountants Report and Opinion.

- (1) Where a professional accountant makes a report on the financial statements of an entity which he has audited, he shall express a clear written opinion in his report, giving details as to whether:
 - (a) the financial statements as a whole give a true and fair view of the state of affairs of the entity to which they relate; and
 - (b) the financial statements comply with the provisions of this Act, or any other relevant enactments.
- (2) A professional accountant shall not, in his report, express an opinion unless he has complied with the auditing standards that may be issued by the Council or relevant professional bodies and adopted by the Council from time to time.
- (3) Where, in the annual report to the entity, the directors disclose the extent of compliance with the Code of Corporate Governance, the professional accountant shall report separately whether the disclosure is consistent with the requirements of the Code (*Hon. Gbenga Onigbogi*) — *Agreed to.*

Question that Clause 44 stand part of the Bill, put and agreed to.

Committee Recommendation:

Clause 45: Material Irregularity.

- (1) Where, during the course of the audit of an entity, a professional accountant is satisfied or has reason to believe, that a material Irregularity has taken or is taking place, he shall, without delay:
 - (a) notify in writing the Chief Executive Officer of the public interest entity and all the members of the Board of the entity of the irregularity, giving particulars of the irregularity;
 - (p) request every person referred to in subsection (1) (a) of this Section, either individually or collectively, to take such action as the professional accountant may deem necessary.
- (2) The professional accountant shall, within 30 days of the issuance of notice referred to under subsection (1) of this section, notify the Council of the material irregularity referred to in subsection (1) of this Section, together with any other relevant information (*Hon. Gbenga Onigbogi*) — *Agreed to*.

Question that Clause 45 stand part of the Bill, put and agreed to.

Committee Recommendation;

Clause 46: Independence of Auditors.

A professional accountant in the exercise of his audit function shall carry out his function in full independence and shall not:

- (a) act in any manner contrary to the Code of Conduct and Ethics that may be made by the Council or under any enactment in force; or
- (b) engage in any activity which is likely to impair his independence as a professional (*Hon. Gbenga Onigbogi*) — *Agreed to*.

Question that Clause 46 stand part of the Bill, put and agreed to.

Committee Recommendation:

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to an entity for which he has been engaged as a Professional Accountant, he shall disclose to the entity and the Council the nature of the conflict of interest in order to enable the entity determine the extent of the conflict and to decide whether to continue retaining the services of the Professional Accountant (*Hon. Gbenga Onigbogi*) — *Agreed to*.

Question that Clause 47 stand part of the Bill, put and agreed to.

Committee Recommendation:

Clause 48: Sanctions on Registered Professional Accountants.

- (1) The Council may deregister a professional accountant registered under Section 41 where the professional accountant:
 - (a) has obtained the registration by fraud or misrepresentation;
 - (b) no longer satisfies the requirement of section 41 (5);
 - (c) has acted in breach of any rule or regulation made by Council.
- (2) Notwithstanding subsection (1) of this section, where a registered professional accountant has committed a breach of any rule made by the Council, the Council may issue a warning to the professional accountant (*Hon. Gbenga Onigbogi*) — *Agreed to*.

Question that Clause 48 stand part of the Bill, put and agreed to.

PART VI — DIRECTORATE OF CORPORATE GOVERNANCE

Committee Recommendation:

Clause 49: Establishment of Directorate of Corporate Governance.
There is established for the purpose of this Act the Directorate of Corporate Governance
(Hon. Gbenga Onigbogi) — Agreed to

Question that Clause 49 stand part of the Bill, put and agreed to.

Committee Recommendation:

Clause 50: Objectives of the Directorate of Corporate Governance.
The objectives of the Directorate of Corporate Governance are;

- (a) to develop principles and practices of corporate governance;
- (b) to promote the highest standards of corporate governance;
- (c) to promote public awareness about corporate governance principles and practices;
- (d) to, on behalf of Council, act as the national coordinating body responsible for all matters pertaining to corporate governance;
- (e) to promote sound financial reporting and accountability based on true and fair financial statements duly audited by competent independent auditors;
- (f) to encourage adoption of relevant and appropriate accounting policies;
- (g) to encourage sound systems of internal control to safeguard stakeholders' investment and assets of public interest entities; and
- (h) to ensure that Audit Committees of public interest entities keep under review the scope of the audit and its cost effectiveness, the independence and objectivity of the auditors (Hon. Gbenga Onigbogi) — Agreed to.

Question that Clause 50 stand part of the Bill, put and agreed to.

(HOUSE IN PLENARY)

Mr Deputy Speaker in the Chair reported that the House in Committee of the Whole resumed consideration of a Bill for an act to Repeal the Nigerian Accounting Standards Board Act, No 22 of 2003 and Enact the Financial Reporting Council of Nigeria Act and for Related matters, and approved Clause 33 as amended, deleted Clause 40, approved Clauses 41 - 50 and deferred further consideration.

Question that the House do adopt the Report of the Committee of Whole, put and agreed to.

That this House do now adjourn till Tuesday, 18 November, 2008 at 10.00 a.m. (Hon. Tunde Akogun).

Adjourned accordingly at 2.45 p.m.

Usman Bayero Nafada
Deputy Speaker