

MONITORING OF REVENUE ALLOCATION TO LOCAL GOVERNMENTS ACT, 2005

EXPLANATORY MEMORANDUM

This Act provides, among other things, for the establishment of the Joint Local Government Account Allocation Committee for monitoring and ensuring that allocations made to the Local Government Councils in the State from the Federation Account and from the State concerned are promptly paid into the State Joint Local Government Account and distributed in accordance with the provisions of the 1999 Constitution.

MONITORING OF REVENUE ALLOCATION TO LOCAL GOVERNMENTS ACT, 2005

ARRANGEMENT OF SECTIONS

SECTION:

- 1. Establishment and membership of the Joint Local Government Account Allocation Committee for Each State.**
- 2. Functions of the Committee**
- 3. Rendering of account**
- 4. Establishment of Joint Area Councils Account Allocation Committee for the Federal Capital Territory.**
- 5. Functions of the Joint Local Government and Area Councils Allocation Committee**
- 6. Limit on power of State Government or Federal Capital Territory for Borrowing Money.**
- 7. Limits of power to deduct or re-allocate any amount standing to the credit of State Joint Local Government Account, etc.**
- 8. Report by the Accountant – General of the Federation.**
- 9. Short title.**

MONITORING OF REVENUE ALLOCATION TO LOCAL GOVERNMENTS ACT, 2005

A BILL

FOR

AN ACT TO PROVIDE FOR THE MONITORING OF REVENUE ALLOCATION TO LOCAL GOVERNMENT COUNCILS FROM THE FEDERATION ACCOUNT; AND FOR RELATED MATTERS.

[] Commencement

ENACTED by the National Assembly of the Federal Republic of Nigeria:

1. (1) Each State of the Federation shall establish a body to be known as the State Joint Local Government Account Allocation Committee (hereinafter referred to as "the Committee").
(2) The Committee shall include the following members:
 - (a) the Commissioner or any other officer charged with the responsibility for Local Government in the State who shall be the Chairman;
 - (b) a Commissioner of Revenue Mobilization, Allocation and Fiscal Commission provided that the Commissioner shall not serve in his own State;
 - (c) all the Chairmen of the Local Government Councils in the State;
 - (d) the Accountant-General of the State;
 - (e) a representative of the Accountant-General of the Federation; and
 - (f) a representative of the State Revenue Board.(3) The Permanent Secretary of the State Ministry charged with responsibility for Local Government or such officer as may be designated by the Chairman shall be the Secretary to the Committee.
2. The functions of the Committee shall be to:
 - (a) ensure that allocations made to the Local Government Councils in the State from the Federation Account and from the State concerned are promptly paid into the State Joint Local Government Account;
 - (b) ensure that the funds paid into the State Joint Local Government Account under paragraph (a) of this section are distributed to the Local Government Councils in accordance with the provisions of the Constitution of the Federal Republic of Nigeria 1999 and any law made in that behalf by the House of Assembly of the State; and
 - (c) monitor the payment and distribution of the funds mentioned in

Establishment and membership of the Joint Local Government Account Allocation Committee for each State.

Functions of the Committee.

paragraphs (a) and (b) of this section so as to ascertain the actual amount paid to each Local Government.

3. (1) The Committee shall render monthly returns to the Federation Account Allocation Committee through the member representing Revenue Mobilization, Allocation and Fiscal Commission. Rendering of account.

(2) The Federation Account Allocation Committee shall scrutinize the returns to it by the Committee and make quarterly returns through the Accountant-General of the Federation to each House of the National Assembly.
4. In case of the Federal Capital Territory, there is hereby established a Federal Capital Territory Joint Area Councils Account Allocation Committee, which shall comprise the following members: Establishment of Joint Area Councils Account Allocation Committee for the Federal Capital Territory.

(a) the Permanent Secretary of the Federal Capital Territory who shall be the Chairman;

(b) a Commissioner of Revenue Mobilization, Allocation and Fiscal Commission, provided that the Commissioner is not from the Federal Capital Territory;

(c) the Chairman of each Area Council in the Federal Capital Territory;

(d) one representative of the Accountant-General of the Federation;

(e) the Director in charge of finance; and

(f) a Director in the Federal Capital Territory to be appointed by the Minister in charge of the Federal Capital Territory who shall be the Secretary of the Committee.
5. The functions of the Federal Capital Territory Joint Area Councils Allocation Committee shall be to ensure that any allocation made to the Area Councils in the Federal Capital Territory from the Federation Account and from the Federal Capital Territory are promptly paid into the Federal Capital Territory Joint Area Councils Account and distributed to the Area Councils in accordance with the provisions of any Act made in that behalf by the National Assembly. Function of the Joint Local Government and Area Councils Allocation Committee
6. (1) The power of State Governments for borrowing money shall not extend to the money, funds or revenue allocated to Local Government Councils from the Federation Account and from the State concerned. Limit on power of State Government or Federal Capital Territory for borrowing money.

(2) The power of the Federal Capital Territory for borrowing money shall not extend to the money, funds or revenue allocated to Area Councils from the Federation Account, and from the Federal Capital Territory.
7. (1) It shall be unlawful for any organ, authority or official of a State or the Federal Capital Territory, however described or constituted, to alter, deduct or re-allocate funds standing to the credit of the State Joint Local Government Account, or the Federal Capital Territory Joint Area Councils Account. Limits of power to deduct or re-allocate any amount standing to the credit of State Joint Local Government Account, etc.

Provided always that nothing in this subsection shall prevent the House of Assembly of a State, or the National Assembly, from prescribing by law the terms and manner for distributing money standing to the credit of any of the Joint Accounts, as the case may be, to the Local Government Councils in the State, or the Area Councils in the Federal Capital Territory.

(2) In the case of any default in the allocation or distribution to any local government, such amount shall be a first charge on the State's next allocation from the Federation Account and shall be credited to the affected local government.

(3) Any person who acts in contravention of the provisions of subsection (1) of this section, commits an offence and is liable on conviction to a fine twice the amount altered, deducted or re-allocated illegally, or imprisonment for a term of five years, or to both such fine and imprisonment.

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| 8. | The Accountant-General of the Federation shall report to each House of the National Assembly on a quarterly basis the payments made to each State under this Act and stating whether or not the payments were correctly made under this Act. | Report by the Accountant-General of the Federation. |
| 9. | The Auditor-General for the Federation shall following the end of each financial year report to each House of the National Assembly, stating how the monies allocated to each state for the benefit of the Local Government Councils within the state and the Area Councils in the Federal Capital Territory were spent. | Report by the Auditor-General for the Federation. |
| 10. | This Act may be cited as the Monitoring of Revenue Allocation to Local Governments Act, 2005. | Short title. |

**I CERTIFY, IN ACCORDANCE WITH SECTION 2(1) OF
THE ACTS AUTHENTICATION ACT, CAP. A2, THE
LAWS OF THE FEDERATION OF NIGERIA, 2004 THAT
THIS IS A TRUE COPY OF THE BILL PASSED BY BOTH
HOUSES OF THE NATIONAL ASSEMBLY.**

A handwritten signature in black ink, consisting of a stylized 'I' and 'S' followed by a period.

**IBRAHIM SALIM, CON.
CLERK TO THE NATIONAL ASSEMBLY**

18th DAY OF MARCH, 2005.

**SCHEDULE TO MONITORING OF REVENUE ALLOCATION TO LOCAL
GOVERNMENTS BILL, 2005.**

(1) SHORT TITLE OF THE BILL	(2) LONG TITLE OF THE BILL	(3) SUMMARY OF THE CONTENTS OF THE BILL	(4) DATE PASSED BY THE SENATE	(5) DATE PASSED BY THE HOUSE OF REPRESENTATIVES
Monitoring of revenue allocation to Local Governments Bill, 2005.	An Act to provide for the monitoring of revenue allocation to Local Government Councils from the Federation Account; and for related matters.	This Bill seeks to provide, among other things, for the establishment of the Joint Local Government Account Allocation Committee for monitoring and ensuring that allocations made to the Local Government Councils in the State from the Federation Account and from the State concerned are promptly paid into the State Joint Local Government Account and distributed in accordance with the provisions of the 1999 Constitution.	10 th March 2005	10 th March 2005.

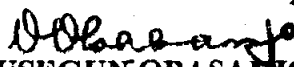
I certify that this Bill has been carefully compared by me with the decision reached by the National Assembly and found by me to be true and correct decision of the Houses and is in accordance with the provisions of the Acts Authentication Act Cap. A2, Laws of the Federation of Nigeria, 2004.


IBRAHIM SALIM, CON

Clerk to the National Assembly

18th Day of March, 2005

I ASSENT.


CHIEF OLUSEGUN OBASANJO, GCFR
President of the Federal Republic of Nigeria

12th Day of March, 2005

April