

## **Public Sector Terminology**

**BY**

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### Introduction

Public sector is that part of an economy that is controlled by the government; Mrs. Margaret Rose define it as that portion of society controlled by National, State and Local Governments. In most of the Countries, the public sector comprises universal, critical services such as National Defense, homeland security, Police protection, Fire-fighting, Urban plans correction, Taxation, Public road, Primary Education and various social programmes.

As a result of peculiar nature of the sector, there are some terminologies or special terms that can only be found in the sector that are not part of the curriculum in the schools either secondary or at the higher Institutions that must be understood by both the Auditor or Accountants for effective output.

In this session, we shall be discussing and explaining the meaning of some terms and the composition of some agencies or committees that are very important in the sector.

However, before discussion of some terms, we shall look at the Structure of Federal Republic of Nigeria. **Structure of Federal Republic of Nigeria**

The structure of Federal Republic of Nigeria is as follow:

The Federal Republic of Nigeria is made of:

- Federal Government.
- State Government.
- Local Government.

It is important to note the different between the Federal Republic of Nigeria and Federal government.

### **The Federal Government**

The Federal government is made of three arms of government consist of;

- The Executive (The Executive President)
- National Assembly.
- Judiciary'

### **The Principal Organs of Federal Government;**

- The National Council of States.
- Federal Executive Council.
- The National Defence Council.
- The National Security Council

### **The Structure of Authority**

- The President who is the Executive head of government and the Commander- In Chief of the Armed Forces equally chaired Federal Executive Council (The Cabinet) and also Chairman of the Council of State, National Defence Council, National Security Council and Nigeria Police Council.
- The Vice – President who deputizes for the President in his absence and takes charge of any responsibilities which the

President delegates to him. He is the Chairman of the National Economic Council as entrusted to him by the Constitution.

- The Presidency: under which there are distinct institutions. These are:  
Offices of the Secretary to the Government of the Federation and,
- The Head of the Civil Service of the federation, the political and civil service arms of government respectively. There are ministers who head various major divisions (ministries) of the bureaucracy, special advisers, assistants and heads of extra-ministerial offices (departments).
- The Secretary to the Government of the Federation is the chief scribe of the Federal Government and co-ordinates the activities of Government from the political angle. More importantly, he serves as the Secretary to various Councils, viz; the Federal Executive Council and the National Council of State. Being the Secretary of the Federal Executive Council he is responsible for the business and keeping the minutes of meetings of the Federal Executive Council and for conveying decisions of the Executive Council to the appropriate person or authority. He shall have such other functions as may be directed from time to time by the President. He is assisted in Council matters by the Permanent Secretary, Council Secretariat and the staff of the Secretariat. He is to ensure that the proceedings of the Council are not disturbed and in order to achieve this, Ministers are to ensure that messages are not sent to them in Council except they are of such urgency that they cannot wait until the end of the meeting.

He will arrange for the binding of Council Conclusions and Minutes and for the preparation of an index of all decisions of records for the efficient conduct of Council business.

- The Head of the Civil Service of the Federation takes charge of civil service matters, providing leadership and direction for the Service, maintaining high morale and esprit-de-corps and a favorable image of the Service including the observance of a code of ethics public service rules; fostering professionalism among the civil servants. His responsible for advising the President on the appointment and deployment of Permanent Secretaries and Head of Extra- Ministerial Offices.

#### **Some terminologies in Public sector;**

- 1. Irrevocable Standing Payment order-** This is loan guaranteed by Federal Government against the Federation Account for State Governments. Any **ISPO** approved by Federal against any state government will be a deduction at source from the Statutory Allocation.
- 2. Federation Account Allocation Committee (FAAC)-** This committee are made up all Commissioners of Finance of all states. With Minister of Finance as the Chairman.
- 3. Consolidated Revenue Fund (CRF)-** This is the account where all revenue of the State and Federal **must** be paid into. Even if any fund is to be set aside it must be transferred from consolidated revenue fund for tracking purposes. Any other fund must be approved by the House.
- 4. Ways & Means-** This is overdrawn interest charge by Central Bank on any account overdrawn.

- 5. FAAC Technical Sub-committee**-Is made up of all Accountant –General of the State including FCT and chaired by Accountant – General of the Federation. The sub- committee is usually held a day before the plenary session and considers the accounts in details and make recommendations to the plenary session of the FAAC.
- 6. Loans & Grants**- These are money given by the foreign government or some other organizations such as World bank, United Nation to fund some projects/programmes. Loans are repayable while grants are not.
- 7. Warrant**- Is an authority for expenditure under the Head and Sub- head from CRF by the minister of Finance and Commissioner of Finance in the state.
- 8. Virement warrant**- This is the transferring of funds from one sub- head to another sub- head within the same Head.
- 9. Mandates**- a mandate is an authority to the bank to transfer an amount stated on the mandate to a beneficiary who must have rendered services to the government. The mandates shows the name of the bank, bank details of the beneficiary, amount , description of the service rendered, batch number and reference and date.
- 10. Financial Warrant**; This is the Authority issued by the Minister of Finance authorizing the Accountant- General to release funds to Ministries Departments and Agencies MDAs.
- 11. Authority -To- Expenditure (AIE)**- is a departmental warrant issued by the Accounting officer to delegate some of the sub heads in the financial warrant to his subordinate.
- 12. Heads**; There are two type of Heads; Revenue Head and Expenditure Head. The two main sources of Government Revenue, i.e. (Oil & Non Oil)
- 13. Expenditure Head**; Each ministry is allocated a Recurrent Expenditure Head. It also serves as the code of the ministry.
- 14. Sub-Head**- Each of the Revenue and Expenditure estimate is divided into as many sub -head as may be necessary.
- 15. Below -the –Line**; Refers to all receipts any payments which are not classified to revenue or expenditure head of the Estimate (Non-Budgetary Account).

- 16. Above- the -Line-** Refers to all receipts and payments which are classified to revenue or expenditure head of the Estimate (Budgetary Account).
- 17. *Internal Bank Adjustment System*:** It is a cash conversion system whereby all revenue collecting ministries/departments pay their cash collections into one pot (Sub-Treasurer of the Federations Account) and the payment requirements of all ministries are made out of the same pot. This system is no longer in use in government Accounting.
- 18. Treasury Single Account-** is a bank account or a set of linked accounts through which the government transacts all its receipts and payments. In other words, TSA is a unified structure of government bank accounts that provide a consolidated view of government cash resources and position at any point in time.
- 19. Government Integrated Financial management Information system- (GIFMIS) TSA** will be implemented using the computer-based GIFMIS which has in-built controls to ensure that funds budgeted for capital will be used only for capital projects.
- 20. *Vote Book*:** (Departmental Vote Expenditure Allocation Book) is a record maintained by every Accounting Officer and Officer controlling expenditure of his ministry or department to watch expenditure with reference to the amount provided in the approved annual budget.
- 21. *Virement*:** This is the transferring of fund from one Sub-Head to another Sub-Head within the same Head.
- 22. *Revote*:** This is bringing forward the unspent balance of the previous year into the current year.
- 23. *Call Circular*:** Is used to invite Ministries, Extra-Ministerial Departments and their Agencies to submit their proposed Income and Expenditure for the coming year (Advance proposals).
- 24. *Retirement of Advance*:** Refers to rendering the Account of the Advance granted to a public officer.
- 25. *Over Heads*:** All items in a Head of the expenditure estimates not falling properly under personal emoluments.
- 26. *Personal Emoluments*:** All items forming part of the salaries of public officer.

- 27. *Allocated Store:*** These are store items which costs are chargeable direct to the Sub-Head of expenditure.
- 28. *Unallocated Store:*** These are store items purchased for general stock rather than for a particular work or service for which the final vote of charge cannot be stated at the time of purchase.
- 29. *Treasury Certificate:*** This is a means by which Government borrows from Individuals, Corporations and Companies for a period not less than one year for capital projects.
- 30. *Local Purchase Order (LPO):*** Is a written document authorising Contractor or Supplier to supply or carry out a specific job for the organisation.
- 31. *Tender:*** A written offer to supply goods or carry out-works at a certain price.
- 32. *Tender Board:*** This is a committee responsible for considering tenders which have been submitted.
- 33. *Treasury Bill:*** This is a means by which Government borrow for short-term pending the receipt of Revenue at the-beginning of each financial year with maturity period of 90 days.
- 34. *Federal Government Budgetary Fund:*** The two budgetary funds are Consolidated Revenue Fund and Development Fund. **Note:** Other funds are Non-Budgetary Funds.
- 35. *Cash Backing:*** Is a system of backing all fund allocations through financial warrants and authority to incur expenditure with cash. Therefore, cash-backing is provided when the cash supply section authorises the Central Bank of Nigeria through a letter to transfer any given sum stated on the financial warrant to the account of the beneficiary and when sub-Treasurer issues Treasury Receipt No. (TR.6) in respect of the AIE issued to the State offices.
- 36. *Classification of Government Expenditure***
- Recurrent Expenditure:*** This is government frequent or regular expenditure for a particular period.
- Capital Expenditure:*** This is government expenditure on projects or assets of more than one year life span.
- 37. *Public Fund/Money:*** Is the public revenues of the Federation or States and any trust or other moneys held in his official capacity whether

temporarily or otherwise by any Federal or States officer either alone or jointly with any other person.

**38. Security Documents:** These are documents which possess monetary value and which can be used to defraud the government if they fall into unauthorised hands or make government to suffer loss if accidentally destroyed e.g. Cheque Book, Treasury Receipt Book, Unused LPO, Postal Order, Money Order etc.

**39. Board of Survey on Cash/Bank Balances:** This is the committee appointed by the Accountant-General of the Federation or State Accountant- General to determine the balances to be surrendered by each ministry/extra-ministerial department to the Federal Government Account (CRF) or State (CRF) at the end of each financial year.

**40. Board of Enquiries:** Is a committee constituted by the Accountant-General or the Accounting Officer whenever there is loss of Government Fund/Properties to find out the perpetrators of loss of Government fund.

## **Conclusion**

- Public sector is peculiar sectors that need to be understood before the operators can achieve effective output.
- I want to thank you all for your attention.

