

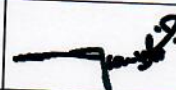

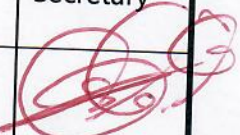




NIGERIAN CONTENT DEVELOPMENT AND MONITORING BOARD

NCDMB POLICY ON BUDGETTING

DEV	DATE	REASON FOR ISSUE	DEVELOPED	REVIEWED BY	RECOMMENDED	VETED BY	APPROVED BY
1	8/06/2020	Guidance & Compliance	Manager FAD	Manager PPD	Director PRS	Ag. Director Legal Services	Executive Secretary
							
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1.0 INTRODUCTION

The Nigerian Content Development and Monitoring Board (NCDMB) embarked on a process to set and conclude its 10 Year Strategic Blueprint in 2017. The roadmap is guided by a clearly defined vision and strategic outcomes whose achievements are hinged on five key pillars (refer to Figure 1).

The ultimate goal of the 10-year Strategic Blueprint is to increase local content level in the oil and gas industry from 28% in 2017 to 70% by 2027. Thus, the Business Planning process will entail a structured approach of identifying and selecting existing and/or new projects/activities that align with the Board's 10-year Strategic Plan.

Figure 1: NCDMB 10-Year Strategic Pillars & Enablers



2.0 PURPOSE

This policy provides the procedure for the preparation of the Board's annual, mid-term and long-term Budgets.

2.1 Objectives

The objectives of these policy are as follows:

- To make the budgeting process of the Board more inclusive
- To set out the budget cycle for the Board
- To establish the budget control process and compliance

2.2 Applicability

The policy and budget template shall be circulated within the Board to guide budget preparation.

2.3 Definitions

The Board - Nigerian Content Development and Monitoring Board (NCDMB)

Project - a planned set of inter-related tasks to be executed over a defined period and within certain cost and other limitation

Activity - Planned task or set of tasks to be executed in fulfilment of the Board's mandate

Budget - Statement of a Board's estimated receipts and expenditure for a stated period

Estimates - Expected revenue and expenditure

Controls - The function for monitoring budget performance against set objectives:

- How well the Board has discharged its responsibilities for managing finances and resources
- What has been accomplished with the revenue projected

3.0 KEY ASSUMPTIONS

The following high-level assumptions will be analyzed to guide the development of the Budget:

3.1 Economic

- Oil price per barrel for the budget year as determined by the Federal Government
- 1% remittances into NCDF
- Prevailing official exchange rate as determined by the Central Bank of Nigeria
- Real GDP growth rate for the budget year as determined by the Federal Government of Nigeria
- Inflation Rate for the budget year as determined by the Federal Government of Nigeria
- Head of Units, Departmental Heads, Head of Divisions, Managers, General Managers and Directors being the Budget owners shall be responsible for the preparation, implementation and performance of the Budget. Nonetheless, the ultimate Budget owner in each Directorate is the Director whilst the highest-ranking manager will take that responsibility in Divisions and Departments not reporting to any Director. Consequently, they are required to hold a budget review session and authenticate the final version before submission to the Budget Committee

3.2 Legal framework

- Changes to NOGICD Act.
- Passage of Laws relating to Oil & Gas e.g. the passage of the remaining aspect of PIB
- Changes in Government Policies that may impact our operations e.g. issuance of Executive Orders.

3.3 Business Environment

- Funding arrangement for projects impacting growth to NCDF remittances
- Potential FID for major projects in the oil and gas industry
- Threats to the Operating environment which may reduce the activities in the oil and gas industry and its attendant revenue

3.4 Socio-Political

- Covid-19 pandemic and its impact

4.0 GUIDING PRINCIPLE FOR BUDGET

4.1 Budget Policy:

The budget policy shall be based on the following:

1. Ongoing projects and activities captured in the previous year's budget may be budgeted for in budget year for the aspects not yet executed during the currency of the expiring approved Budget.
2. Provision made in the budget year should be limited to only milestones that can be achieved.
3. Budget performance of projects and activities over the past 4 years shall be factored in the determination of the applicable Budget estimate for budget year.
4. The Budget shall take cognizance of Capital, Overhead and Personnel estimates.
5. Budgeting for any project/activity shall comprise all the cost components, including travels, accommodation & ancillary logistic expenses, entertainments, advert costs, etc.
6. Support staff for the preparation of the Budget shall be deployed from FAD/SPDD and will be communicated to the various Directorates/Divisions by the Budget Committee.

4.2 Budgeting Bases

The NCDMB budget is based on a Modified Zero based budgeting (MZBB) system. This is in conformity with the Federal Government adopted budgeting principle but modified to accommodate some elements of the annual incremental budgeting system.

4.3 Cost Control & Management

Only critical projects/activities will be accommodated in the Budget. For the purpose of clarity, the following are the Board's expectations:

- Each Directorate/Division/Department will be expected to provide cost estimates that seek to achieve maximum value for the Board at the least possible cost. The underlying premise is that the cost must be such that all the project's cost (including staff travels, hotel accommodation, project monitoring/inspection activities etc.) would be added to the cost estimate provided for the specific project/activity) by the Budget owner
- All expenditure must provide specific narration of milestones to be embarked upon and their cost profiles within each of the four quarters of the year
- The milestones and cost estimates must have detailed explanation and justification to enable rational analysis of the proposal and provide a platform for value for money budgeting and post-Budget appraisal of performance.
- The estimates will be related to prior year trends.

4.4 Alignment with 10 years Strategic Plan:

Each Directorate/Division/Department is expected to select projects and activities – either existing or new – strictly based on its merit and relevance to the Board's 10-Year Strategic Plan and in line with the 10-Year Financial Plan.

Selected projects, either ongoing or new, must be targeted at achieving the highlighted initiatives in NCDMB's 10-Year Strategic Plan.

5.0 BUDGET PROCESS

Designated officers of Finance & Accounts Division (FAD) and Strategy & Policy Development Department (SPDD) to support each Directorate/ Division in the preparation of the respective budgets shall be communicated by the Budget Committee to each Directorate, Division and Department upon commencement of the Budget preparation process. The Budget Committee with Strategy & Policy Development Department (SPDD) shall be responsible for monitoring performance of the Board's Budget.

5.1 BUDGETING PROCESS TIMELINE

Activity	Duration
Preparation of Budget Estimates by Directorate/ Division/ Units	5 days
Review of Budget by the budget owners: GMs/Directors	5 days
Collation and consolidation of Budget Proposals by Budget Committee	5 days
Review by DFPM of Draft Budget Submission by Budget Committee	5 days
Consideration/ concurrence by Executive Secretary	5 days
Consideration by Top Management Committee of NCDMB	3 days
Governing Council consideration and adoption	Tentative (to be determined by ES)
Submission of Draft Budget to relevant National Assembly Committees	Tentative (to be determined by ES)

5.2 Budget Cycle:

The Board's budget cycle will be 12 months from January 1 to December 31 each year.

6.0 BUDGET CONTROL AND COMPLIANCE:

The primary responsibility for the Budget resides with the Budget owners. The Budget owner is the Director in each directorate or the highest-ranking Manager in Divisions not reporting to any Director. However, monthly Budget Performance Reports shall be prepared by the Budget Office of FAD and reviewed by the Budget Committee, which will make recommendations thereon to Management on a monthly basis.

7.0 NCDMB BUDGET PROCESS FLOW CHART

