

17th July, 2019

The Director
Nigeria Financial Intelligence Unit
12, Ibrahim Taiwo street,
Aso Villa
Abuja



Dear Sir,

**DEMAND FOR INVESTIGATION INTO THE ALLEGED VIOLATION OF THE NFUI
GUIDELINES ON LOCAL GOVERNMENT FUNDS BY LAGOS AND ZAMFARA STATE
GOVERNMENTS**

The above subject matter refers.

Accountability and transparency are at the core of our organisation's objectives and this informed our writing this petition. This petition is based on the report published by Sahara Reporters¹ on the 9th July, 2019 that barely a month after the Nigeria Finance Intelligence Unit (NFIU) issued guidelines barring state governments from touching funds meant for the third tier of government, it was reported that the Lagos State government deducted hundreds of millions from Local Governments' allocation for June 2019.

It was reported that Alimosho Local Government which was before now divided into six Local Council Development Areas (LCDAs) were anticipating splitting the sum of N750 million. Sources confirmed to Sahara Reporters that the Lagos government, however, left them with a little over N320 million. It was equally conveyed that Abimbola Umar, the State's Accountant-General, had told the Joint Account and Allocations Committee in the State that a waiver had been obtained from the Financial Intelligence body, to make deductions from funds apportioned to the LGA, for the payment of the salaries, gratuities and pensions of Local Government staff. In the report, there are controversies surrounding the alleged clearance from the NFIU to touch local government funds.

It was equally published that State Governments across the country have been accused of being serial abusers of monies meant for the third tier of government as data from Office of the Accountant General of the Federation (OAGF), says State Governments had unchecked

¹ <http://saharareporters.com/2019/07/09/sanwo-olu-government-accused-breaching-nfiu-guidelines-deducting-lga-funds-source>

access to N14,708,838,964,375— about N14.71 trillion worth of funds meant for local councils between 2010 and 2018.

A similar case was also reported by Blue Print² on the 9th July, 2019 that the Zamfara state chapter of Association of Local Governments of Nigeria (ALGON) said the state government, through its Ministry of Local Government and Chieftaincy Affairs hijacked the federal statutory allocation due to the 14 councils for June. The council Chairmen who said the State Government only gave N5million to each local government from the allocation. It was reported that Spokesman of the Association and Chairman, Maradun local government council, Alhaji Ahmad Abubakar Maradun, said the current guidelines by the Central Bank of Nigeria and the Nigeria Financial Intelligence Unit clarified that all the 774 Local Government Councils of Nigeria must get their statutory allocations as released by the Federal Ministry of Finance.

It was reported that Maradun stated that: "We will not condone any form of hijacking of our allocation by the state government in the name of local government joint account system; and any attempt made by the State Government to short-change us, we will go to court of law to seek redress." It was equally reported that the association called on the Federal Government; through the CBN and NFIU, to as a matter of urgency intervene in the matter so they could have access to their funds to enable them meet the yearnings and aspirations of their people who gave them their mandates.

It was conveyed that the Zamfara State Government, based on the issue of N5 million given to each local government out of their June allocation as alleged by the ALGON, responded through the Director General, Press Affairs, Government, Malam Yusuf Idris refuting the allegations, and stated that the State Government is in full compliance with the Federal Government's policies and programmes, particularly on the issue of Local Government Joint Account for the State.

The controversies stated in these reports can only be resolved or otherwise through the following provisions of the Constitution of the Federal Republic of Nigeria that;

"It is hereby provided that the State Joint Local Government Account is only a collection account of the State Government and not a joint account of the State Government and the Local Government Councils as provided in section 162(7) of the Constitution of the Federal Republic of Nigeria, 1999 (As Amended) and not for any other purpose.

Also Provision 2 states that *"It is hereby provided that with effect from 1st June 2010, no withdrawal from any State Joint Local Government Account shall be made unless the withdrawal is going into a particular Local Government Account".*

² h.

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It was conveyed that the Zamfara State Government, based on the issue of N5 million given to each local government out of their June allocation as alleged by the ALGON, responded through the Director General, Press Affairs to the Governor, Malam'Yusuf Idris refuting the allegation, saying the Governor was ready to abide by the Federal Government's policies and programmes, particularly on the issue of Local and State Governments' joint account for the development of the State's socio-economic potentials.

The controversies stated in these reports can only be verified or otherwise through the investigation of your Agency. However, the guidelines in Provision 2 states that;

"it is hereby provided that the State Joint Local Government Account is only a collection account of funds to be shared to only Local Government Accounts in Accordance with Section 162(7) of the Constitution of the Federal Republic of Nigeria. 1999 (As Amended) and not for any other transaction or purpose.

Also Provision 3 states that *"it is hereby provided that with effect from 1st June, 2019, no withdrawal shall be done from the State Joint Local Government Accounts unless and until that withdrawal is going into a particular Local Government Account"*.

² <https://www.blueprint.ng/faac-zamfara-algon-rejects-n5m-per-lg-june-allocation/>

The NFIU enforcement and guidelines to reduce crime vulnerability created by cash withdrawal from Local Government funds throughout Nigeria became effective on the 1st June, 2019 and these reports read July respectively. The reports alleged that both Lagos and Zamfara States have breached the above stated provisions of the guidelines. However, we believe in due process and due diligence as well as presumption of innocence which is why our demand, hinged on our mandate to promote accountability and transparency in governance, is requesting for an urgent investigation into these allegations in order to possibly enforce the sanctions enshrined in the NFIU guidelines

Section 9 of the guideline's states that:

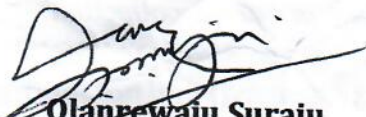
"It is hereby provided that any public officer anywhere in the country and/or any private citizen found undermining or violating these guidelines will be investigated and prosecuted under the NFIU Act, 2018, the ML(P)A, 2011(As amended), the EFCC Act, 2004 and the ICPC Act, 2000, by the Independent Corrupt Practices and Other Related Offences Commission (ICPC) and Economic and Financial Crimes Commission (EFCC)".

This petition is a call for your agency to urgently look into the allegations against these states and also to use this as a channel to pose a strong demand on other states to do and act in accordance to the guidelines. This demand is for a diligent investigation to be conducted to visit the sanctions as vested in Provisions 8 and 9 of the Guidelines on the states found wanting and the Financial institutions involved, to serve as a deterrent to other states and as a wake-up call to future defaulters.

We anticipate and appreciate your cooperation.

Thank you.

Yours faithfully,


Olanrewaju Suraju
Chairman