



Ref. No: TRY/A5 & B5/2009 OAGF/CAD/026/V/32

19th June, 2009.

Federal Treasury Circular

To:

The Principal Secretary to the President,
The Principal Secretary to the Vice President,
All Honourable Ministers,
The Secretary to the Government of the Federation,
The Head of Civil Service of the Federation,
The Special Advisers,
All Services Chiefs/Inspector-General of Police,
The Governor, Central Bank of Nigeria,
The Chairman, Federal Civil Service Commission,
All Chairmen of Federal Executive Commissions and Councils, All Federal Permanent Secretaries,
The Auditor - General for the Federation,
The Secretary, National Judicial Commission,
The Clerk of the National Assembly,
The Chief Registrar, Supreme Court of Nigeria,
All Directors-General/Chief Executives of Extra-Ministerial Departments and Agencies,
All Directors of Finance and Accounts,
All Heads of Accounts Divisions,
All Zonal Coordinators (OAGF),
The Sub-Treasurer of the Federation,
All Federal Pay Officers,
All Heads of Internal Audit Units.

GUIDELINES ON INVESTMENT OF IDLE FUNDS **IN NIGERIA TREASURY BILLS (NTB)**

Further to the Treasury Circular TR.NO.A7&B7/1999 of 16th August, 1999, Government has observed with dismay the improper handling of idle funds contrary to the provisions of the mentioned circular.

CONTINUATION

2. Government has also compiled statistics from the bank statements of various Ministries, Departments and Agencies from Central Bank of Nigeria, Commercial Banks and Discount Houses which indicate that some MDAs are having balances in their capital, recurrent and other special accounts, far in excess of their immediate requirements. They thereby create large pool of idle funds either as a result of inaccurate cash forecasting or unnecessary delays in payment to contractors.

3. In order to control this development and also curtail the effects of inappropriate application of idle funds on the economy, especially on the macro- economic variables such as inflation, interest rate, exchange rate and liquidity in circulation, the following guidelines will apply:-

- i. With effect from the date of this circular, all idle balances in the capital accounts and the balances in all special accounts except recurrent accounts shall only be invested by the Ministries/Extra- Ministerial Departments and Agencies in 91 days Primary Market Nigeria Treasury Bills (NTB). However, one half or 50% of all idle fund balances in overheads bank accounts shall be invested in the Treasury Bills of tenor 30, 45 or 60 days depending on the need of each organisation.
- ii. Ministries/Extra-Ministerial Departments, Agencies, Parastatals and government owned corporations acting as the principals, shall instruct their authorised banks in which their accounts are maintained, to invest the idle funds at the prevailing market rates as may be applicable in the Nigeria Treasury Bills.
- iii. All investments shall be such that will be recouped on or before the commencement of the last quarter of the year. No investment of any nature shall be undertaken in the fourth quarter of the year.
- iv. Realised interest on all investments shall be accounted for and be immediately remitted to the Sub-Treasurer of the Federation. All interests received shall be paid into the Consolidated Revenue Fund Account maintained with the Central Bank of Nigeria (CBN).
- v. With effect from the date of this circular, no Ministry/Extra- Ministerial Department and Agency is permitted to engage in banking relationship with any bank other than the banks already cleared for them by the Office of the Accountant-General of the Federation (OAGF). Similarly, ministries should minimize their requests for the

use of additional banks. Those operating with numerous banks are advised to reduce the size to maximum of three (3) within 90 days from the date of this circular and notify the OAGF accordingly.

- vi. Ministries/Extra-Ministerial Departments and Agencies shall forward their bank statements together with the monthly bank reconciliation statements to OAGF on or before the 20th of the month following the month of account. A schedule of the Treasury Bills investments should also be submitted.

4. All Accounting Officers of the Ministries/Extra-Ministerial Departments, Parastatals and Agencies are enjoined to bring the contents of this circular to the notice of all officers concerned in their respective organisation for immediate compliance.