



NIGERIAN FINANCIAL INTELLIGENCE UNIT

No. 12, Ibrahim Taiwo Str., Aso -Villa, Asokoro, Abuja, FCT, Nigeria Hotline: +2349097303256

Website: www.nfiu.gov.ng Email: info@nfiu.gov.ng



NFIU/DCEO-SCUML/2019/Vol.1/494

The Director,
Special Control Unit against Money Laundering (SCUML),
Wuse 2,
Abuja.

FORWARD LETTER: ADVISORY ON NFIU ENFORCEMENT AND GUIDELINES TO REDUCE CRIME VULNERABILITIES CREATED BY CASH WITHDRAWAL FROM LOCAL GOVERNMENT FUNDS THROUGHOUT NIGERIA

We forward herewith an Advisory sequel to the NFIU Guidelines on Local Government funds for additional clarity of the provisions of the Guidelines. This is for your kind attention, please.

2. Please accept the assurances of my highest regards.

Modibbo R. HammanTukur
Director/CEO



NIGERIAN FINANCIAL INTELLIGENCE UNIT

ADVISORY

23rd August, 2019

NFIU/EXT/PRIV/ADV/DCEO/PRESIDENCY/23 AUG-2019/VOL.1/002

Chief of Staff to The President

Honourable Attorney General of the Federation and Minister of Justice

Honourable Minister of Finance

The National Security Adviser

The Governor, Central Bank of Nigeria

The Acting Executive Chairman, Economic and Financial Crimes Commission

The Chairman, Independent Corrupt Practices and other related Offences Commission

Director, Special Control Unit against Money Laundering (SCUML) ✓

All Chief Executive Officers of Financial Institutions in Nigeria and Corresponding Financial Institutions elsewhere

Re: Advisory on NFIU Enforcement and Guidelines to Reduce Crime Vulnerabilities Created by Cash Withdrawal from Local Government Funds throughout Nigeria.

7

The Nigerian Financial Intelligence Unit (NFIU) is issuing this Advisory as a follow up to the Enforcement and Guidelines to reduce crime vulnerabilities created by cash withdrawal from local government funds throughout Nigeria effective 1st June, 2019 released on the 6th of May, 2019.

This Advisory highlights the seeming grey areas in the understanding of the Guidelines and seeks to assist the financial institutions and other stakeholders to better understand the intent of the Guidelines so as to make for ease of implementation and enforcement.

We delayed this advisory in order to study the outcome of the implementation of the Guidelines in all the banks and states as well as record complaints, suggestions and observations by various stakeholders.

PREAMBLE:

The Nigerian Financial Intelligence Unit (NFIU) appreciates the fact that the Guidelines which have since come into operation has continued to record impressive compliance largely due to the co-operation of financial institutions and government officials/agencies.

The Guidelines have also received massive support from the citizenry and has resulted in the re-activation of the functionality of the local government council system in the country and resumption of economic activities at the grassroots. Getting funds enabled many Local Government Chairmen to improve security conditions within their local government areas, while working relationship between governors and local government officials remain largely cordial.

Presently, the Unit is yet to receive any notice of violation of the Guidelines and wishes to commend the financial institutions, State Governors, Local Government Administrators and all other stakeholders for their support and co-operation. Meanwhile, we need to restate that the Guidelines are irreversible and would continue to maintain a high level of effectiveness and sustainability so as to be able to achieve its desired objective.

The Guidelines do not admit any waiver whatsoever and demand strict compliance from all stakeholders.



This Advisory is only issued for convenience purposes with regards to the implementation of the Guidelines and the primary mandate of the Financial Intelligence Unit which is restricted to issues of vulnerabilities, threats, risks, trends, violations, illegal proceeds of money laundering, financing of terrorism and proliferation of weapons of mass destruction.

We strongly feel that the following provisions of the Advisory if accepted and implemented by all stakeholders would reduce and remove the challenges, fears and complaints over the unlikely adverse effect of the Guidelines raised by such stakeholders and concerned citizens.

PROVISIONS OF THE ADVISORY:

1. Salaries of Teachers in the LEA and other Employees of the Local Government Councils:

Fundamentally, the Guidelines are not opposed to the necessity of the Local Government Councils returning all funds due to other entitled parties after such funds has reached the Local Government account(s). The Guidelines are also not opposing the provision of Financial Regulation and other extant rules that govern Local Government expenditures above certain thresholds. However, it is necessary that all Local Government Councils for convenience of their finances do remove all salaries and remit all teachers' salaries to SUBEB once the funds have reached their accounts before carrying out any other expenditure.

Thus, NO TRANSACTION SHALL BE PERMITTED ON A LOCAL GOVERNMENT ACCOUNT UNTIL ALL SALARIES OF LOCAL GOVERNMENT STAFF, PRIMARY SCHOOL TEACHERS, TRADITIONAL RULERS AND ALL OTHER STAFF ARE REMOVED.



2. Other Deductions:-

Once monies reached local governments' respective accounts, all deductions agreeable to existing laws and rules should be remitted by the local councils after sitting on such funds, and making such deductions as are returnable to the state government.

3. Security:-

Local government should be made an easement or breathing space of funds in such a way that urgent security challenges within the local government MUST be responded to by the local government with the help of all other necessary institutions of the law.

4. Making Provision for Local Governments with Revenue Short Fall:-

Making provision for local governments with revenue short fall is totally accepted and recognized. We accept that reallocation of funds can take place at Joint Account Allocation Committee (JAAC) to help those local governments with revenue shortfall but THAT SHOULD NEVER BE IN THE FORM OF WITHDRAWALS SENT TO ANY ACCOUNT OTHER THAN A LOCAL GOVERNMENT ACCOUNT.


Modibbo R. HammanTukur

Director/CEO

