THE SENATE

FEDERAL REPUBLIC OF NIGERIA

COMMITTEE ON CAPITAL MARKET

REPORT ON 2017 BUDGET

FOR

SECURITIES AND EXCHANGE COMMISSION

REPORT OF THE SENATE COMMITTEE ON CAPITAL MARKET ON SECURITIES AND EXCHANGE COMMISSION (SEC)'S 2017 BUDGET IN COMPLIANCE WITH THE FISCAL RESPONSIBILITY ACT.

1.0 INTRODUCTION

Sequel to the resolution of the Senate directing the 38 Agencies, including Securities and Exchange Commission (SEC), with Internal Generated Revenue (IGR) to submit their 2017 Budget Estimates without further delay for its approval in compliance with Fiscal Responsibility Act, the Commission appeared before the Senate Committee on Capital market on Monday, 24th July 2017 to defend their 2017 Budget.

The rationale for this action is to ensure accountability, transparency, prudency and judicious use of Government's Scarce Resources that are allocated to meet competing needs.

1.1 MEMBERSHIP OF THE COMMITTEE

1.	Senator Mustapha Bukar	Chairman
2.	Senator Foster Ogola	Vice Chairman
3.	Senator Mohammed Shaaba Lafiagi	Member
4.	Senator John Owan Enoh	Member
5.	Senator Mao Ohuabunwa	Member
6.	Senator Abu Ibrahim	Member
7.	Senator George Akume	Member
8.	Senator Kashamu Buruji	Member

1.2 SECRETARIAT

1.	Habiba A. Muhammad (Mrs.)	Clerk

2.0 MANDATE

The main mandate of Securities and Exchange Commission is centered on Investor's Protection and Market Development.

3.0 MODALITIES

3.1 The following modalities were applied by the committee in the course of considering the Commission's 2017 Budget.

3.2 BUDGET DEFENCE MEETING

3.3 The Committee held a Budget Defence Meeting with the Commission on Monday, 24th July 2017. The Commission presented its proposals with justifications on the need for the Committee's recommendation for Senate approval.

3.4(a) THE SUMMARY OF 2016 BUDGET PERFORMANCE IS AS SHOWN BELOW:

S/N	LINE ITEMS	EXPECTED BUDGET	ACTUAL PERFORMANCE	SHORT FALL
1.	Total Revenue	**₦ 5,205,395,000.00**	**₦ 3,508,535,088.80**	**N1,696,859,911**
2.	Total Personnel Cost	*₦ 5,912,535,278.56*	*₦ 5,653,252,242.07*	**N259,283,036**
3.	Total Overhead Cost	*₦ 1,944,912,965.00*	*₦ 1,724,639,205.30*	**N220,273,760**
4.	**Total Recurrent Expenditure**	**₦ 7,857,448,243.56**	**₦ 7,377,891,447.37**	**N479,556,796**
5.	Total Capital Cost	**₦ 300,000,000:00**	**₦ 126,964,737.83**	**N173,035,262**
6.	**Total Expenditure**	**₦ 8,157,448,243.56**	**₦ 7,504,856,185.20**	**N652,592,058**

The Commission's 2016 budget performance experienced shortfall of revenue generation. This was mainly due to the fluctuation of the Market Capitalization which is the major source of the Commission's income.

Consequently, the Commission operated a Budget Deficit of **Three Billion, Four Hundred and Eight One Million, Six Hundred Thousand, Eight and Twenty Three Naira (-₦ 3,481,600,823.00)** only, for the 2016 fiscal year.

From the above table, the commission took step into taking money from their external reserve in the sum of **Three Billion, Four Hundred and Eight One Million, Six Hundred Thousand, Eight Hundred and Twenty Three Naira (-₦ 3,481,600,823.00)** only to make up for the shortfall of the expected revenue.

3.4(b) THE SUMMARY OF 2017 BUDGET ESTIMATES IS SHOWN AS BELOW:

S/N	LINE ITEMS	₦ AMOUNT
1.	**Total Revenue**	**6,767,396,300:00**
2.	Total Personnel Cost	*7,481,633,200:00*
3.	Total Overhead Cost	*1,552,300,000:00*
4.	**Total Recurrent Expenditure**	**9,033,933,200:00**
5.	Total Capital Cost	150,000,000:00
6.	**Total Expenditure**	**9,183,933,200:00**

4.0 BUDGET REVIEW MEETING BY COMMITTEE MEMBERS.

During the Committee's Review of the SEC 2017 Budget, noticeable among others is that, the thrust of the Budget is centered on the realization of the dual mandate of the Commission with respect to regulatory and developmental roles.

Towards this end, the main objective of the Commission's expenditure for 2017 is to make significant progress in restoring investor's confidence and deepening the market.

5.0 COMMITTEE'S FINDINGS/OBSERVATIONS

The Committee painstakingly considered the SEC's 2017 Budget; and after exhaustive defense and deliberations, and based on applicable rules and regulations as prescribed by the Fiscal Responsibility Act, recommended the Commission's 2017 Budget for Senate's approval.

This laudable step marks a significant departure from the old practice whereby the commission forwards its Budget estimates for the committee's information after its Board's approval in line with the relevant provisions of the Investments and Securities Act (ISA) 2007.

However, the Committee wishes to observe that the Budget came very late again like that of last year and frowned at this development.

Moreso, the Committee observed that the expenditure profile of the Commission is basically recurrent; this is majorly due to the nature of services it renders.

The recurrent cost is made up of staff costs and operational costs which constituted about 90-98% of the total expenditure.

5.1 THE SUMMARY OF THE BUDGET AS RECOMMENDED BY THE COMMITTEE

S/N	LINE ITEMS	SEC'S PROPOSAL ₦	COMMITTEE'S RECOMMENDATION
1.	**Total Revenue**	**6,767,396,300:00**	Sustained
2.	*Personnel Cost*	*7,481,633,200:00*	Sustained
3.	*Overhead Cost*	*1,552,300,000:00*	Sustained
4.	**Total Recurrent Expenditure**	**9,033,933,200:00**	Sustained
5.	Capital Expenditure	150,000,000:00	Sustained
6.	**Total Expenditure**	**9,183,933,200:00**	Sustained

6.0 COMMITTEE'S RECOMMENDATION

The committee hereby recommends that the senate do approve the Sum of Nine Billion, One Hundred and Eighty Three Million, Nine Hundred and Thirty Three Thousand, Two Hundred Naira, **(₦9,183,933,200:00)**, only being 2017 Budget for Securities and Exchange Commission in line with the attached details.

7.0 Mr. President, Distinguished colleagues, on behalf of the Committee, I thank you for your attention and the opportunity given us to serve our Great Nation, Nigeria

ATTESTATION

SENATOR MUSTAPHA BUKAR
CHAIRMAN

HABIBA A. MUHAMMAD (MRS.)
COMMITTEE CLERK

ENDORSEMENTS

S/NO	NAME OF MEMBERS	POSITION	SIGNATURE
1.	Senator Mustapha Bukar	Chairman	
2.	Senator Foster Ogola	Vice Chairman	
3.	Senator John Owan Enoh	Member	
4.	Senator Mohammed Shaaba Lafiagi	Member	
5.	Senator Abu Ibrahim	Member	
6.	Senator George Akume	Member	
7.	Senator Mao Ohuabunwa	Member	
8.	Senator Kashamu Buruji	Member	
9.	Mrs. Habiba A. Muhammad	Clerk	

SECURITIES AND EXCHANGE COMMISSION'S 2017 BUDGET

S/N	DESCRIPTIONS	ESTIMATES 2017	COMMITTEE'S RECOMM.	REMARKS
A	**REVENUE**	₦	₦	
	Registration of Securities	580,000,000.00	580,000,000.00	Sustained
	Market Transaction Charges	3,900,000,000.00	3,900,000,000.00	Sustained
	Penalties	618,750,000.00	618,750,000.00	Sustained
	Merger & Acquisition Fees	900,000,000.00	900,000,000.00	Sustained
	Filling Fees	114,500,000.00	114,500,000.00	Sustained
	Operators Registration	50,350,000.00	50,350,000.00	Sustained
	Sales of Publication	221,000.00	221,300.00	Sustained
	Interest on FG Bonds	600,000,000.00	600,000,000.00	Sustained
	Conference & Workshop Fees	3,000,000.00	3,000,000.00	Sustained
	Proceed of Assets Disposal	25,000.00	25,000.00	Sustained
	** Miscellaneous Income	0	0	
	Other Miscellaneous	550,000.00	550,000.00	Sustained
	Total Revenue	**6,767,396,300.00**	**6,767,396,300.00**	Sustained
B	**EXPENDITURE**			
	STAFF EMOLUMENT			
	Salaries & Payroll Allowance	2,452,000,000.00	2,452,000,000.00	Sustained
	Transport	950,000,000.00	950,000,000.00	Sustained
	Additional Qualification	26,400,000.00	26,400,000.00	Sustained
	Productivity/Others	149,393,200.00	149,393,200.00	Sustained
	Children Education Allowance	182,160,000.00	182,160,000.00	Sustained
	Furniture Allowance	499,680,000.00	499,680,000.00	Sustained
	Dressing Allowance	167,200,000.00	167,200,000.00	Sustained
	Staff Rent Allowance	982,800,000.00	982,800,000.00	Sustained
	Leave Allowance	272,800,000.00	272,800,000.00	Sustained
	Fuelling Allowance	79,200,000.00	79,200,000.00	Sustained
	Board Member sitting allowance/expenses	50,000,000.00	50,000,000.00	Sustained
	Total Staff Emoluments	**5,811,633,200.00**	**5,811,633,200.00**	Sustained
	STAFF WELFARE			
	Recreation	80,000,000.00	80,000,000.00	Sustained
	Pension Fund Contribution	1,100,000,000.00	1,100,000,000.00	Sustained

	Health Support(Critical Cases)/NSITF/ITF	240,000,000.00	240,000,000.00	Sustained
	Gratuity/Severance	250,000,000.00	250,000,000.00	Sustained
	Total Staff Welfare	**1,670,000,000.00**	**1,670,000,000.00**	Sustained
	Total Staff Cost	**7,481,633,200.00**	**7,481,633,200.00**	Sustained
C	**OTHER ADMINISTRATIVE COST**			
	Uniform & Clothing	5,000,000.00	5,000,000.00	Sustained
	Meeting Expenses - Other	30,000,000.00	30,000,000.00	Sustained
	Bank Charges & Commission	10,000,000.00	10,000,000.00	Sustained
	Software Maintenance	40,000,000.00	40,000,000.00	Sustained
	Hardware Maintenance	10,000,000.00	10,000,000.00	Sustained
	Network & Communication	80,300,000.00	80,300,000.00	Sustained
	Computer Consumables	30,000,000.00	30,000,000.00	Sustained
	Postage	20,000,000.00	20,000,000.00	Sustained
	Telephone	5,000,000.00	5,000,000.00	Sustained
	Seminars, Conferences & workshop	20,000,000.00	20,000,000.00	Sustained
	Insurance/GR Life A (Others)	130,000,000.00	130,000,000.00	Sustained
	Motor Fuel Cost	30,000,000.00	30,000,000.00	Sustained
	Newspapers & Periodical	10,000,000.00	10,000,000.00	Sustained
	Stationeries & Printing	40,000,000.00	40,000,000.00	Sustained
	Audit fees	50,000,000.00	50,000,000.00	Sustained
	Tax Consultancy	20,000,000.00	20,000,000.00	Sustained
	Legal Fees & Logistics	40,000,000.00	40,000,000.00	Sustained
	Other Professional Fees	10,000,000.00	10,000,000.00	Sustained
	Project & Change Manage	0	0	
	Protocol	10,000,000.00	10,000,000.00	Sustained
	Advertisement & Publication	50,000,000.00	50,000,000.00	Sustained
	Publication Expense	10,000,000.00	10,000,000.00	Sustained
	Capital Market Dev.& Publicity	0	0	
	Rent & Rates (Office)	50,000,000.00	50,000,000.00	Sustained
	Electricity	90,000,000.00	90,000,000.00	Sustained
	Maintenance - Vehicles	30,000,000.00	30,000,000.00	Sustained
	Maintenance - Premises	150,000,000.00	150,000,000.00	Sustained
	Maintenance - Equipment	30,000,000.00	30,000,000.00	Sustained
	Generator Fuel Cost	60,000,000.00	60,000,000.00	Sustained
	Corporate Subscriptions	20,000,000.00	20,000,000.00	Sustained

	Corporate Donations	10,000,000.00	10,000,000.00	Sustained
	Local Travel Expenses	130,000,000.00	130,000,000.00	Sustained
	Foreign Travels	117,000,000.00	117,000,000.00	Sustained
	Long Service Award	25,000,000.00	25,000,000.00	Sustained
	Specialized Committee's	30,000,000.00	30,000,000.00	Sustained
	Staff Relocation Expenses	30,000,000.00	30,000,000.00	Sustained
	Local Training	68,000,000.00	68,000,000.00	Sustained
	Foreign Training	20,000,000.00	20,000,000.00	Sustained
	Recruitment & Logistics	10,000,000.00	10,000,000.00	Sustained
	Toiletries, Beverages and Disp	25,000,000.00	25,000,000.00	sustained
	Contingency	5,000,000.00	5,000,000.00	Sustained
	Books	2,000,000.00	2,000,000.00	Sustained
	Total Administrative Cost	**1,552,300,000.00**	**1,552,300,000.00**	Sustained
	Total Operational Cost	**9,033,933,200.00**	**9,033,933,200.00**	Sustained
	CAPITAL EXPENDITURE			
	Building	5,000,000.00	5,000,000.00	Sustained
	Furniture & Fittings	20,000,000.00	20,000,000.00	Sustained
	Office Equipment	25,000,000.00	25,000,000.00	Sustained
	Computer Software	50,000,000.00	50,000,000.00	Sustained
	Computer Hardware	40,000,000.00	40,000,000.00	Sustained
	Motor Vehicle	10,000,000.00	10,000,000.00	Sustained
	TOTAL CAPITAL EXPENDITURE	**150,000,000.00**	**150,000,000.00**	Sustained
	TOTAL EXPENDITURE	**9,183,933,200.00**	**9,183,933,200.00**	Sustained
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	SURPLUS/(DEFICIT)	**-2,416,536,900.00**	**-2,416,536,900.00**	

2016 APPROVED EXPENDITURE AND 2017 PROPOSAL EXPENDITURE ITEMS

S/N	DESCRIPTION	2016 APPROVED	2016 PERFORMANCE (JANUARY – DECEMBER)	2017 PROPOSAL	COMMITTEE RECOMMENDATION	REMARKS
1	Archiving of Passport Files	195,000,410.00	195,000,410.00	198,467,848.95	198,467,848.95	sustained
2	Provision of Office furniture and equipment to Passport and CEROAC offices.	306,411,403.04	306,411,403.04	152,667,576.12	152,667,576.12	Sustained
3	Purchase of stationery and computer consumables for Passport and CERPAC offices.	190,000,000.00	190,000,000.00	223,912,444.97	223,912,444.97	Sustained
4	Supply of Passport production ink	196,850,325.00	196,850,325.00	173,023,252.93	173,023,252.93	Sustained
5	Provision of internet connectivity	104,000,000.00	104,000,000.00	152,667,576.12	152,667,576.12	Sustained
6	Settlement of electricity bills	64,503,788.56	64,503,788.56	20,355,676.82	20,355,676.82	Sustained
7	Settlement of rent	47,127,081.00	47,127,081.00	10,177,838.41	10,177,838.41	Sustained
8	Fuelling of generators	67,272,697.40	67,272,697.40	30,533,515.22	30,533,515.22	sustained
9	Revenue monitoring (Local)	143,955,928.00	143,955,928.00	142,489,737.71	142,489,737.71	Sustained

10	Revenue Monitoring (Off-shore)	169,391,638.00	169,391,638.00	152,667,576.12	152,667,576.12	Sustained
11	Passport Intervention and Mobile enrolment	180,503,729.00	180,503,729.00	162,845,414.52	162,845,414.52	Sustained
12	ICT Training for passport and CERPAC operatives	86,683,000.00	86,683,000.00	432,558,132.33	432,558,132.33	Sustained
13	Maintenance of Office Furniture/Equipment	30,050,000.00	30,050,000.00	10,177,838.41	10,177,838.41	Sustained
14	Maintenance of Plants and generator	13,250,000.00	13,250,000.00	15,266,757.61	15,266,757.61	Sustained
15	Maintenance of Passport and CERPASC Office buildings	53,500,000.00	53,500,000.00	30,533,515.22	30,533,515.22	sustained
16	Maintenance of Passport and CERPAC office buildings	Nil	Nil	20,355,676.82	20,355,676.82	sustained
17	Welfare	Nil	Nil	157,756,495.32	157,756,495.32	Sustained
18	Purchase of vehicles for Passport Operations	Nil	Nil	203,556,768.15	203,556,768.15	Sustained
19	NIS Technology Building	Nil	Nil	2,500,000,000.00	2,500,000,000.00	Sustained
	TOTAL	**1,868,500,000.00**	**1,868,500,000.00**	**4,668,708,531.71**	**4,668,708,531.71**	Sustained