# MINISTRY OF FINANCE

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Business hours: 9am – 5:00pm Monday to Friday, except Public Holidays

**Process for Contract payment processing for Suppliers and Contractors**

In accordance with the Jigawa State Public Expenditure and Financial Management Law (LAW No. 2 2019), the Ministry is responsible for ensuring transparency and efficiency in the processing of contract payments. The Ministry's role is critical in streamlining the payment process, creating a business-friendly environment, and ensuring timely and transparent execution of government contracts. Below is an overview of the procedures involved:

The Jigawa State Ministry of Finance has a treasury department under the office Accountant General dedicated to contract payment processing, capital (contract and supplies) and recurrent Expenditure (salary and overhead) through the following processes:

1. **Capital payment**: The ministries, departments and department (MDAs) submit their payment Vouchers to the ministry for verification and screening before payment.

**2. Recurrent payment:**

I. The Integrated Personnel Payroll Management System (IPPMS) unit prepare payment vouchers before the end of the month

II. The treasury department prepare schedule for the payment of overhead and standing order

3. **Verification and Approval**: The treasury operations team verifies the authenticity of the vouchers and ensures that all necessary documentation is in place before approving payments.

4. **Payment Disbursement:** Once approved by Director Treasury Operation, payments are disbursed to contractors and suppliers through the state's financial management system. The Jigawa State government is implementing measures to promote transparency and accountability in contract payment processing, including the use of electronic payment systems and regular audits

5. **Record Keeping:** The department maintains accurate records of all contract payments made, including payment vouchers, receipts, and other relevant documentation.

**Procedures**

The following are the outline of the contract payment processing procedures in Jigawa State Ministry of Finance with timelines averaging 17 working days. It is worthy to note that these are administrative processes at no cost for the contractor or payee apart for statutory taxes applicable:

**Documentation -** The documentation required for contract payment process in Jigawa State Ministry

1. Contract agreement/Award letter by the awarding MDA
2. Invoice of the applicant/customer
3. Payment request letter
4. Supporting documents (e.g., delivery notes, receipts, SRV)
5. Valid Tax clearance certificate (https://jirs.org.ng/)
6. VAT registration certificate (https://www.firs.gov.ng/vat/)
7. Certificate of registration with Due Process and Project Monitoring Bureau (https://portal.dueprocess.jg.gov.ng/)
8. Certificate of Business Premises Registration with Ministry of Commerce, Industry, Cooperatives and Tourism (https://www.moc.jg.gov.ng/)
9. Certificate of incorporation
10. Tender and contract signing fees payment receipt
11. Original Due process Certificate
12. Advance payment guaranty (APG) for mobilization
13. Local purchase order (LPO) for supplies only
14. Confirmation of Budgetary Provision
15. Documentation payment receipt from ministry of justice (https://moj.jg.gov.ng/)
16. Power of attorney duly signed by magistrate where applicable

**Step 1: Submission of Contract Payment Voucher**

MDAs generate and submit contract payment vouchers to the Director Treasury Operations. Vouchers must include:

- Contract agreement
- Invoice
- Payment request letter
- Supporting documents (e.g., delivery notes, receipts, SRV, other registration documents)

Timeline - 2 days

**Step 2: Verification and Approval**

Treasury Operations team verifies voucher authenticity and documentation.

Obtain approvals from:

- Head of MDA/ Accounting officer
- Director of Finance and Supply, Ministry of Finance
- Permanent Secretary, Ministry of Finance

Timeline: 3 days

**Step 3: Payment Processing**

Treasury Operations team processes payment through the state's management system.

Payment disbursement through the Electronic Fund Transfer (EFT)

Timeline: 4 days

**Cheque**

**Payment Confirmation**

Contractor/supplier confirms payment and issue receipt.

Treasury Operations team updates payment records.

Timeline: 2 days

**Payment:** The following payments (statutory payments) will be made by the contractor or the supplier which are deducted at source on behalf of the organizations.

1. Withholding Tax (WHT): 5% of contract value on renovation and others (deducted at source)
2. Withholding Tax (WHT) 2.5% on contract value for both Roads and building construction
3. Value Added Tax (VAT): 7.5% of contract value (charged separately)
4. Social responsibility: 5% of contract value (deducted at source)
5. 1% Stamp Duties on contract sum

Payment: 1 day

**Monitoring and Inspection**

The Ministry of Finance has an Inspection and Training department that conducts periodic inspections of financial records maintained by MDAs to ensure compliance with financial regulations and guidelines. The department also provides training to accounting staff on best practices in financial management.

Timeline: Ongoing internal process - done quarterly for 3 days

Fees: No costs

**Internal Audit department** Internal audit department ensures adherence to internal control and all other forms of controls for the successful operation in the ministry.

Signed

The Accountant General Jigawa State Ministry of Finance

27 December, 2024