



**NIGERIAN
PUBLIC SECTOR
GOVERNANCE
CODE**

THEMATIC WORKING GROUP

*Financial Reporting
Council of Nigeria*

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PART 1

A: PRELIMINARY MATTERS

1. INTRODUCTION

- 1.1 Public sector governance aims to ensure that Public Sector Entities (PSEs) fulfill their overall mandates, achieve their intended outcomes for citizens and service users, and operate ethically, transparently, efficiently, and effectively. Public sector entities are expected to be fully accountable to their ultimate owners, the citizens. The citizen’s oversight is exercised in Nigeria by the National, and State Assemblies and at the local level by Councilors relying significantly on governance mechanisms in the public sector entities which, unfortunately, do not appear to be very effective because of inappropriate governance structures. PSEs comprise entities contained in Part A, Paragraph 5.4 of the Code.
- 1.2 Governance arrangements and systems need to be strengthened as part of the drive to improve the management of public sector entities. Good governance of public sector entities is central to their effectiveness.

2 CORPORATE GOVERNANCE

- 2.1 Corporate governance is the system of rules, practices, and processes by which an entity is directed and controlled. It also refers to the way an entity is governed.
- 2.2 Corporate governance encompasses the processes and structures through which a public sector entity sets its objectives, monitors performance, and manages risks and relationships among its various stakeholders. It concerns the set of relationships between the management of a PSE, its Governing Body, and its other stakeholders.
- 2.3 The Nigerian Public Sector Governance Code (“The Code”) adopts a broad definition of corporate governance that embraces the rights and responsibilities of all parties with a stake in a PSE, including the environment in which the entity operates.
- 2.4 The Code emphasises the exercise of ethical and effective leadership by the governing body towards the achievement of ethical culture, good performance, effective control, and legitimacy.

3 PUBLIC SECTOR GOVERNANCE FRAMEWORK

- 3.1 Every public sector entity has its own specific purpose and is usually set out in its enabling instrument. The Federal Government has made policy guidelines concerning the expected relationship between a Minister and the PSEs under his supervision. Some of these policy guidelines are found in publications such as the Corporate Governance Manual for Governing Boards/Councils of Federal Parastatals, Agencies and Commissions developed by the Bureau of Public Service Reforms in July 2018. It is on this premise that the Honourable Minister of Industry, Trade & Investment inaugurated the Technical Work Group, TWG, on Thursday, February 9, 2023, to facilitate in developing the Code.

4 IMPORTANCE OF GOOD PUBLIC SECTOR GOVERNANCE

- 4.1 Good public sector governance is central to the effective operation of all PSEs. It further:
- 4.1.1. Encourages global investors to invest in various sectors of the economy. Global investment will enhance foreign direct investment into Nigeria and improve our balance of trade.
 - 4.1.2. Improves the efficiency and effectiveness of PSEs. By establishing clear standards for management practices and decision-making processes, PSEs can operate more efficiently and effectively, which ultimately benefits the public by providing better services and outcomes.
 - 4.1.3. Promotes transparency, accountability, and responsible decision making in the public sector, which in turn increases public trust and confidence in government institutions. This can help to build a more open and democratic society.
 - 4.1.4. Assures stakeholders, including the citizens, that their welfare is of primary concern to the government and that the public service will be managed efficiently and effectively.
 - 4.1.5. Creates an enabling environment where the citizens are empowered to voluntarily participate in governance to contribute towards national development.
 - 4.1.6. Encourages innovation and creativity in the public sector. By promoting a culture of accountability and transparency, PSEs can be more willing to take risks and pursue new ideas, which can lead to improved services and better outcomes for the public.
 - 4.1.7. Assures stakeholders that those who mismanage or abuse the trust reposed in them shall be sanctioned in accordance with relevant laws, rules, and regulations.

5 SCOPE OF APPLICATION OF THE CODE

- 5.1 The Code is intended to support and strengthen governance systems of PSEs, in addition to those provided by their enabling Legislation.
- 5.2 Without prejudice to the specific Legislation that establishes a PSE, the principles of the Code are directly applicable.
- 5.3 It is mandatory for all PSEs to apply the principles of The Code and consider it in its entirety to ensure a comprehensive perspective of good practice.
- 5.4 PSEs include the following:
- 5.4.1 All Ministries, Extra-ministerial Offices, Departments, and Agencies of Governments at the Federal, State, and Local Government levels in the Federation including those created by gazette, administrative fiats (pronouncements), and units whether backed by statute or created administratively.
 - 5.4.2 All government-owned corporations, companies, entities, including parastatals, whether commercialised or not.
 - 5.4.3 All arms of Government (Executive, Legislature, and Judiciary).
- 5.5 The PSEs should adopt the “Apply and Explain” approach in reporting on compliance with the Code. The ‘Apply and Explain’ approach demands the application of all principles and requires PSEs to explain how the principles are applied. It also requires PSEs to demonstrate how the specific activities undertaken best achieve the outcomes intended by the public sector governance principles specified in the Code.

- 5.6 The Code recognises that these practices can be tailored in line with the circumstances of PSEs to meet their needs.
- 5.7 In the event of departure from the Code, it should be justified if good governance can be achieved by other means. Reasons for departure should be explained clearly and carefully in a governance statement, accompanying the annual financial statements. In providing a response, PSEs should explain how their practices are both consistent with the principle to which the particular provision relates, and how it contributes to good governance.
- 5.8 In the event of non-compliance with specific provisions of the Code, the planned actions and timelines to achieve expected level of compliance should be stated in the governance statement.

B: CODE PHILOSOPHY AND PRINCIPLES OF PUBLIC LIFE

1. CODE PHILOSOPHY

- 1.1. The philosophy of the Code is founded on inclusiveness, sustainable development, integrated approach, and a belief in the public sector as an integral part of the society.

2. STAKEHOLDER-INCLUSIVE APPROACH

- 2.1. There is an interdependent relationship between the public sector entity and its stakeholders, and the public sector entity's ability to create value for others. A public sector entity becomes attuned to the opportunities and challenges posed by the context in which it operates by having regards to the needs, interests, and expectations of material stakeholders.
- 2.2. The Code advocates a stakeholder-inclusive approach, in which the Governing Body takes account of the legitimate and reasonable needs, interests and expectations of all material stakeholders in the execution of its duties in the best interests of the public sector entity over time. By following this approach, instead of prioritising the interests of the providers of financial capital, the Governing Body gives parity to all sources of value creation, including among others, social and relationship capital as embodied by stakeholders.
- 2.3. Stakeholders' inclusivity involves the balancing of interests over time by way of prioritising and, in some instances, trading off interests. A decision on how to achieve this balance is made on a case-by-case basis as current circumstances and exigencies require but should always be done in the best interest of the public sector entity over the longer term. Balancing the needs, interests and expectations of stakeholders is a dynamic and ongoing process. The quality of stakeholder relationships indicates how effectively Public Sector Entities can strike this balance in making their decisions.

3. SUSTAINABLE DEVELOPMENT

- 3.1. Sustainable development, understood as development that meets the need of the present without compromising the ability of future generations to meet their needs, is a primary ethical and economic imperative. It is a fitting response to the public sector entity being an integral part of society, its status as a corporate citizen and its stakeholders' needs, interests and expectations.
- 3.2. The survival and success of the state are intertwined and related to three interdependent sub-systems: the triple context of the economy, society and the natural environment. In the Nigerian setting, addressing the inequality in society through economic transformation is a good example of a challenge that affects all these three sub-systems in which public sector entities operate.

4. PRINCIPLES OF PUBLIC LIFE

- 4.1. The Principles of Public Life are ethical standards that provide a framework for ethical behaviour, and guide the decision-making process of public officials and the behaviour of public officials in their decision-making and conduct.
- 4.2. The Principles of Public Life are necessary to achieve the purpose of public service because they provide a framework for ethical conduct, transparency, and accountability. These principles include selflessness, integrity, objectivity, accountability, openness, honesty, and leadership, and are designed to promote good governance and maintain the public's trust and confidence in public institutions.
- 4.3. The Principles of Public Life promote good governance, maintain public trust and confidence in public institutions, and prevent corruption or conflicts of interest. When individuals and PSEs adhere to these principles, they secure the public's trust and confidence, which is essential for effective public service.
- 4.4. The Principles of Public Life encourages public officials to ensure that their decisions are made in the public's best interest and not influenced by personal or private interests.
- 4.5. The Principles of Public Life emphasise the commitment of the public officials towards integrity, accountability, transparency, leadership, selflessness, objectivity, openness, honesty, and leadership, thereby contributing to the country's commitment to good governance.
- 4.6. The Principles of Public Life are as follows:
 - 4.6.1. Selflessness: Public officials should discharge their responsibilities solely in the public interest and not for personal gain.
 - 4.6.2. Integrity: Public officials should be honest and truthful in all their dealings. They should consistently uphold the highest standards of honesty, transparency and appropriate disclosure with a tolerance for independent verification of such disclosures in all their interactions with stakeholders, including the public.
 - 4.6.3. Objectivity: Public officials should be unbiased and make decisions that are not based on personal prejudices. They should avoid any actions that could compromise their impartiality and integrity.
 - 4.6.4. Accountability: Public officials should be answerable for their official decisions and actions, as well as those of their subordinates. They should be willing to explain and justify their decisions and be responsive to public concerns and feedback.
 - 4.6.5. Transparency and Disclosure: Transparency is the practice of making information and decision-making processes open and accessible to the public. Disclosure requires that relevant and usable information is made available to stakeholders at the right time.
 - 4.6.6. Honesty: Public officials should not deceive or mislead others. They should provide accurate and timely information and avoid any actions that could compromise the public trust.
 - 4.6.7. Exemplary Leadership: Public officials should lead by example. They should set positive examples through their behaviour, communication, decision-making, and conduct to inspire others to uphold the highest standards of public life and leadership.
 - 4.6.8. Patriotism: Public officials should be faithful, loyal, and honest to the public in the discharge of their responsibilities. They should demonstrate unwavering

commitment to the public good and avoid any action that may compromise their loyalty and faithfulness.

- 4.6.9. Management of Conflict of Interest: Public officials should not put themselves in situations where their private interests influence their official decisions. They should disclose any actual, potential, or perceived conflicts of interest in a transparent and appropriate manner.
- 4.6.10. Anti-Bribery and Anti-Corruption Compliance: Public officials should not engage in any form of bribery, corruption or unethical behaviour and should actively prevent, detect, and report any incidents of bribery or corruption that come to their attention to the appropriate authority. They should comply with all applicable laws, regulations, and policies related to anti-bribery and anti-corruption.
- 4.6.11. Ethical Compliance: Public officials should act with integrity, honesty and fairness in their interactions with stakeholders and should avoid any actions that could compromise ethical standards. Public officials should comply with all relevant codes of ethics, guidelines, and policies, and should always make informed and ethical decisions.
- 4.6.12. Professionalism and Competence: Public officials should maintain a high standard of work. They should continually improve their knowledge, skills and abilities and apply them in a manner consistent with the principles of public life.
- 4.6.13. Respect for Human Rights and Diversity: Public officials should respect and protect the human rights of all individuals, promote diversity, inclusivity and equal opportunities in their actions and decisions, and avoid any actions that could discriminate against any individual or group.

5. STRUCTURE OF THE CODE

5.1 The Code is structured along three areas:

- 5.1.1 Principles: Principles provide the underlying philosophy of the segment of The Code. They explain the basis of the standard to be achieved in each governance area.
- 5.1.2 Intended outcomes: Intended Outcome provides PSEs with a line of sight on what they will achieve through the practices.
- 5.1.3 Recommended practices: Practices are actions, procedures, or processes which PSEs are expected to adopt to achieve the Intended Outcome. The Practices in the Code have been crafted, taking into consideration the requirements in extant laws and regulations.

PART 2

C: GOVERNANCE FRAMEWORK OF PUBLIC SECTOR ENTITIES

1. PRINCIPLE

A successful PSE is headed by an effective Governing Body responsible for providing leadership and promoting ethical culture and effective corporate governance.

2. INTENDED OUTCOME

Exercise of effective oversight and control of the PSE to ensure that officers and other employees act in the best interests of the stakeholders.

3. MANDATE OF THE GOVERNING BODY

- 3.1. Each PSE in the Federation should have a Governing Body.
- 3.2. The enabling instrument of each PSE sets out its purpose. In consonance with this purpose, the Governing Body of each PSE shall develop a written policy document or Charter for its activities which shall be reviewed and updated annually. The Charter should set out the mandate, roles, and responsibilities of the Governing Body, members, committees of the Governing Body, chairman, and other key roles to ensure clarity and alignment.
- 3.3. The mandate of the Governing Body, contained in the Charter, is unique to each PSE and should fundamentally border around achievement of relevant objectives.
- 3.4. No PSE should operate without a Governing Body for a period exceeding six (6) months, unless otherwise provided by extant law.

4. REMIT AND COMPOSITION OF THE GOVERNING BODY IN MINISTRIES, DEPARTMENTS, AND OTHER ARMS OF GOVERNMENTS IN THE FEDERATION

- 4.1 The remit of the Governing Body should be to:
 - 4.1.1 Articulate a clear vision for the PSE and provide clarity about how policy activities contribute to attainment of its vision, mission, values, and structure.
 - 4.1.2 Set up, subject to any extant law, specialised committees to support the Governing Body in performing its functions.
 - 4.1.3 Develop policies and monitor their implementation.

- 4.1.4 Ensure that appropriate human resources management systems are in place to promote high productivity.
- 4.1.5 Ensure the success of the PSE and deliver sustainable value to its stakeholders.
- 4.1.6 Ensure that the PSE has in place procedures to enable effective communication with stakeholders.
- 4.1.7 Ensure that the long-term interest of the Government is served.
- 4.1.8 Approve strategic plans, annual budgets, financial statements, and other relevant documents to ensure the PSE achieves its strategic goals, objectives, and mandate.
- 4.1.9 Ensure the PSE fulfills its set-out purposes and achieves intended outcomes for service users within the framework of sustainable public trust.
- 4.1.10 Provide adequate oversight to ensure the PSE achieves agreed targets.
- 4.1.11 Exercise leadership, integrity, and judgment in its oversight and control of the PSE.
- 4.1.12 Establish internal control over financial reporting and operational processes, assess the PSE's risks, and formulate strategies for risk management.
- 4.1.13 Ensure timely implementation of audit recommendations.
- 4.1.14 Ensure the Principles of Public Life are applied by public officials within the PSE.
- 4.1.15 Ensure compliance with all applicable laws and regulations
- 4.1.16 Act with diligence, skill, care, and loyalty in the best interest of the PSE and the public.
- 4.1.17 Ensure that there are appropriate and effective induction and continuing education programmes for new and existing members of the Governing Body.
- 4.1.18 Ensure compliance with sustainability reporting framework adopted by the Financial Reporting Council of Nigeria and best practices.
- 4.1.19 Operate within all the provisions of the Administrative Guidelines, regulating the relationships between the Ministries and the Parastatals, Agencies, or Commission.
- 4.1.20 Submit statutory and other periodic reports to the appropriate body.
- 4.1.21 Ensure appropriate Information Technology (IT) governance to support the PSE's strategy and processes.
- 4.1.22 Take any other actions that are incidental to the achievement of its mandate.

4.2 Composition of Governing Body should include:

4.2.1 Honourable Minister(s), Heads of Extra-ministerial Office, or Head of the Government Arm;

4.2.2 Permanent Secretary or his equivalent in the other arms and levels of Government;

4.2.3 Heads of Department;

4.2.4 Two (2) Retired Civil Servants;

4.2.5 Three members from the non-public sector.

4.3 The Chairman of the Governing Body should be the Honourable Minister, Head of Extra-ministerial Office, or Head of the Arm of the Government, while the Minister of State, where applicable, or the next most senior officer would be the Vice-Chairman.

4.4 Where the PSE does not have a supervising Ministry, a retired Head of that PSE, or, where none is available, a retired Head of another PSE, should serve as the Chairman of the Governing Body, provided that he did not retire in the last five years and was not removed from office on grounds of dishonesty or any other misconduct. One of the independent members should serve as the Vice Chairman.

4.5 One of the retired civil servants should be a retired Auditor or Accountant from the Civil Service of the Federation, who must have retired on a rank not below Assistant Director or its equivalent.

4.6 The non-public-sector members must have obtained a minimum of first degree in any field, with a minimum of 15 years post-qualification experience and a track record of outstanding achievement.

4.7 The appointment of Independent Non-Executive Members should be made on merit.

5. APPOINTMENT AND REMOVAL

5.1 The appointment and removal of members of the Governing Body should be in accordance with the policy subject to provisions of extant laws and regulations.

Secretary to the Governing Body

5.2 The Governing Body shall have a secretary, who shall be appointed by the Governing Body, subject to any extant laws and regulations.

5.3 An effective Secretary is essential for an effective Governing Body; the Secretary appointed by the Governing Body should be a Legal Practitioner, or a Professional Accountant, or Chartered Secretary.

5.4 The responsibilities of the Secretary shall include the following:

5.4.1 Develop and agree the agenda for meetings with the Chairman of the Governing Body, ensuring all relevant items are brought to the Governing Body's attention.

5.4.2 Ensure good information flows within the Governing Body and between senior management and independent non-executive members.

5.4.3 Ensure papers to be considered at meetings are received by members of the Governing Body according to timelines specified in the Charter.

5.4.4 Provide advice and support on governance matters and help to implement improvements in the governance structure and arrangements.

5.4.5 Make members of the Governing Body aware of all regulations and legislations relevant to the functions.

5.4.6 Act as the focal point for interaction between Independent Non-executive Members and other members of the Governing Body, as well as other officers of the PSEs.

5.4.7 Take minutes of proceedings at meetings including decisions and resolutions.

5.4.8 Guide members of the Governing Body collectively and individually as to their duties and responsibilities.

5.4.9 Organise induction and continuing education programmes for new and existing members of the Governing Body.

5.4.10 Deal with any matters that the Governing Body may assign to him.

Sanction and Removal of the Secretary to the Governing Body

5.4.11 Subject to the provisions of extant laws, the appointment and removal of the Secretary should be a matter for the Governing Body.

Independent Non-Executive Members

5.4.12 Independent Non-Executive Members should advise, guide, and support the executives in the discharge of their responsibilities and in the implementation of the plan of the PSE.

5.4.13 An Independent Non-Executive Member should represent a strong independent voice on the Governing Body, be independent in character and judgment, and accordingly be free from such relationships and management of the PSE that may impair his ability to make independent judgement.

6. REMIT AND COMPOSITION OF THE GOVERNING BODY IN PARASTATALS AND AGENCIES

6.1 Without prejudice to the provisions of the enabling legislations, the remit of the Governing Body should be to:

- 6.1.1 Articulate a clear vision for the PSE and provide clarity about how policy activities contribute to attainment of its vision, mission, values, and structure.
- 6.1.2 Set up, subject to any extant law, specialised committees to support the Governing Body in performing its functions.
- 6.1.3 Set executive remuneration levels that are in the long-term interest of the PSE, subject to any extant laws and regulations.
- 6.1.4 Formulate policies and monitor their implementation.
- 6.1.5 Ensure that appropriate human resources management systems are in place to promote high productivity.
- 6.1.6 Ensure the success of the PSE and deliver sustainable value to its stakeholders.
- 6.1.7 Ensure that the PSE has in place procedures to enable effective communication with stakeholders.
- 6.1.8 Approve strategic plans, annual budgets, financial statements, and other relevant documents to ensure the PSE achieves its strategic goals, objectives, and mandate.
- 6.1.9 Ensure the PSE fulfills its set-out purposes and achieves intended outcomes for stakeholders.
- 6.1.10 Provide adequate oversight to ensure the PSE achieves agreed targets.
- 6.1.11 Exercise leadership, integrity, and judgment in its oversight and control of the PSE.
- 6.1.12 Establish internal control over financial reporting and operational processes, assess the PSE's risks, and formulate strategies for risk management.
- 6.1.13 Ensure timely implementation of audit recommendations.
- 6.1.14 Ensure compliance with all applicable laws and regulations
- 6.1.15 Act with diligence, skill, care, and loyalty in the best interest of the PSE and the public including managing conflicts of interest.
- 6.1.16 Ensure that there are appropriate and effective induction and continuing education programmes for new and existing members of the Governing Body.
- 6.1.17 Ensure compliance with sustainability reporting framework adopted by the Financial Reporting Council of Nigeria and best practices.
- 6.1.18 Submit statutory and other periodic reports to the appropriate body.
- 6.1.19 Ensure appropriate Information Technology (IT) governance to support the PSE's strategy and processes.
- 6.1.20 Take any other actions that are incidental to the achievement of its mandate.

7 SIZE, STRUCTURE, AND COMPOSITION OF THE GOVERNING BODY

- 7.1 The Governing Body should have the necessary authority, competencies, and objectivity to carry out functions of strategic guidance and monitoring of management, as it constitutes a fundamental base of corporate governance in the PSE. The composition of the Governing Body should be such that it will guarantee the exercise of objective and independent judgment.
- 7.2 Subject to the requirements of any extant laws, members of the Governing Body should be nominated based on qualifications, knowledge, and skills possessed, and should be appointed based on merit.
- 7.3 The Governing Body should be made up of a combination of Executive and Non-Executive Members, subject to the requirements of any extant laws.
- 7.4 The number of Executive Members on the Governing Body should not be less than two.
- 7.5 The Accounting Officer or CEO shall be one of the Executive Members of the Governing Body.
- 7.6 It is desirable that the number of Non-Executive Members should exceed the number of Executive Members. It is also desirable that amongst the Non-Executive Members, the number of Independent Non-Executive Members should exceed the number of other non-Executive Members.
- 7.7 It is desirable to have at least three Independent Non-Executive Members of the Governing Body appointed from outside the public service.
- 7.8 The appointment of Independent Non-Executive Members should be made on merit.
- 7.9 An Independent Non-Executive Member must have obtained a minimum of first degree in any field, with a minimum of 15 years post-qualification experience and a track record of outstanding achievement. It is desirable that at least one of the Independent Non-Executive Members is a Professional Accountant.
- 7.10 An Independent Non-Executive Member should represent a strong independent voice on the Governing Body, be independent in character and judgment, and accordingly be free from such relationships and management of the PSE that may impair his ability to make independent judgment.
- 7.11 The positions of the Chairman of the Governing Body and the Chief Executive Officer (CEO) or Accounting Officer of a PSE should be separate such that one person should not occupy both positions in a PSE.
- 7.12 The Governing Body should periodically consider whether a change in its composition or of its skills matrix is required to strengthen its leadership and oversight.
- 7.13 In appointing or reappointing a Member of the Governing Body, the appointor should consider the current composition of the Governing Body and the tenure of each member.
- 7.14 Subject to the provisions of extant legislation, a Governing Body should reflect gender diversity. It is desirable to have at least thirty percent of the positions on the Governing Body reserved for women.

8. OFFICERS OF THE GOVERNING BODY AND THEIR RESPONSIBILITIES

The Chairman

- 8.1 Subject to the provisions of extant legislation, the appointing authority should appoint one of the Non-Executive Members as the Chairman of the Governing Body.
- 8.2 The Chairman of the Governing Body should not be a member of any committee of the Governing Body of the PSE.
- 8.3 The responsibilities of the Chairman of the Governing Body shall include:
 - 8.3.1 Provide leadership for the Governing Body so that it can perform its responsibilities effectively.
 - 8.3.2 Ensure that Members of the Governing Body are involved in any business issue on which a decision is to be taken.
 - 8.3.3 Ensure that executive members of the Governing Body play effective management roles and participate in the operations and governance of the PSE.
 - 8.3.4 Ensure that the non-executive members of the Governing Body monitor the activities of the Management of the PSE and contribute to the decisions of the Governing Body.
 - 8.3.5 Exercise independent judgment, act objectively, and ensure that all relevant matters are prioritised and placed on the agenda of the Governing Body.
 - 8.3.6 Work closely with the Secretary to the Governing Body to ensure that Members of the Governing Body understand the nature and extent of their responsibilities.
 - 8.3.7 Ensure that the performance of the Accounting Officer is appraised annually or other more frequent basis as the PSE's circumstances may demand, either by the Governing Body or a Committee appointed by the Governing Body for this purpose.
 - 8.3.8 Instill good corporate governance practices, leadership, and effectiveness in the Governing Body.
 - 8.3.9 Set the agenda of the Governing Body and ensure that Members of the Governing Body receive complete and accurate information on time.
 - 8.3.10 Lead meetings and discussions of the Governing Body.
 - 8.3.11 Encourage active participation of the Members of the Governing Body and allow divergent views to be freely expressed.
 - 8.3.12 Manage the interface between the Governing Body and Management.
 - 8.3.13 Ensure appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Governing Body as a whole.
 - 8.3.14 Perform such other tasks that are incidental to the attainment of the mandate of the Governing Body.

Accounting Officer/CEO

- 8.4 The appointing authority should appoint the Accounting Officer, whose role should be separate from that of the Chairman. The Accounting Officer of a PSE may be known by such designation as the extant law prescribes.
- 8.5 Accounting Officer is accountable to the Governing Body.
- 8.6 The responsibilities of the Accounting Officer/CEO of the PSE shall include:
- 8.6.1 Oversee the day-to-day operations of the PSE, ensuring that the PSE is run efficiently and effectively.
 - 8.6.2 Implement policies and decisions of the Governing Body as well as those provided by extant Legislations.
 - 8.6.3 Ensure efficient service delivery and collaboration with stakeholders for the attainment of the objectives of the PSE.
 - 8.6.4 Promote diversity and inclusiveness within the PSE.
 - 8.6.5 Perform such other tasks as may be assigned to him by the Governing Body or that are incidental to the attainment of his responsibilities from time to time.

Sanction and Removal of the Accounting Officer/CEO

- 8.7 The Chief Executive Officer or Accounting Officer should be sanctioned and/or removed from office in accordance with the provisions of extant legislation.

Secretary to the Governing Body

- 8.8 The Governing Body should have the Secretary to be appointed by the Governing Body, subject to any extant laws and regulations.
- 8.9 The Secretary to the Governing Body should be Secretary to all committees, provided that in his absence, any officer in the office of the Secretary should act as Secretary.
- 8.10 An effective Secretary is essential for an effective Governing Body; the Secretary appointed by the Governing Body should be a Legal Practitioner, or a Professional Accountant, or Chartered Secretary.
- 8.11 The responsibilities of the Secretary include to:
- 8.12 Develop and agree the agenda for meetings with the Chairman of the Governing Body, ensuring all relevant items are brought to the Governing Body's attention.
 - 8.13 Ensure good information flows within the Governing Body and between senior management and independent non-executive members.
 - 8.14 Ensure papers to be considered at meetings are received by members of the Governing Body according to timelines specified in the Charter.
 - 8.15 Provide advice and support on governance matters and help to implement improvements in the governance structure and arrangements.
 - 8.16 Make members of the Governing Body aware of all regulations and legislations relevant to the functions.
 - 8.17 Act as the focal point for interaction between Independent Non-executive Members and other members of the Governing Body, as well as other officers of the PSEs.
 - 8.18 Take minutes of proceedings at meetings including decisions and resolutions of the Governing Body and its Committees.

- 8.19 Guide members of the Governing Body collectively and individually as to their duties and responsibilities.
- 8.20 Organise induction and continuing education programmes for new and existing members of the Governing Body.
- 8.21 Deal with any matters that the Governing Body may assign to him.

Sanction and Removal of the Secretary to the Governing Body

- 8.22 Subject to the provisions of extant laws, the appointment and removal of the Secretary should be a matter for the Governing Body.

Executive Members of the Governing Body

- 8.23 Executive Members are those who, in addition to their Governing Body duties, also perform management functions for the PSE in respect of which functions they are remunerated. They are full-time operational Executive Directors, Executive Commissioners, etc.
- 8.24 The responsibilities of the Executive Members of the Governing Body include to:
- 8.25 Support the Accounting Officer in the proper implementation and achievement of the strategic objectives as well as prudent management of the PSE's finances and other resources.
- 8.26 Perform specific tasks assigned to them by the extant Legislation.

Non-Executive Directors/Non-Executive Commissioners

- 8.27 Non-Executive Members of the Governing Body should not be involved in the day-to-day operations of the PSE.
- 8.28 The responsibilities of the Non-Executive Members of the Governing Body include to:
 - 8.28.1 Contribute to the development of PSE's strategy.
 - 8.28.2 Bring to bear their knowledge, expertise, experience, and independent judgment on issues of strategy and performance of the Governing Body.

Independent Non-Executive Members

- 8.29 Independent Non-Executive Members should advise, guide, and support the executives in the discharge of their responsibilities and in the implementation of the plan of the PSE.
- 8.30 An Independent Non-Executive Member should represent a strong independent voice on the Governing Body, be independent in character and judgment, and accordingly be free from such relationships and management of the PSE that may impair his ability to make independent judgment.

Appointment Procedure and Removal Policy

- 8.31 The performance of a PSE depends on the capabilities and performance of its Governing Body. It is therefore imperative that when appointing Members of the Governing Body, the appointor or nominator should ensure that the Governing Body is properly constituted. In this regard, the Governing Body should, always, comprise individuals with ability, integrity,

credibility, accountability, competence, relevant and complementary skills, experience, and expertise.

8.32 The Governing Body should review its composition from time to time and evaluate the need to bring new skills and perspectives and advise the appointor(s) appropriately and the appointor(s) should oblige the Governing Body timeously, subject to any extant laws and regulations.

8.33 The appointment of each Member of the Governing Body should be in writing and for a definite term. The appointor(s) may, however, at his discretion, remove a director before the completion of his term of office. The appointor(s) should consider the existing Governing Body and board positions held by a member.

9. COMMITTEES OF THE GOVERNING BODY

9.1 This part applies to all PSEs, subject to any extant laws or regulations.

9.2 The Governing Body should determine the extent to which its duties and responsibilities should be undertaken through committees. It should determine the number and composition of such committees, ensuring that each comprises Members with relevant skills and competencies.

9.3 The Governing Body should delegate certain of its functions to well-structured committees, but without abdicating its responsibilities.

9.4 The membership of Committees of the Governing Body should be reviewed, at least, once every three years.

9.5 The Governing Body of every PSE should have at least the following committees:

9.5.1 Audit and Risk Management Committee.

9.5.2 Finance and General Purposes Committee; and

9.5.3 Governance Committee.

9.6 A Charter should be established and approved for each committee of the Governing Body. The Governing Body should spell out therein the terms of reference of such committees.

9.7 The Chairman of the Governing Body should not sit on any committee.

9.8 The Secretary to the Governing Body should be Secretary to all committees, provided that in his absence, any officer in the office of the Secretary should act as Secretary.

10. COMPOSITION AND REMIT OF THE COMMITTEES OF THE GOVERNING BODY

Audit and Risk Management (ARM) Committee

10.1 All Members of the Audit and Risk Management Committee should be financially literate and should be able to read and understand financial statements. At least one member of the Committee should be a professional accountant and have requisite knowledge and experience in Accounting and Audit.

10.2 Members of the Audit and Risk Management Committee should be Non-Executive Members of the Governing Body and a majority of them should be Independent Non-Executive Members where possible.

10.3 The Audit and Risk Management Committee should be headed by a Non-Executive Member, preferably an Independent Non-Executive Member.

10.4 The Audit and Risk Management Committee should meet at least once every quarter.

10.5 All members of the Audit and Risk Management Committee should undertake continuous professional development to keep themselves abreast of relevant developments in Accounting and Auditing standards, practices, and risk management.

10.6 Subject to the provision of extant laws, the Audit and Risk Management Committee should:

10.6.1 Ascertain whether the accounting and reporting policies of the PSE are in accordance with legal requirements and agreed ethical practices.

10.6.2 Review the scope and planning of Audit requirements.

10.6.3 Be responsible for audit, internal control, and any other functions contained in the Terms of Reference in its Charter, including review of effectiveness of the systems of accounting and internal controls.

10.6.4 Review the findings in management letter in conjunction with external auditor, management responses thereon, and ensure implementation of Audit recommendations.

10.6.5 Make recommendations to the Governing Body regarding the appointment, removal, and remuneration of the external auditor of the PSE.

10.6.6 Exercise oversight over internal audit functions, receive internal audit reports, obtain management's response thereon, and ensure the issues raised are promptly resolved; on a quarterly basis, obtain and review a report by the internal auditor and make appropriate recommendations to the Governing Body.

10.6.7 Authorise internal auditor to carry out investigations into any activities of the PSE which may be of interest or concern to the Committee.

10.6.8 Review and provide an opinion or advice to the Governing Body on whether or not the financial statements provide a true and fair view of the PSE's financial position and performance, as well as whether the disclosure requirements have been met.

10.6.9 Set the risk appetite within which the Governing Body and management should operate and ensure that there is an appropriate risk management framework to identify, analyze, evaluate, manage, and monitor significant financial and non-financial risks.

10.6.10 Ensure that the PSE maintains a Risk Register which should be updated and maintained from time to time.

10.6.11 Exercise oversight over the process for the identification of risks across the PSE and the adequacy of prevention, detection, and reporting mechanism.

10.6.12 Monitor new and unexpected risks and ensure understanding of management processes to assess all strategic risks facing the PSE.

10.6.13 Review and recommend for approval of the Governing Body the PSE's information technology (IT) governance framework to ensure that IT data risks are adequately mitigated.

10.6.14 Perform any other function contained in its Charter.

Finance and General Purposes Committee

10.7 At least one third of the Members of the Finance and General Purposes Committee should be financially literate.

10.8 Membership of the Finance and General Purposes Committee is open to all members of the Governing Body.

10.9 The Finance and General Purposes Committee should be headed by a Non-Executive Member.

10.10 The Finance and General Purposes Committee should meet at least once every quarter.

10.11 All members of the Finance and General Purposes Committee should undertake continuous professional development to keep themselves abreast of relevant developments in Accounting, Finance and General Administration.

10.12 Subject to the provision of extant laws, the Finance and General Purposes Committee should:

10.12.1 Make recommendations on the management of the PSE's Finance, appraise financial implications of proposed activities, consider the annual budget and accounts, and make appropriate recommendations.

10.12.2 Be responsible for strategy and planning, financial management, monitoring performance, procurement, and related matters.

10.12.3 Review forecast and management report on performance against budget.

10.12.4 Be responsible for the PSE's staff establishment, conditions of service, staff training and development, and make recommendations to the Governing Body on benefits to staff.

10.12.5 Make recommendations on human resources, administration, accounting and other policies of the PSE.

10.12.6 Perform any other function contained in its Charter.

Governance Committee

10.13 At least one member of the Governance Committee should have basic knowledge of Corporate Governance practices.

10.14 Members of the Governance Committee should be Non-Executive Members of the Governing Body.

10.15 The Governance Committee should be headed by a Non-Executive Member, preferably Independent Non-Executive Members.

10.16 The Governance Committee should meet at least once every quarter.

10.17 All members of the Governance Committee should undertake continuous professional development to keep themselves abreast of relevant developments in Corporate Governance.

10.18 Subject to the provision of extant laws, the Governance Committee should:

10.18.1 Examine issues to do with the efficient and effective functioning of the Governing Body and the roles of the Committees in carrying out their work.

10.18.2 Review the Charters of the Governing Body and its Committees and make recommendations on any proposed changes to the Governing Body.

10.18.3 Ensure the evaluation of the Governing Body, its committees, and each member of the Governing Body annually, and make appropriate recommendations including the appointment, removal, and remuneration of the independent external consultant on Governing Body and Governance evaluations.

10.18.4 Determine periodically the skills, knowledge, and experience required on the Governing Body and its committees.

10.18.5 Ensure that the PSE has a formal programme for the induction and training of Members of the Governing Body and Senior Management.

10.18.6 Undertake the annual assessment of the independent status of Independent Non-Executive Members.

10.18.7 Ensure that the PSE has a succession policy and plan in place for the senior management positions to ensure leadership continuity. The succession plan should be reviewed periodically.

10.18.8 Perform any other function contained in its Charter.

11. DIVERSITY

11.1 The appointment of members of the Governing Body and senior management should be based generally on Government Policies.

11.2 It is desirable that appointments of members are based on objective criteria, merit, and with due regard for diversity in skills, experience, age, cultural background, and gender, within the framework of Government Policies.

11.3 Diversity should be considered more broadly than just gender. The diversity policy should ensure that the PSE is getting a wide mix of experiences and perspectives on the Governing Body, its committees, and throughout the PSE.

12. INDUCTION AND DEVELOPMENT OF MEMBERS OF THE GOVERNING BODY

12.1 Every PSE should have an induction policy document.

12.2 The Governing Body should ensure the establishment and implementation of adequate induction programmes for new and existing members of the Governing Body respectively.

12.3 The chairman of the Governing Body, assisted by the Secretary, should ensure that induction programmes expose new Members to the PSE's operational activities, the industry in which the PSE operates, all relevant issues prevalent in the environment, and the roles and responsibilities of the Members of the PSE.

12.4 The induction should take cognizance of existing skills, knowledge, and experience of each Member.

12.5 There should be periodic evaluation of the induction process to make it more effective. In carrying out the evaluation, the Governing Body may engage external and independent experts.

13 TRAINING AND DEVELOPMENT OF MEMBERS OF THE GOVERNING BODY

13.1 Training should be conducted at least once in a year for Members of the Governing Body.

13.2 The Governing Body should ensure that the continuing education programmes for Members, assist them in developing their skills and capabilities while ensuring that they are up-to-date on emerging trends within the PSE's business and operating environment.

D. PERFORMANCE MANAGEMENT AND EVALUATION

1. PRINCIPLE

1.1 Effective and standardized performance management practices in the public sector across all officer cadres, senior management and the governing body are powerful tools for a more productive and responsive public service and strong governance.

2. INTENDED OUTCOME

2.1 Institutionalisation of a formal and productive procedure to assess the efficiency and effectiveness of the governing body and the principal officers of the PSE based on the mandate of the PSE and the expectations of stakeholders. This would lead to improved performance, fairness and equity, effective talent management, and alignment of rewards and recognition.

RECOMMENDED PRACTICES:

3 GOVERNING BODY EVALUATION POLICY

3.1 The performance evaluation should be overseen by the Governance Committee of the Governing Body.

3.2 The Governing Body should review its composition, size, mix of skills, expertise, experience, and any other relevant considerations, as circumstances of the PSE may permit, at least annually, to measure performance levels in relation to its mandate in the enabling Act and charter of the governing body.

3.3 The performance of the Governing Body, its committees, the Chairman, the Accounting Officer and each member of the Governing Body should be evaluated. The Governing Body should include a system of self-evaluation in its performance evaluation processes.

3.4 The performance evaluation shall seek to measure the performance of the Governing Body and the members of the Governing Body in relation to set performance objectives, targets, and best practices.

3.5 The performance evaluation shall be conducted by an independent external consultant, registered by the Financial Reporting Council of Nigeria that is neither an external auditor of the PSE concerned nor an external auditor of any PSE under the supervision of the PSE being evaluated.

3.6 The scope and plan of the evaluations should be discussed and agreed with the Governing Body.

3.7 An independent external consultant of a PSE may be retained for no longer than three (3) years consecutively and have a cooling off period of two (2) years minimum before re-engagement.

- 3.8 The outcomes of the independent consultant's performance evaluation of the Governing Body and each Committee should be discussed with the Governance Committee and then submitted to the Governing Body.
- 3.9 The Chairman should discuss the outcomes of the evaluation of each member of the Governing Body with the member or as may be agreed unanimously by members of the Governing Body.
- 3.10 The outcome of the evaluation should be considered in determining the reappointment of the members. It should also serve as a guide in developing appropriate induction and training programmes for new and existing members.

4 EVALUATION OF COMMITTEES OF THE GOVERNING BODY

- 4.1 The Governing Body should review the performance of its committees at least once a year.
- 4.2 Each committee of the Governing Body should be evaluated in relation to its Charter.
- 4.3 The outcomes of the independent consultant's performance evaluation of each Committee should be discussed with the members of the Committee.

5 SELF AND PEER EVALUATION OF MEMBERS OF THE GOVERNING BODY

- 5.1 In carrying out the self and peer evaluation, members of the Governing Body should rate themselves and their peers based on the conduct and manner of discharging their duties and on set performance metrics.
- 5.2 Members of the Governing Body should provide constructive feedback, comments, and suggestions.
- 5.3 Each member of the Governing Body should evaluate his or her peers.

6 EVALUATION OF MEMBERS OF SENIOR MANAGEMENT

Accounting Officer

- 6.1 The Governing Body is responsible for conducting the Accounting Officer's evaluation.
- 6.2 The performance evaluation of the Accounting Officer is to be conducted at least once a year.
- 6.3 The Chairman of the Governing Body should initiate the Accounting Officer's performance evaluation. The evaluation should be based on a process and performance metrics agreed by the Governing Body.
- 6.4 The Governing Body should consider the PSE's needs and direction in setting the performance targets for the Accounting Officer.
- 6.5 The Chairman of the Governing Body should discuss the evaluation results with the Accounting Officer to provide performance improvement feedback and stimulate a productive dialogue.

Other Members of Senior Management

- 6.6 The Governance Committee should be responsible for the evaluation of other Members of the Senior Management.
- 6.7 The Governance Committee should outline the evaluation metrics.

- 6.8 The Governing Body should consider the PSE's needs and direction in setting the performance targets for other members of Senior Management.
- 6.9 The performance of other members of Senior Management should be measured against the targets set by the Governing Body.

7 GOVERNANCE EVALUATION

- 7.1 The Governing Body should ensure that the annual corporate governance evaluation is conducted.
- 7.2 The evaluation should be facilitated by an independent external consultant, registered by the Financial Reporting Council of Nigeria that is neither an external auditor of the PSE concerned nor an external auditor of any PSE under the supervision of the PSE being evaluated.
- 7.3 The independent external consultant should provide a report. A signed summary of the report should be included in the annual report and on the PSE's portal.

E. REMUNERATION GOVERNANCE

1. PRINCIPLE

- 1.1 The Governing Body ensures, subject to extant laws, that the PSE remunerates fairly, responsibly, and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium, and long term.

2 INTENDED OUTCOME

- 2.2 Attract, motivate, and retain the right talents in the Governing Body and Senior Management to drive the PSE's short- and long-term objectives including increased productivity and sustainability.

3. RECOMMENDED PRACTICES

- 3.1 The Governing Body should, subject to extant laws, be responsible for remuneration governance.
- 3.2 The Governing Body should establish remuneration policies and procedures, subject to extant laws, to determine the remuneration of members of the Governing Body and other Senior Management, which considers the demands, complexities, and performance of the PSE as well as skills and experience required.
- 3.3 The practices and procedures for determining remuneration should be reviewed periodically and appropriate recommendations made to relevant authorities, using objective data, benchmarks, and outcomes of performance evaluations.
- 3.4 The Governing Body may recommend performance-based remuneration structures to relevant authorities.
- 3.5 The Governing body should stress the importance of transparency and disclosure of remuneration practices.
- 3.6 The Governing Body should establish internal controls to ensure adherence to established policies and regulations regarding remunerations.
- 3.7 The Governing Body should establish a clawback policy to recover excess or undeserved reward, such as bonuses, incentives, or any performance-based reward, from members of the Governing Body and other members of Senior Management.
- 3.8 Non-executive members of the Governing Body should be paid sitting allowances and reimbursable expenses, as approved by relevant authorities.

F: FINANCIAL MANAGEMENT AND REPORTING

1. PRINCIPLE

- 1.1 A sound framework for financial management and reporting is essential for achieving integrity of accounting records, financial statements, as well as transparency and probity in the management of financial resources and reporting in the public sector.

2 INTENDED OUTCOME

- 2.1 A systematic and transparent procedure for efficient management of public financial resources, appropriate reporting framework, fair and understandable assessment of the PSE's financial management and reporting.

RECOMMENDED PRACTICES:

3 FINANCIAL ACCOUNTS AND RECORDS

- 3.1 The PSE should keep proper books of accounts and records of its transactions in accordance with the requirements of any extant law.
- 3.2 The PSE should ensure that revenues are properly receipted and recorded while payments are authorised and correctly made.
- 3.3 The PSE should ensure that there are adequate controls to secure the assets of the PSE from unauthorised access, usage, or theft, and to guarantee the accuracy of accounting records.

4 FINANCIAL REPORTING

- 4.1 PSEs should institute policies and strategies to ensure compliance with financial reporting processes, rules, and standards as issued by Financial Reporting Council of Nigeria, Office of the Accountants-General or equivalent at the local government level, and other regulators.
- 4.1 The responsibilities of a PSE regarding financial reporting are to:
 - 4.1.1 Employ competent and qualified Accounting staff.
 - 4.1.2 Prepare financial statements in accordance with approved accounting standards.
 - 4.1.3 Maintain adequate systems of internal control within the PSE.
 - 4.1.4 Ensure the integrity and adequacy of the financial statements.
 - 4.1.5 Prepare the annual budget and perform other financial reporting responsibilities.
 - 4.1.6 Subject to extant law, the Accounting Officer of the PSE should submit a financial report at least once in a quarter to the Governing Body to enable it assess performance of the senior management, progress towards attainment of strategic goals, amongst others.

- 4.1.7 Financial reports should be reviewed at the meetings of the senior management before submission to the Governing Body.
- 4.1.8 Financial statements for each year should be submitted to the Statutory Auditor within the time frame required by extant regulations.

5 ANNUAL BUDGET

- 5.1 The Governing Body should approve the annual budget of the PSE before submission to the relevant authorities as required by extant laws and regulations.
- 5.2 The Governing Body should develop appropriate mechanisms for monitoring the implementation of approved budget for the PSE as well as feedback for improvement of budgetary outcomes.

12 AUDIT OF FINANCIAL STATEMENTS

- 6.1 The Governing Body of the PSE has the responsibility for approving the audited financial statements of the PSE.
- 6.2 The Governing Body should ensure that management of the PSE responds to all issues raised in the management letter.
- 6.3 The approved audited financial statements should be signed by at least three officers of the PSE including the Chairman of the Governing Body, the Accounting Officer, and the Head of Accounts.
- 6.4 The signatories to the approved audited financial statements of the PSE must be registered by the Financial Reporting Council of Nigeria.
- 6.5 Where the auditor of the PSE is not the Auditor-General, the auditor must send copies of the approved audited financial statements and the management letter thereon, as may be prescribed by the Auditor-General, to the Auditor-General at the same time they are submitted to the PSE.
- 6.6 The Governing Body should ensure that copies of approved audited financial statements are sent to the Financial Reporting Council of Nigeria and any other authority, as prescribed by law or regulations.
- 6.7 An external auditor of a PSE may be retained for no longer than five (5) years. The tenure of the external auditor of a PSE should be one year in the first instance, renewable annually, subject to satisfactory performance for four (4) years.
- 6.8 To preserve independence, the Audit Partner should be rotated every three years.
- 6.9 The external auditor should observe the highest level of professional ethics and independence.
- 6.10 An external auditor may provide to the PSE only such other services as are approved by the Governing Body on the recommendation of the Committee responsible for audit and such as does not create a self-review threat in line with the provision of international auditing standards.
- 6.11 Payment of audit fees should not be used by the Governing Body of the PSE to constrain or impair external auditor independence. The Auditor-General should ensure that the audit fees payable to the external auditor by the PSE is paid by the PSE without any hindrance after the completion of the audit.
- 6.12 To ensure independence:

- 6.12.1 No retired Partner of an audit firm should be appointed as a member of the Governing Body of the PSE that had been, or still being audited or investigated by the firm, until five years after the disengagement of the firm from such audit or investigation and/or the disengagement of the partner from the firm.
- 6.12.2 No ex-employee of an audit firm should be employed by the PSE which the audit firm has audited until after three years has elapsed since the person ceased to be an employee of the audit firm.

7 AUDITOR'S REPORT

7.1 The report of the auditor of a PSE should state:

- 7.1.1 Whether the financial statements show a true and fair view of the state of affairs of the PSE.
- 7.1.2 Whether proper accounting and other records have been kept.
- 7.1.3 Whether the receipts, expenditure, investments, and the acquisition and disposal of assets by the PSE have been in accordance with the requirements of any law or regulations.
- 7.1.4 Any other matters arising from the audit that the auditor considers should be included in the report.

G: TRANSPARENCY AND DISCLOSURE

1. PRINCIPLE

- 1.1 Transparency and disclosure in the public sector strengthen accountability and builds trust in the PSE. The provision of timely, comprehensive, accurate, and accessible information about the PSE's plans and activities to stakeholder groups fosters appropriate dialogue between the PSE and its stakeholders.

2. INTENDED OUTCOME

- 2.1 There is continuous communication between the PSE and its stakeholders to facilitate mutual understanding of each other's objectives and expectations. Stakeholders can make informed decisions with respect to the PSE's mandate, activities, policies, and practices.

RECOMMENDED PRACTICES:

3. TRANSPARENCY

- 3.1. The PSE should share information and act in an open manner to promote transparency.
- 3.2. The PSE should provide timely, relevant and accurate information to stakeholders.

4. ENGAGEMENTS WITH STAKEHOLDERS

- 4.1. The Governing Body should institute regular engagement and communication with stakeholders to provide them a better appreciation of PSE's objectives, operations, practices, and governance.
- 4.2. The PSE should dialogue with stakeholders as a necessary and beneficial process to enable the PSE to understand and address stakeholders' concerns and expectations when making decisions.
- 4.3. The PSE should establish channels for stakeholders to provide their views and feedback including complaints. The communication channel should be available at all times and the PSE should acknowledge and address the stakeholders' views, feedback, or complaints appropriately.

5. STAKEHOLDER COMMUNICATION

- 5.1 The Governing Body of the PSE should adopt and implement a stakeholder management and communication policy.
- 5.2 The Governing Body should ensure that the stakeholder communication policy, the PSE's annual reports, and other relevant information about the PSE, are published and made accessible to the public on the stakeholders' portal of the PSE's website.

5.3 The Governing Body should ensure that the reports and other communication issued to stakeholders are in clear and easily understood language and are posted on the stakeholder's portal of the PSE's website.

5.4 Communication with stakeholders should be governed by the principle of timely, comprehensive, accurate, accessible, and continuous disclosure of material information on the activities of the PSE to give a balanced and fair view of the PSE, including its non-financial matters.

6. RECORDS AND INFORMATION IN ACCESSIBLE FORMS

6.1 The PSE should keep and maintain up-to-date records and information about its activities in easily accessible form. The Accounting Officer should note that information includes all records, documents and information stored in whatever form including written, electronic, visual image, sound, audio recording.

7. DISCLOSURE

Full and Comprehensive Disclosure

7.1. The PSE should make full and comprehensive disclosure of all matters that are material to stakeholders and of matters set out in the Code.

7.2. The PSE should use the opportunity of the disclosures to demonstrate to stakeholders that they have holistic and effective governance arrangements.

7.3. The PSE should note that the standard for meaningful disclosure should not solely be what the governing body or management considers meaningful but what stakeholders consider informative and useful.

7.4. The PSE should carefully consider whether the disclosures would enable stakeholders to evaluate how the principles and practices of the Code have been applied.

7.5. The PSE should give an informative explanation of its governance arrangements. In this regard, the PSE should view its governance statement not as a compliance document, rather as an opportunity to demonstrate that its governing body and management are alive to the importance of having proper and effective governance arrangements.

7.6. The Governing Body should ensure that timely and accurate disclosure is made on all material matters regarding the PSE, including the financial position, performance, and governance of the PSE.

7.7. The Governing Body should ensure timely disclosure of all material developments that arise between regular reports and support simultaneous reporting of material or required information to all stakeholders.

Governance Report

7.8. The Governing Body should ensure that the PSE's annual report includes a governance report that provides clear information on the PSE's governance structures, policies and practices.

7.9. The PSE's governance report should include:

7.9.1 Composition of the Governing Body stating the names of members of the governing body and their classification.

7.9.2 The plan for achieving gender diversity set by the Governing Body in accordance with its diversity policy subject to extant law.

7.9.3 The appointment process of the Governing Body including a summary statement on induction and training of members of the Governing Body.

7.9.4 Evaluation process for the Governing Body, its committees, members, and other members of Senior Management, as well as the assessment of the governance practices in the PSE.

7.9.5 Composition of committees of the Governing Body including names of chairmen and members of each committee.

7.9.6 A summary of the roles and responsibilities of the committees of the Governing Body and how the committees have discharged those responsibilities.

7.9.7 The number of meetings held by the Governing Body and its committees during the year and the attendance of members at those meetings.

7.9.8 Cumulative years of service of each member, the external auditor and the external consultant who performs the Evaluation of the Governing Body and / or Governance Evaluation of the PSE at the end of the reporting period.

7.9.9 Highlights of sustainability policies and programmes covering social issues such as corruption, community service, including environmental protection, and environmental, social and governance (ESG) initiatives.

7.9.10 The existence of the Codes of Conduct and Ethics, for members of the governing body and employees, and policies on whistle blowing, corruption, anti-bribery, and facilitation payments.

7.9.11 A statement by the Governing Body on the PSE's application of the Code arising from the results of its governance evaluation.

7.9.12 A statement by the Governing Body on the PSE's Environment, Social and Governance (ESG) activities. This should be reviewed by an appropriate committee of the governing body and may be subject to independent review.

Accounting

7.10 The Governing Body should ensure that the PSE's annual report includes the following:

7.10.1 A statement of the responsibility for preparation of the financial statements of the PSE.

7.10.2 All other disclosures should be in accordance with International Public Sector Accounting Standards (IPSAS) or International Financial Reporting Standards (IFRS) as applicable.

External Audit

7.11 The Governing Body should ensure that the PSE's annual report includes the following:

7.11.1 A statement from the Audit and Risk Management (ARM) Committee on how it monitored the activities, independence, and objectivity of the external auditor.

7.11.2 Explanations for each non-audit service, why the ARM committee concluded that it was in the interests of the PSE to obtain such services from the external auditor and how auditor objectivity and independence have been safeguarded.

7.11.3 Justification where the governing body does not accept the ARM committee's recommendation on the appointment, reappointment or removal of an external auditor; explaining the recommendation and the reasons for the Governing Body's decision.

7.11.4 A confirmation that the Auditor-General was notified of the Governing Body's rejection of the ARM Committee's recommendation, with an explanation of the alternative proposal adopted.

7.11.5 The aggregate fees billed by the external auditor.

7.11.6 The aggregate tenure of the external auditor (years and months) at the end of the reporting period.

Risk Management and Control

7.12 The Governing Body should ensure that the PSE's annual report includes the following:

7.12.1 An acknowledgement by the governing body that it is responsible for the PSE's system of internal financial control and for reviewing its effectiveness.

7.12.2 A statement on the effectiveness of the PSE's internal financial control systems.

7.12.3 A statement to the effect that the framework of internal control is appropriate to the nature of the PSE and effective.

7.12.4 A statement that risk management, control and compliance systems are operating efficiently and effectively in all respects, and how this was ascertained.

7.12.5 A summary of the PSE's risk management policies and practices.

7.12.6 Any current, imminent, or envisaged risk that may threaten the long-term sustainability of the PSE.

7.12.7 Regulatory penalties, sanctions and fines for contraventions or non-compliance with statutory or regulatory obligations that were imposed on the PSE or any of the members of the Governing Body or Senior Management.

Conflict of Interest and Related Party Transactions

7.13 The Governing Body should ensure that the PSE's annual report includes the following:

7.13.1 The nature of any related party relationships and transactions as stated in the Related Party transactions policy of the PSE;

7.13.2. Related party disclosures including details of the interest in contracts either directly or indirectly with the PSE or its affiliates, of members of the Governing Body and Senior Management. The details should also include the name of the member of the governing body, the nature, value and other details of the contract and the member's interest therein.

Sustainability

7.14 The Governing Body should ensure that the PSE's annual report includes the following:

- 7.14.1 The PSE's wider social responsibility including such matters as environmental protection, issues related to climate change, etc.
- 7.14.2 PSE's business principles and codes of practice and efforts towards implementation of the same.
- 7.14.3 A description of the PSE's human resource policies, internal management structure and workplace development initiatives.
- 7.14.4 A description of the PSE's internal health and safety policies as well as disclosures of workplace accidents, fatalities and occupational and safety incidents against objectives and targets and a suitable explanation where appropriate.
- 7.14.5 The PSEs policies, plans and strategy of addressing and managing the impact of HIV/AIDS, malaria and other serious diseases on PSE's employees and their families.
- 7.14.6 Application, in the PSE's operations, of options with the greatest benefit or least damage to the environment, particularly for PSEs operating in disadvantaged regions or in regions with delicate ecology to minimize environmental impact of the PSE's operations.
- 7.14.7 The nature and extent of employment equity and gender policies and practices, including the conditions and opportunities created for physically challenged persons or disadvantaged individuals.
- 7.14.8 The PSE's contribution to the community, if any.
- 7.14.9 The PSE's policies on corruption and related issues and the extent of compliance with such policies and the PSE's Code of Conduct and Ethics.
- 7.14.10 Remuneration of members of the Governing Body and Senior Management.

H: CODE OF CONDUCT AND ETHICS

1. PRINCIPLE

1.1 The establishment of code of conduct and ethics underscores the values for the protection and enhancement of the reputation of the PSE while promoting good conduct and stakeholder confidence.

2 INTENDED OUTCOME

2.1 The PSE fosters a culture of ethical behaviour, transparency, and accountability, ensuring that all stakeholders have confidence in the PSE. The PSE is committed to upholding the highest standards of integrity, ethical conduct, and professionalism in all its activities. Also, members of the Governing Body, Senior Management and other relevant stakeholders consistently do the right things and do things the right way, with the right values in their conduct.

3 RECOMMENDED PRACTICES

3.1 The Governing Body should develop and adopt a comprehensive code of conduct and ethics that sets out the expected ethical standards and behaviour for individuals associated with the PSE, including members of the Governing Body, Senior Management, and other stakeholders.

3.2 The Governing Body should promote and demonstrate ethical leadership at all levels of the PSE, emphasizing the importance of integrity, fairness, and honesty in decision-making processes.

3.3 The Governing Body should establish clear guidelines and procedures for identifying, disclosing, and managing conflicts of interest, ensuring that they are effectively addressed and mitigated.

3.4 The Governing Body should establish and implement a whistleblowing policy that allows individuals to report any wrongdoing, unethical behaviour, or violations of the code of conduct without fear of retaliation.

3.5 The PSE should provide regular training and awareness programmes on ethics and the code of conduct to ensure that all individuals associated with the PSE understand their responsibilities and the expected standards of behaviour.

3.6 The PSE should establish mechanisms to monitor and enforce compliance with the code of conduct and ethics, including appropriate disciplinary measures for violations.

3.7 The Governing Body should encourage ethical behaviour and compliance with the code of conduct among suppliers, contractors, and business partners, fostering mutually beneficial relationships based on integrity and shared values.

3.8 The Governing Body should put in place and disclose an auditable compliance programme for all stakeholders.

3.9 The Governing Body should articulate and disclose the PSE's core values to reinforce and drive a culture of acting lawfully, ethically, and responsibly across the PSE.

4 CONFLICT OF INTEREST AND RELATED PARTY TRANSACTIONS

4.1 The Governing Body should develop and implement clear policies and procedures that outline how conflicts of interest and related party transactions should be identified, disclosed, evaluated, and managed within the PSE.

4.2 The policy on conflict of interest should contain:

4.2.1 Guidance on what constitutes a conflict of interest and establish thresholds for disclosure and approval of related party transactions.

4.2.2 A requirement for all stakeholders associated with the PSE, including members of the Governing Body, Senior Management, and other stakeholders to promptly disclose any actual or potential conflicts of interest they may have.

4.2.3 A standardized process for reporting and documenting conflicts of interest and related party transactions, ensuring transparency and accountability.

4.2.4 An independent review process for evaluating conflicts of interest and related party transactions to ensure objectivity and impartiality.

4.2.5 A requirement that members of the Governing Body and Senior Management, with conflicts of interest, should not participate in and vote on the conflict, provided that the member(s) shall still count towards the quorum for the meeting.

4.2.6 Strategies and mechanisms to mitigate conflicts of interest and minimize their impact on decision-making processes.

4.2.7 A requirement for the PSE to implement safeguards such as rotation of responsibilities, independent oversight, or alternative dispute resolution mechanisms to address conflicts of interest effectively.

4.2.8 A requirement to conduct regular training and awareness programs to educate members of the governing body, public officers and other stakeholders about the risks and implications of conflicts of interest and related party transactions.

4.2.9 A requirement to promote a culture of transparency, integrity, and ethical behavior to prevent, identify, and manage conflicts of interest effectively.

4.2.10 A requirement to establish mechanisms for ongoing monitoring and review of conflicts of interest and related party transactions to ensure compliance with policies and procedures.

4.2.11 A sanctions protocol for failure to disclose conflict of interest or engagement in unauthorized related party transactions.

4.2.12 A requirement for accurate disclosure of all related party transactions in the PSEs' financial statements.

5 WHISTLEBLOWING

5.1 The Governing Body should develop and implement a whistle blowing policy.

5.2 The whistle-blowing policy should contain:

- 5.2.1 Guidance on what constitutes whistleblowing, information about internal procedures, and how to use the procedures.
- 5.2.2 Safeguards to protect whistleblowers from retaliation, including clear policies against reprisals and a commitment to taking disciplinary action against individuals found responsible for retaliation.
- 5.2.3 A reporting mechanism, including a dedicated hotline, email address, or online platform, to encourage individuals to report concerns without fear of reprisal.
- 5.2.4 A requirement to conduct regular awareness programs and training sessions to educate members of the Governing Body, Senior Management and other stakeholders about the importance of whistleblowing, the available channels, and the reporting mechanism.
- 5.2.5 A requirement to establish an investigation process to assess reported concerns promptly and thoroughly.
- 5.2.6 Provision for regular reporting and disclosure of whistleblowing activities, while respecting confidentiality and privacy laws. The report should contain the number of reports received, the nature of the concerns raised and actions taken to address them.
- 5.2.7 A requirement to regularly monitor and evaluate the effectiveness of the whistleblowing system, including the reporting process, investigation procedures, and protection measures. The evaluation should identify areas for improvement and necessary adjustments to enhance the system's efficiency.

6 ADDRESSING CORRUPTION

6.1. The Governing Body should develop and implement a comprehensive anti-corruption policy that clearly states the PSE's commitment to preventing, detecting, and addressing corruption in all ramifications, including procedures for investigating and handling allegations of corruption.

6.2 The Governing Body should provide guidance on what constitutes corruption and establish a mechanism for rewarding exemplary and ethical behaviour as well as enforcing punitive measures against non-compliant behaviour.

6.3 The Governing Body should demonstrate strong leadership commitment to combating corruption.

6.4 The Governing Body should communicate a zero-tolerance stance on corruption and lead by example.

6.5 The Governing Body should develop risk management strategies and regularly conduct corruption risk assessments to identify areas within the PSE that are vulnerable to corrupt practices and implement measures to mitigate risk.

6.6 The Governing Body should ensure that financial transactions and decision-making processes are transparent, well-documented and subject to appropriate scrutiny.

6.7 The Governing Body should ensure that the PSE conducts regular training and awareness programs on anti-corruption measures, including the legal and ethical implications of corruption, to public officers, members of the governing body and other stakeholders.

6.8 The Governing Body should ensure that the PSE conducts ongoing due diligence on business relationships with suppliers, contractors, and partners to ensure they adhere to anti-corruption standards.

6.9 The Governing Body should ensure that the PSE requires suppliers, contractors, and partners to sign up to a code of conduct and ethics for third parties.

6.10 The Governing Body should ensure that the PSE regularly engages with relevant agencies, anti-corruption bodies, and industry associations to exchange information, share best practices, and collaborate in promoting ethics and combating corruption.

I: SUSTAINABILITY

1 PRINCIPLE

- 1.1 Paying adequate attention to sustainability issues including environment, social, occupational, and community health and safety ensures successful long-term performance and projects the PSE as a responsible entity, contributing to the achievement of development goals.

2 INTENDED OUTCOME

- 2.1 The PSE ensures a balance between economic growth, environmental care and social well-being of stakeholders without compromising the needs of future generations of its stakeholders.

3 RECOMMENDED PRACTICES

- 3.1 The Governing Body should develop a framework that ensures that the PSE adopts practices that facilitate achievement of sustainability.
- 3.2 The PSE's sustainability vision, strategy, goals, objectives, targets, and key performance indicators (KPIs) should be clearly defined in the Sustainability Framework (SF).
- 3.3 The PSE's sustainability framework should among other things address requirements along the four (4) pillars of sustainability, which are Human, Social, Economic and Environmental.
- 3.4 The Governing Body should establish a mechanism for implementing sustainability practices that promote conservation, prevent pollution and ecological degradation, encourage afforestation, and support biodiversity and other environmental protection measures.
- 3.5 The Governing Body should develop a policy on sustainability, which should include:
 - 3.5.1. The PSE's principles, practices, and efforts towards achieving sustainability.
 - 3.5.2. The management of safety issues including workplace accident, fatalities, occupational and safety incidence.
 - 3.5.3. Plans and strategy for addressing and managing the impact of serious diseases on the PSE's employees and their families.
 - 3.5.4 The most environmentally beneficial options particularly for PSEs operating in disadvantaged regions or in regions with delicate ecology to minimise environmental impact of the PSE's operations.
 - 3.5.5. The nature and extent of employment equity and diversity (gender and other issues).
 - 3.5.6. Training initiatives, employee development, and the associated financial investment.
 - 3.5.7 Opportunities created for physically challenged persons or disadvantaged individuals.
 - 3.5.8. The environmental, social, and governance principles of the PSE; and
 - 3.5.9 Corruption and related issues.

- 3.6. The PSE should give all its stakeholders equal and meaningful opportunities to develop to their maximum potential.
- 3.6 The Governing Body should monitor the implementation of the sustainability policy and report on the extent of compliance with the policy.
- 3.7 The PSE should set up a function to coordinate sustainability practices to ensure compliance.
- 3.9. The Governing Body should ensure that the PSE conducts its activities in such a way that does not adversely impact the environment, health, and well-being of its stakeholders.
- 3.10. The PSE should uphold, respect, protect, promote and fulfill all political, civil, social, economic and cultural rights of its stakeholders
- 3.11. The Governing Body should ensure the publication of a sustainability report at least once a year, and the report should include:
- 3.11.1. An acknowledgement of the PSE's wider responsibility including such matters as environmental protection, issues related to climate change, etc.
- 3.11.2. The PSE's principles and codes of practice and efforts towards implementing sustainability programmes.
- 3.11.3 The PSE's human resource policies, internal management structure and workplace development initiatives
- 3.11.4. The PSE's health and safety policies as well as disclosures of workplace accidents, fatalities and occupational and safety incidents against objectives and targets and a suitable explanation where appropriate.
- 3.11.5. The PSEs policies, plans and strategy for addressing and managing sustainability issues including the impact of HIV/AIDS, malaria and other serious diseases on PSE's employees and their families.
- 3.11.6 Options with the greatest benefit or least damage to the environment, particularly for PSEs operating in disadvantaged regions or in regions with delicate ecology in order to minimize the environmental impact of the PSE's operations.
- 3.9.7. The nature and extent of employment equity and gender policies and practices.
- 3.9.8 The conditions and opportunities created for physically challenged persons or disadvantaged individuals.
- 3.9.9 The PSE's contributions to the community.
- 3.9.10 The PSE's policies on corruption and related issues and the extent of compliance with such policies.

J. MISCELLANEOUS

1 Abrogation of Previous Codes and Guidelines on Corporate Governance in the Public Sector

1.1 The Nigerian Public Sector Governance Code supersedes all previous codes and guidelines, the Corporate Governance manual for Governing Bodies or Councils of Federal Parastatals, Agencies and Commissions, or by whatever name called applicable in the public sector in Nigeria with effect from the date the Code takes effect.

2 Transitional Arrangement

2.1 Public Sector Entities (PSEs) of the Federal Government of Nigeria.

2.2 PSEs within the public service of the Federal Government of Nigeria and those of the Federal Capital Territory (FCT) are expected to comply fully with the provisions of the Code on or before the fiscal year beginning from **1st January 2025**.

3 Public Sector Entities (PSEs) of the State Government of Nigeria

3.1 PSEs within the public service of the State Government of Nigeria and those of the Area Councils in FCT are expected to comply fully with the provisions of the Code on or before the fiscal year beginning from **1st January 2026**.

4 Public Sector Entities (PSEs) of the Local Government of Nigeria

4.1 PSEs within the public service of the Local Government of Nigeria are expected to comply fully with the provisions of the Code on or before the fiscal year beginning from **1st January 2027**.

4.2 Without prejudice to the dates mentioned above, early adoption of the Code is encouraged across the Federation while PSEs established after the respective adoption dates above should comply fully with the Code at inception.

5 Definitions and Interpretations

5.1 Code: The Nigerian Public Sector Governance Code.

5.2 PSE: Public Sector Entity.

5.3 PSEs: Public Sector Entities

5.4 Government: Includes Federal, State, and Local Government.

5.5 Arms of Government: Refers to Executive, Legislature, and Judiciary.

5.6 Governance Statement: A separate component of financial statements that encapsulates... As required by the code

5.7 Legislation: This includes Acts, Laws, Statutes, Bye-laws, etc. that establish a PSE and/or provide for its regulations.

5.8 Regulations: Gazettes, Regulations, Circulars, Pronouncements, etc.

5.9 Governing Body: This is the highest decision-making body in the PSE and this includes Governing Board, Governing Council, and Board of Directors.

5.10 Federation: means three tiers of government in Nigeria.

5.11 Civil Service of the Federation: include the service in Federal, State, and Local Government.

- 5.12 Professional Accountant: means a person who is a member of a body of professional Accountancy established by an Act of National Assembly and registered with the Financial Reporting Council of Nigeria.
- 5.13 The Council: means the Financial Reporting Council of Nigeria.
- 5.14 Chartered Secretary: A member of Institute of Chartered Secretaries and Administrators of Nigeria.
- 5.15 Non-Executive Members:
- 5.16 Independent Non-Executive Members: Members of Governing Body who are not in the employment of any PSE in the Federation.
- 5.17 Executives: These are members of the Governing Body who are employees of the PSE
- 5.18 Accounting Officer: As defined in the Financial Regulations of the Federal Government of Nigeria and it includes Directors-General, Managing Director, Executive Secretaries, Chief Registrar, Vice Chancellors, and other Chief Executive Officers of Institutions, Agencies, and Corporations in the public service of the Federation.
- 5.19 Legal Practitioner: A person entitled to practice as a Legal Practitioner whose name is on the Roll of the Legal Practitioners kept at the Supreme Court of Nigeria and has met all the conditions for practice set out in the Legal Practitioner Act and any rules made by the Body of Benchers.
- 5.20 Parastatals:
- 5.21 Agencies:
- 5.22 Senior Management:
- 5.23 Public Sector vs Public Service:
- 5.24 Notes for Preface and Forward
- 5.25 Sections 11c and 51c of the Financial Reporting Council of Nigeria Act 2011 (as amended) confer upon the Council the powers to ensure good corporate governance practices in the public and private sectors of the Nigerian economy and to issue the code and guidelines of corporate governance. The Nigerian Code of Corporate Governance 2018 was approved by the Council pursuant to this authority and commended to the Minister for issuance in accordance with Section 73 of the Act.
- 5.26 With the issue of the Code to Public Sector Entities by the FRC, powered by Sections 11c and 51c of the Financial Reporting Council of Nigeria Act, the Code is now fully operational.
- 5.27 In the development of the Code, we considered provisions in extant codes such as the suspended public sector code, current NCCG 2018, Corporate Governance Manual for; international codes considered came from countries such as Malaysia, United Kingdom, Australia, Canada, New Zealand, South Africa, Singapore, Germany, etc.