

Sensitization of Government Parastatals on e-Collection

AGF's Opening Remarks

19th May, 2015

Protocols

It gives me great pleasure to welcome all of you to this important workshop, in continuation of the implementation of FGN e-Collection Scheme.

First, I will like to update you on some of the important Public Financial Management (PFM) reforms currently being undertaken by the Office of the Accountant-General of the Federation (OAGF).

Centralization of government payroll (IPPIS) which was necessitated by growing wage bill and the need to have more accurate personnel data, will continue to be extended to all government agencies.

To entrench transparency and accountability in the reporting of government financial affairs, Nigeria has adopted the International Public Sector Accounting Standards (IPSAS). We will continue to issue more guidance in the coming weeks for a smooth transition to an accrual-based IPSAS reporting system.

I am confident that everyone here is familiar with the Treasury Single Account (TSA) initiative that started in 2012. TSA provides us with an essential tool for consolidating and managing Governments' cash resources

The success of the TSA is hinged on the implementation of the Government integrated Financial Management and Information System (GIFMIS).

We are glad to announce that 551 MDAs are currently enrolled on GIFMIS for the execution of their expenditure budgets. This represents about 75% of the 2014 budget.

We are working towards enrolling more Federal Government agencies into the GIFMIS/ TSA in the coming months. *Ultimately, it is our hope that GIFMIS will become the only financial information system being used by all government agencies in Nigeria.*

Despite the successes and challenges so far recorded, we remain committed to improving our PFM practices and instituting solid structures for their sustenance.

Distinguished guests and colleagues, the introduction of e-Collection is a practical demonstration of our resolve to continue with the improvement of our Public Financial Management practices.

It will interest you all to know that Parastatals contributes over 60% of the current Internally Generated Revenue of the Federal Government. This clearly illustrates the importance of Parastatals to the FGN e-Collection Scheme

The e-Collection initiative began in May 2013, with a workshop facilitated by the Office of the Accountant General of the Federation (OAGF) in collaboration with Central Bank of Nigeria (CBN) and Deposit Money Banks.

Under e-collection, the Federal Government has decided to move all public sector revenue and collection accounts from the Deposit Money Banks (DMBs) to the Central Bank of Nigeria (CBN).

In broad terms, the objective of e-collection is twofold. First, to centralize all public sector revenue/collection accounts at the CBN for a more transparent and accountable management and reporting of FG cash resources. The e-Collection system will enable government to have a holistic view of its receipts and funds and properly account for them.

The second objective of e-collection is to improve FG revenue profile in the face of severe fiscal challenges.

In meeting the second objective, government is mindful of the Constitutional and legal environment under which each agency operates and remains committed to abiding by the law.

Let me be clear: government will not interfere with the management, control and access to the funds of agencies where the law does not grant it the powers to do so. Agencies will continue to have unfettered access to their accounts within the bounds of the law.

The Treasury and the CBN have a duty to ensure that government cash resources are well managed both for fiscal and monetary policy reasons. We are committed to achieving this objective without obstructing the smooth running of the affected parastatals.

You will agree with me that there is no better time to introduce the e-Collection system than now due to the sharp drop in oil revenue arising from shrinking market for Nigerian crude oil and falling oil prices among others.

With e-Collection, we intend to increase government cash flow through direct and real time remittance of all inflows into CBN. The resultant increase in cash means that there

will be more money to fund the budget with less reliance on borrowing.

Ladies and gentlemen, over the years, we are witnesses to how monies collected on behalf of Government are either unremitted or not remitted in full. The introduction of e-Collection will enthrone a new regime of accountability and transparency in government collection process.

The implementation of e-Collection also aligns with the CBN policy on e-Payment of all Government transactions.

In conclusion, let me reassure you all that there is no intention to interfere in the affairs of your operations. Government Parastatals will continue to operate and have access to their funds as usual.

The CBN have opened individual accounts for all Parastatals into which all your receipts will be credited and you will have access to operate the account once you are set up on the CBN gateway.

The e-Collection Implementation team here present will provide more comprehensive details of this scheme.

We will count on your maximum cooperation and continued support to see that this initiative succeeds.

Thank you for your attention.

God bless you and God bless the Federal Republic of Nigeria.

J.O. Otunla, FCA, OFR

Accountant-General of the Federation