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Overview of FGN e-Collection & e-Payment Processes

May 19, 2015

Presentation Outline

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Presentation Objectives

- Explain the FGN e-Collection Scheme to participants
- Explain e-Collection and e-Payment processes
- Obtain feedback for continuous process improvement

Introduction

- The FGN e-Collection is a key component of the Economic Reform Programme of Government that commenced in 2004 – IMF / World Bank Assisted
- It is arguably the most important aspect as it involves inflows to Government
- The commencement of e-Collection Scheme was announced by the AGF in January 2015 during the first phase of the sensitization workshop organised for Mainline MDAs in Abuja
- MDAs, Parastatals and other Government Institutions are expected to move their revenue, project, revolving fund and other collection accounts from DMBs to their designated accounts at CBN

Case for FGN e-Collection

- Enthroned a new regime of transparency and accountability in FG collection management
- Remove delay in remittance of funds collected by Banks – online real time
- Address noticeable inefficiencies and abuses in cash management by agencies of government
- Reduce reliance on borrowing to fund government activities
- More comprehensive FGN fiscal reports
- Improved Nigeria's sovereign rating
- Align with ongoing FGN/CBN policies on e-Payment of all public sector transactions
- CBN – more effective monetary policies

FGN e-Collection Project Scope

S/N	Category	Examples	Remarks
1	MDAs fully funded through the Federal Budget	All Ministries, relevant Departments and Agencies	All receipts to go to the CRF/TSA
2	MDAs partially funded through the Federal Budget but generate additional revenues	Federal Universities, Polytechnics, Colleges of Education, Teaching Hospitals, Medical Centres etc.	All receipts to go to Collection Accounts maintained in CBN
3	MDAs not funded through the Federal Budget but expected to pay operating surplus to the CRF	CAC, NPA, NCC, FAAN, NCAA, NIMASA	All receipts to go to Collection Accounts maintained in CBN
4	MDAs that are funded from the Federation Account	NNPC, FIRS, Customs Service, DPR, etc.	All FAAC and CRF receipts to be paid into the designated accounts in CBN respectively

FGN e-Collection Project Scope cont'd

S/N	Category	Examples	Remarks
5	Agencies funded through the Special Accounts	NSC, RMRDC, PTDF, NITDA, etc.	All receipts to go to Collection Accounts maintained in CBN
6	MDAs with Revolving Funds and Project Accounts	Drug Revolving Fund, Fertilizer Revolving Fund, Roll-Back Malaria, Sure-P, etc.	All Revolving Funds and Project Accounts to be kept in CBN
7	Profit oriented public corporations/business enterprises	BOI, NEXIM, BOA, Transcorp Hilton, etc.	Policy not applicable

The role of Parastatals

- Close existing accounts with DMBs
- Provide relevant information required for setup on the CBN Payment Gateway including collection/receipt type and user details
- Guide payers on the e-Collection processes
- Where applicable, ensure that appropriate services are rendered upon confirmation of payment
- Ensure that relevant receipt/ collection targets are met
- Regular reconciliation of collections
- Liaise with OAGF for resolution of any issues arising from FGN e-Collection

The role of CBN

- Open Accounts for Parastatals
- Provide and maintain the Payment Gateway for e-Collection and e payment from collected funds
- Setup Parastatals on the Payment Gateway
- Provide necessary support on the use of the Payment Gateway - REMITA
- Liaise regularly with all key stakeholders to ensure smooth operation of the e-collection initiative.

The role of DMBs

- Close all existing revenue, project, revolving fund and other collection accounts of Parastatals
- Provide multiple channels of collections
- Provide prompt and quality service to payers
- Ensure prompt remittance of all collections - online real time
- Cooperate with relevant Departments of OAGF, CBN and Parastatals
- Ensure all roles under the Agreement are effectively discharged
- **Transit accounts are not allowed**
- **MDAs must not be granted access to collections by DMBs**

The role of OAGF

- Ensure effective implementation of e-Collection
- Support Parastatals, banks and payers for smooth operation of e-Collection
- Continuous update of the e-Collection guidelines and processes
- Monitoring of the collection gateway and prompt reconciliation of all collections

e-Collection Process

SETUP:

- Setup receipt/ collection types and other details on the Gateway
- Setup designated users that will have access to the platform

PROCESSING:

1. Payer

- Confirms receipt / collection type and amount payable
- Visit bank or use electronic channels to pay

2. Payment channel (Bank, Internet banking, POS, Cards)

- Process payment and issue electronic receipt to payer
- Online real time transfer of funds to CBN

3. CBN

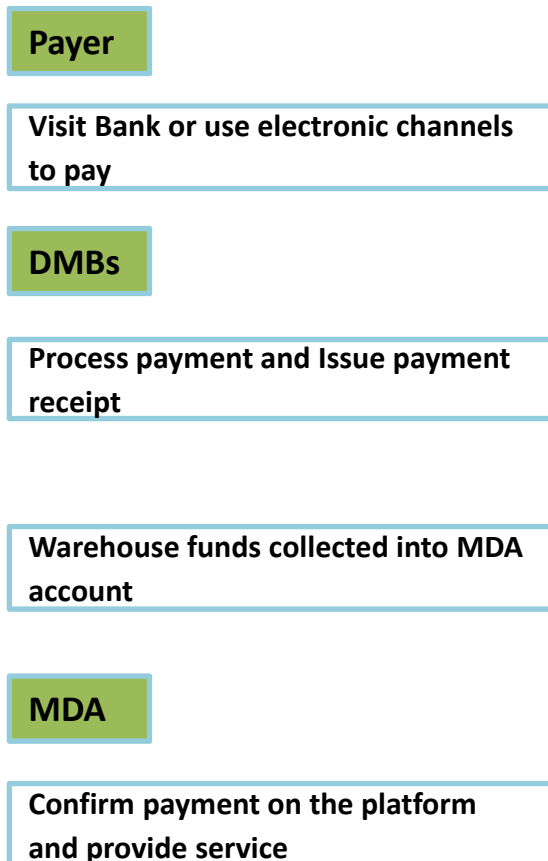
- Receive/credit funds collected into designated Parastatal's account

4. Parastatal

- Confirm payment on the Gateway and provide service
- Access to comprehensive reports of all funds collected
- Regular reconciliation of collections

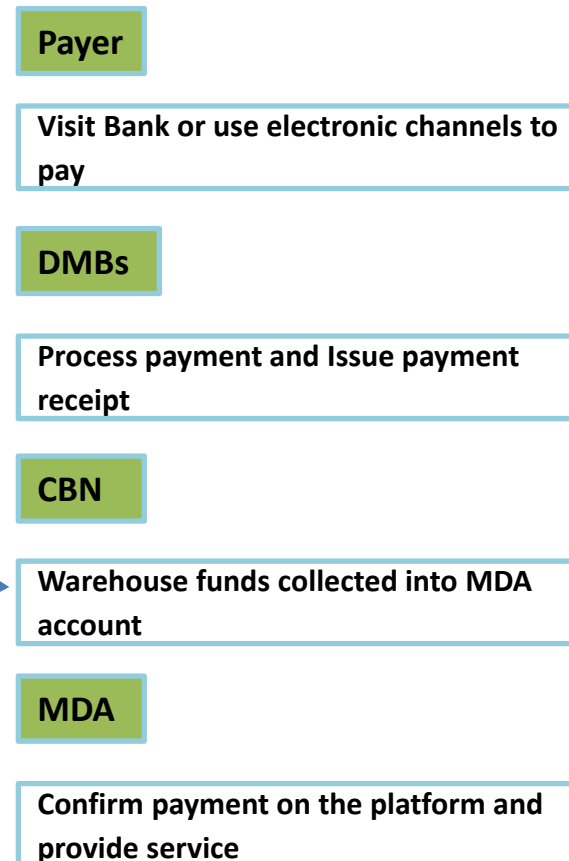
e-Collection Process – What has changed?

Existing Process



CBN replaces the DMBs for this role

NEW e-Collection Process



Current Channels on FGN e-Collection

- CBN Payment Gateway - REMITA
 - Branches of any bank
 - Banks' Internet banking site
 - Debit/ Credit Cards
 - Mobile Wallet
 - POS
 - Existing Remita User

e-Payment Process

1. Parastatal

- Enter or upload payment instruction on the Payment Gateway
- Select funding account and approve transaction for payment

2. CBN

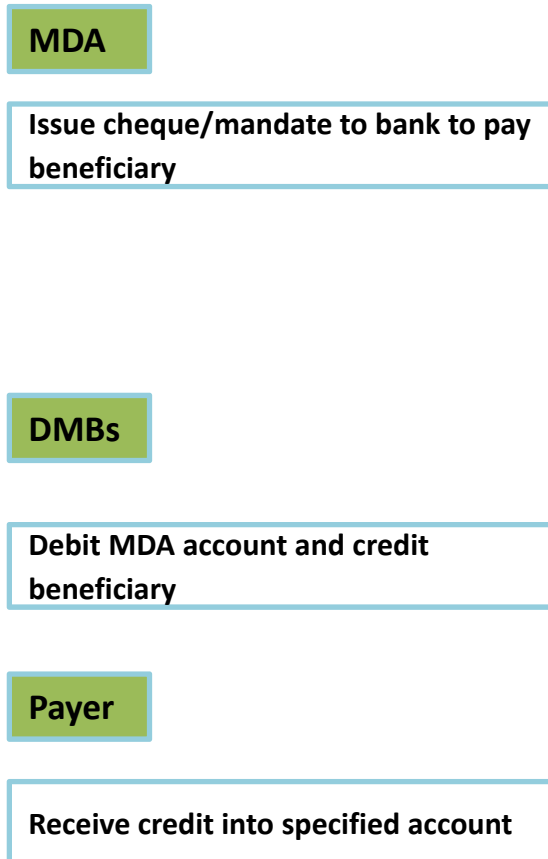
- Debit parastatal's account and credit beneficiary bank account

3. Beneficiary

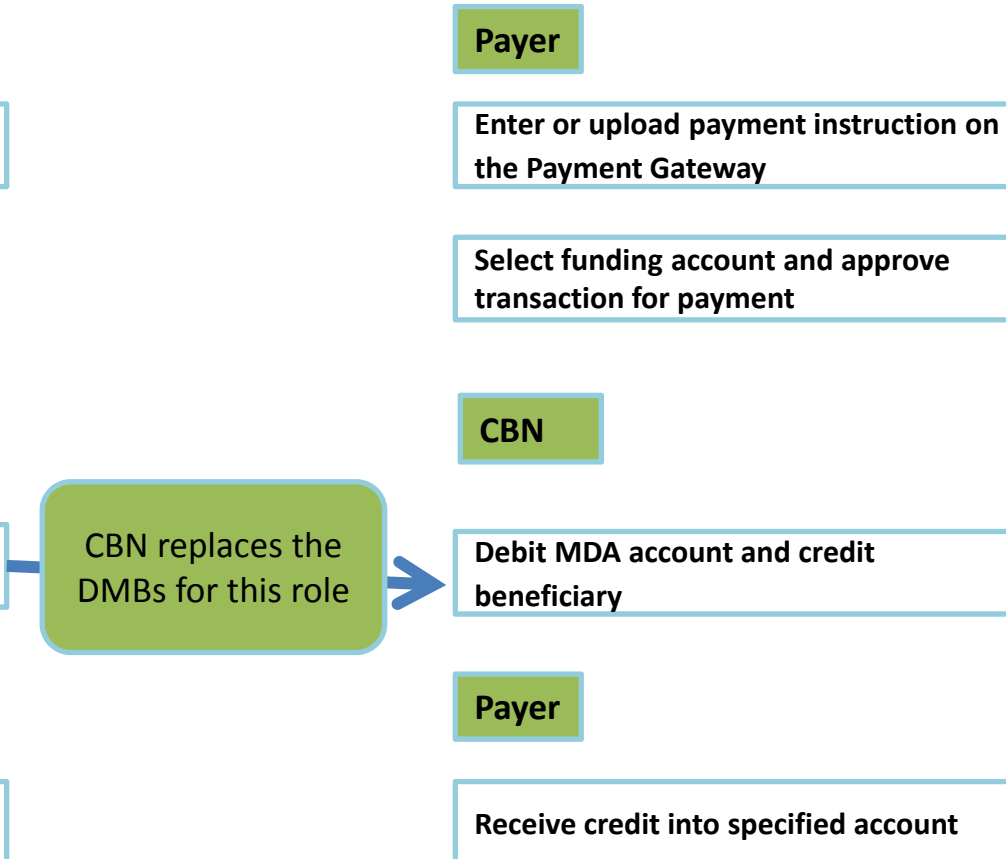
- Receive credit into specified account
- Payment notification

e-Payment Process – What has changed?

Existing Process



NEW e-Payment Process



FGN e-Collection: what it does not mean

- It does not mean that FG will use Parastatal's money
- e-Collection does not degrade your processes
- e-Collection does not reduce collection/receipt, it increases your inflow
- Location of a Parastatal and its offices/number of offices do not affect the effectiveness of e-Collection
- e-Collection does not prevent operation of petty cash imprest /and payment of small amounts.
- e-Collection does not adversely affect Unity Schools, Hospitals or any MDA (feeding, medical refunds, payment for supplies, etc)

FGN e-Collection: what it means

- Movement of MDA revenue/collection accounts from DMBs to CBN
- Direct credit of receipts into MDA's designated account at CBN via CBN Payment Gateway
- Direct access to MDA funds in designated accounts at CBN via CBN Payment Gateway
- No need for use of transit/ operation accounts by banks for collections
- Not just about revenue, covers all receipts/collections/inflows
- e-Collection makes payments faster, not slower - 24/7
- No need to transfer funds collected from CBN to DMBs before spending it

Project Implementation & Support Arrangement

- Establishment of a Settlement Centre at OAGF
- Setup of Bank Support Teams – CBN/ REMITA
- MDA Implementation & Support Teams – OAGF/ REMITA
- **Integration with existing collection portals/ systems**
- Regular bank engagement, sensitization and awareness
- Planned adverts and publications
- Training of Parastatals on use of Payment Gateway
- Monitoring and enforcement by OAGF and CBN

What is expected of all Parastatals

- Close existing revenue/collection accounts at DMBs
- Ensure transfer of balances in your accounts at DMBs to your designated accounts at CBN – your CBN account is already opened and configured on the payment gateway
- Complete the enrolment and revenue forms to have access to your monies at CBN
- Submit completed forms to the Office of the Accountant of the Federation

Conclusion

All Parastatals are enjoined to embrace and support this Government initiative and work with the OAGF & CBN to ensure a smooth and hitch-free transition to the e-Collection Scheme

