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## Treasury Single Account: Implementation and Challenges

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# Outline

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# *TSA is an enabler not a disruptor*

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## Presentation Objective

To discuss TSA implementation status, benefits so far and challenges . More importantly, to receive feedback from bursars who are key stakeholders.

*“what has changed under the TSA regime was our fund that is domiciled at the Central Bank, unlike in the past where such monies are concentrated in commercial banks” ... Professor Yahuza*

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## TSA has eases University administration – BUK VC

In **NATIONAL** April 17, 2016 **Abdullahi Ahmed** 0 comments

Addressing Reporters in Kano Sunday, the Professor of Mathematics explained that Universities have no problems operating the Treasury Single Account, adding that it is an added value to the university administration.

Professor Yahuza said “what has changed under the TSA regime was our fund that is domiciled at the Central Bank, unlike in the past where such monies are concentrated in commercial banks”

The Vice Chancellor revealed that sequel to the TSA regime, account staff have retrained to handled the exigencies, adding that “it takes only one person now to perform the job of 10 people”.

We have no problem with TSA, what has changed was that our money is now domiciled at the Central Bank, and we have no problems assessing them”, Professor Yahuza said.

*Treasury Single Account (TSA) is a unified structure of government bank accounts that gives a consolidated view of government cash resources.*

**TSA is simply a banking arrangement**



*Observed deficiencies in FG cash management system necessitated a new policy which gave rise to TSA*

## Why TSA: cash management before

- Multiple bank accounts (over 10,000)
- Countless dormant accounts with huge balances
- Inability to determine consolidated cash position of government
- Borrowing and incurring charges when there are idle balances in MDA Accounts
- Lack of coordination among key fiscal agencies
- Loss of cash to armed robbers
- Poor cash planning
- Inability to fund government budget
- Non/delayed remittance of revenue/collections
- Over N70 billion of FG MDA funds lost to failed banks

# *The primary objective of TSA is to facilitate the implementation of the FG Cash Management Policy*

## Objectives of TSA

- Ensure availability of cash to meet commitments of government
- Control aggregate cash flows within fiscal and monetary legal limits
- Improve management of government's domestic borrowing
- Enhance operating efficiency through the provision of high quality services at minimal costs
- Enable investment of excess or idle cash
- Achieve greater accountability of public expenditure
- Timely and complete remittance of revenue/collections

# MDAs categorized into 8 according to their peculiarities

## Categorization of MDAs

S/N	Category	Examples	Implementation Strategy
1	MDAs fully funded through the Federal Government Budget	All Ministries, Departments, Agencies and Foreign Missions, etc.	<ul style="list-style-type: none"> <li>i. All collection from these Agencies to be paid directly into the TSA (e-Collection)</li> <li>ii. Expenditure to be drawn from CRF based on Annual Budget</li> </ul>
2	MDAs “partially funded” through the Federal Government Budget but generate additional revenues	Teaching Hospitals, Medical Centres, Federal Tertiary Institution, etc.	<ul style="list-style-type: none"> <li>i. All Revenue Collection from these Agencies to be paid into the TSA except (Union Dues)</li> <li>ii. Sub-Accounts linked to TSA to be maintained at CBN</li> <li>iii. System will be configured to allow access to funds based on approved budget</li> </ul>
3	MDAs not funded through the Federal Budget but expected to pay operating surplus / 25% of Gross Earnings to the CRF	CBN, SEC, CAC, NPA, NCC, FAAN, NCAA, NIMASA, NDIC, NSC etc.	<ul style="list-style-type: none"> <li>i. All Collection from these Agencies to be paid into the TSA except (Union Dues)</li> <li>ii. Sub-Accounts linked to TSA to be maintained at CBN</li> <li>iii. System will be configured to allow access to funds based on approved budget</li> </ul>



# Categorization of MDAs

4	MDAs that are funded from the Federation Account	NNPC, FIRS, NCS, MMSD, DPR.	<ul style="list-style-type: none"> <li>i. All Federation revenue generated by these Agencies to be paid into Federation Account</li> <li>ii. All Independent Revenue generated by these Agencies to be paid into the TSA</li> <li>iii. FGN Share of Federation Account to be paid into CRF</li> <li>iv. Approved cost of Collection to be deducted from Federation Account to meet Budgeted Expenditure</li> </ul>
5	Agencies funded through the Special Accounts (Levies)	NSC, RMRDC, PTFD, NITDA, etc.	<ul style="list-style-type: none"> <li>i. Sub-Accounts linked to TSA to be maintained at CBN</li> <li>ii. System will be configured to allow access to funds based on approved budget</li> </ul>
6	Profit oriented public corporations/business enterprises	BOI, NEXIM, BOA, <u>Transcorp</u> Hilton, etc.	<ul style="list-style-type: none"> <li>i. Dividends from these agencies to be paid into the TSA</li> </ul>
7	Revenue Generated under Public Private Partnership	All Incomes from PPP arrangement e.g. Production of International Passports, Seaport Concession	<ul style="list-style-type: none"> <li>i. TSA Sub-Accounts to be maintained in CBN</li> <li>ii. FG portion of the collection to be paid into TSA</li> <li>iii. Partners portion of the revenue to be transfer to the partner's account</li> </ul>

Note: Profit oriented public corporations are no longer exempted

## Categorization of MDAs

		Arrangement etc.,	
8	MDAs with Revolving Funds and Project Accounts	Drug Revolving Funds, (Teaching Hospitals, Universities) Fertilizer Revolving Fund, Roll-Back Malaria, Sure-P, etc.	<ul style="list-style-type: none"> <li>i. Project Account (Revolving Funds) to be maintained at CBN</li> <li>ii. Collection (IGR) from these Agencies to be paid to TSA</li> <li>iii. System will be configured to allow access to funds based on approved budget</li> </ul>

# *A phased implementation approach was adopted starting with Capital Accounts of MDAs in 2009 (Central Capital Account)*

## TSA : implementation strategy

Phase One	▪ 2011	<ul style="list-style-type: none"><li>▪ Capital accounts of all MDAs with the CBN</li><li>▪ Capital accounts linked to CRF at CBN</li><li>▪ Personnel costs for all MDAs on IPPIS</li></ul>
Phase Two	▪ 2012 - 2014	<ul style="list-style-type: none"><li>▪ All funds from the Federal government Budget of all Abuja based MDAS</li></ul>
Phase 3	▪ 2015	<ul style="list-style-type: none"><li>▪ Donor funds</li><li>▪ All MDAs outside Abuja and or partially funded)</li><li>▪ Government controlled trust funds and Social Security Funds</li></ul>

*Fully funded MDAs access their funds using GIFMIS while extra-budgetary budgetary agencies access their funds using REMITA*

## Tools and technologies supporting



# *TSA implementation has come a long way: 2009 – 2016*

## TSA : Key Milestones

- May 2011: HMF approved FG Cash Management Policy/TSA
- April 2 2012: GIFMIS go live, enabling STP of payments from TSA
- State House (TSA-MDA) made first payment from TSA Account on 5th April, 2012
- January 2015: e-Collection introduced
- August 7 2015: TSA extended to all FG MDAs
- TSA linked Sub Accounts at CBN introduced
- Dedicated TSA/e-Collection support team established

# *TSA implementation has come a long way: 2009 – 2016*

## TSA : Key Statistics

1	Number of TSA Sub Accounts opened at CBN	2,063
2	Number of MDAs registered / enrolled	1,045
3	Number of MDAs verified and have access to CBN accounts/ funds	949
4	Total transfers/collections into TSA (GROSS)	N3,052 Trillion

## TSA: benefits so far

- Ability to determine consolidated FG cash position
- Reduction in Ways & Means charges from N3.7B/month to zero
- Significant improvement in FG liquidity position
- Better control and oversight over MDA operations
- Improved revenue collection mechanism through e-collection

*TSA has been particularly beneficial to tertiary institutions*

## TSA: specific benefits to Universities

- Elimination of costly collection and exploitative PPPs
- No more bullion vans
- Elimination of cheque books
- Hijacking of cash in transit and breaking into cash rooms no longer possible
- Streamlining of bank accounts
- Reduction in cash handling costs and pilfering
- 24/7 access to bank account
- Online, realtime bank statements
- Wider scope/channel for receipts: any bank, anywhere plus e-channels at no cost
- Flexibility/mobility in payments, free of charge



*TSA implementation is not without challenges...*

## TSA: general challenges

- Insufficient public awareness leading to wrong perception
- Continued attempt by some MDAs to circumvent the TSA in collusion with commercial banks
- Delay in opening of TSA Sub Accounts due to large number of requests within a tight deadline
- Delay in making refunds to qualifying MDAs
- Lack of clarity in foreign exchange transactions process
- Access to bank statements/balances
- Management of endowment funds/investments
- Insufficient manpower, capacity and tools for effective monitoring of all MDAs on TSA and their transactions
- Lack of funds to drive TSA

## TSA: reported infraction by varsities

- Continued collection in cash
- Making payments in cash
- Operation of commercial bank accounts
- Use of PPPs without following the guidelines
- Use of non-approved payment gateway
- Diversion of funds to surrogate accounts

## *Nigerian universities can sponsor research into TSA and PFM generally*

### Way forward

- Sustained high level political support
- Awareness creation/change management to reduce resistance
- Capacity building at all levels
- Introduction of budget control to extra budgetary MDAs/funds
- With aid of appropriate technology, distribute TSA accounts to Deposit Money Banks in order to strengthen the stability of the banking system [long term goal]
- Establishment of strong inter-MDA monitoring and enforcement framework
- Continued revision of the guidelines

*Conclusion: the major thing that changed is the bank in which your account is domiciled. All else remains the same.*

Before... & After...



*We have almost done it...*

Grateful for your attention...

