



# **GUIDELINES FOR THE OPERATION OF TREASURY SINGLE ACCOUNT (TSA) BY STATE GOVERNMENTS IN NIGERIA**

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## **1. Background and Introduction**

State Governments continue to face intense pressure on their cash flows in the face of dwindling revenues and the need to meet increasing statutory and social responsibilities.

To address this issue, State Governments are undertaking financial and treasury management reforms of which the Treasury Single Account (TSA) scheme is a major component. This is consistent with the strategic public sector transformation initiatives and also in line with the provision of Section 120 of the 1999 Constitution.

The Central Bank of Nigeria (CBN), in exercise of its powers, as provided in the CBN Act, 2007, Section 47, sub section 2(2d), hereby issues the following guidelines on the management and operation of the Treasury Single Account (TSA), hosted with the CBN, by State Governments.

## **2. Goals of the Guidelines**

The objective of this Guideline is to provide State Governments with a clear framework to support their successful implementation of the TSA initiative, based on standardized banking arrangements, operational processes and IT infrastructure.

## **3. TSA Concept**

The Treasury Single Account (TSA) initiative is the operation of a unified structure of Government Bank Accounts, in a single account or a set of linked accounts for **ALL** Government payments and receipts.

## **4. TSA objectives**

The TSA is primarily designed to bring ALL Government funds in bank accounts within the effective control and operational purview of the Treasury, in order to: Enthrone centralised, transparent and accountable revenue management; Facilitate effective cash management; Ensure cash availability; Promote efficient management of domestic borrowing at minimal cost; Allow optimal investment of idle cash; Block loopholes in revenue management; Establish an efficient disbursement and collection mechanism for Government funds; Improve liquidity reserve; and Eliminate operational inefficiency and costs associated with maintaining multiple accounts across multiple financial institutions.

## **5. TSA Essential Requirements**

- i. Government agencies are not to operate ANY bank account under any guise, outside the purview and oversight of the Treasury.
- ii. The consolidation of government cash resources should be comprehensive and encompass all government cash resources, both budgetary and extra-budgetary. This means that all public monies, irrespective of whether the corresponding cash flows are

subject to budgetary control or not, should be brought under the direct control of Government.

- iii. Government banking arrangement should be unified, to enable the relevant Government stakeholders such as the Ministry of Finance (MOF) and the Accountant General (AG) have full oversight of Government cash flows across bank accounts.
- iv. There are two TSA models: (i) The main TSA and associated ledger sub-accounts (where they exist) are to be maintained in a single banking institution OR (ii) The main TSA is maintained in a single banking institution and associated zero balance ledger sub-accounts (ZBAs) (where they exist) are maintained in other institutions from where balances are swept daily to the main TSA in CBN or the appointed main TSA hosting financial institution.

## **6. TSA General Requirements**

- i. Each State Government shall select any TSA model of its choice. The choice of a TSA model shall be informed and guided by the availability of clear operational processes and basic technology infrastructure that supports the implementation of the model of choice.
- ii. Each State Government shall inform the Governor of the Central Bank of Nigeria of its decision to introduce the TSA scheme, detailing; the State's preferred TSA model (banking structure) and level of preparedness to commence, operate & support the scheme, which shall include, but not limited to project organization and resourcing, operational process workflow, available technology infrastructure, etc.
- iii. Each State Government shall ensure that all legal framework, extant laws, cash management processes and policies, financial regulations, Treasury Circulars, etc. are put in place to guide the TSA operation, as well as ensure that, clear information is regularly issued to relevant internal and external stakeholders before, during and after the commencement of the TSA scheme
- iv. Each State Government shall maintain contractual Agreement(s) with parties involved in the design, delivery and ongoing support of its TSA scheme. Such Agreement shall clearly define the terms and the roles and responsibilities of the State Government and the relevant parties. Such stakeholders may include, but

not limited to the CBN, Deposit Money Banks, Payment Technology Solution Providers, etc.

- v. Each State Government shall have a clear and unambiguous position of ALL outstanding debts owed Deposit Money Banks (inclusive of debts incurred by its MDAs) before the commencement of the TSA scheme. Where a State is unable to fully liquidate its debts with DMBs before the commencement of the TSA, it shall put in place a firm repayment schedule, before commencing the TSA scheme, with the CBN.
- vi. Each State Government shall establish a TSA Project Team to be led by an official not below the position of a Director in the public service, to coordinate the implementation of the State's TSA initiative. The Team shall have primary responsibility for coordinating all pre-implementation, implementation and post-implementation programmes required for the successful implementation of the State Government's TSA scheme. This shall include but not limited to organising sensitization workshops, system specifications gathering, project documentation, user training, change management, risk management, project reporting, etc.
- vii. Each State Government shall undertake a comprehensive review, harmonization and update of its financial and treasury management processes, procedures and system, as may be necessary, to support the successful implementation and operation of the TSA initiative. This shall include but not limited to the establishment of a State Cash Management Unit (CMU), which shall be guided by the State's cash management provisions, processes, procedures, etc.
- viii. Each State Government shall be responsible for the provision of adequate sustainable capacity and resources at different levels across all MDAs. This is required to ensure the long-term success of the State's TSA initiative.

**b TSA Account Opening & Maintenance**

- i. Each State Government shall apply for the opening and maintenance of TSA accounts at the CBN or a DMB, through an application letter endorsed by any two persons of; the State Governor, the State Commissioner in charge of Finance or the State Accountant-General. Such application shall clearly state the type of account to be opened, such as; revenue, payments, etc.

- ii. Each State Government shall undertake a comprehensive inventory of ALL bank accounts maintained with all financial institutions by the State and all her MDAs without exception. Such accounts must be harmonized and aligned before the commencement of the TSA scheme, to avoid the exclusion or replication of accounts.
- iii. Each State Government shall open only one main TSA account and other such ledger sub-accounts as it deems fit with the Central Bank of Nigeria or any Deposit Money Bank of its choice, provided such ledger sub-accounts shall be limited to one for each MDA and shall always be linked to the main TSA account. The choice of a State Government to host the TSA main account with a DMB and sub-ledger accounts with the same or other DMBs shall be guided by the same considerations as hosting the Main TSA account with the CBN.
- iv. The administration and operation of a State Government's main TSA and ledger sub-accounts hosted by the CBN shall be through the CBN branch in the State Government's capital.
- v. The operation of the TSA scheme hosted by the CBN for each State Government shall be operated at all times through the use of approved electronic channels and shall exclude the handling of cash or processing of manual cheque transactions by the CBN at any of its offices.

**c. TSA Payments Infrastructure**

- i. TSA operations are conceptualized and designed to be operated on a full end-to-end basis, across various approved electronic channels, for all payment and collection transactions.
- ii. Each State Government shall adopt a CBN licensed payment platform for the operation of its TSA scheme. Approved platforms for the controlled take-off of the TSA scheme are; SystemSpecs, Interswitch, Unified Payment Services, e-Transact and NIBSS. Other approved platforms shall be advised as the TSA initiative matures.
- iii. Each State Government shall ensure the availability of a functional Government Financial Information Management System (GIFMIS) or such other application, that enables it to handle the different aspects of its activities, covering; budgeting, budget control, transactions workflow management, chart of accounts management, payables & receivables ledger management, Purchase

Requisition Management, Purchase Order Management, Supplier & Vendor Payments Processing, Revenue Receipting, Treasury Management, Transactions Monitoring, Reconciliation, Payment Gateway Interface, Reporting & Data Analytics, etc.

- iv. Each State Government shall ensure the availability of basic Information Technology infrastructure and training programs required for the successful implementation and ongoing support of the TSA scheme.

## **7. TSA Stakeholders' Roles & Responsibilities**

The long-term success of the TSA scheme requires the effective collaboration of different stakeholders, during the pre-implementation, implementation and post-implementation phases of the initiative. TSA stakeholders shall include, but not limited to;

### **Central Bank of Nigeria (CBN)**

- Issue payment policies and guidelines to Banks
- Ensure compliance of Banks with issued guidelines
- Provide and maintain the TSA payment gateway Infrastructure
- Host and maintain the TSA accounts on behalf of Government
- Play advisory & supervisory roles on required TSA infrastructure
- Maintain help desk to provide support to users of the CBN Remita Payment Gateway
- Participate in the reconciliation of accounts,
- Perform account management functions
- Ensure availability of standard TSA payments and collections reports e.g. electronic bank statements, budget status reports, transaction status and monitoring reports, etc.

### **State Accountant-Generals (SAG)**

- Assume primary responsibility for the State Government's TSA initiative
- Coordinate the development of the State's TSA Policy and framework
- Issue TSA operational guidelines to MDAs and other stakeholders
- Develop cash management policies and procedures
- Liaise and serve as primary contact point with CBN, Banks, Payment Service Providers and other stakeholders
- Manage registration and user enrolment processes for MDAs
- Maintain a TSA transactions reconciliation and settlement center
- Set up and maintain TSA help desk to coordinate all support activities to stakeholders such as MDAs, banks, corporate and individual payment beneficiaries and payers
- Ensure integration of Payment Gateway with the State Financial Information Management System
- Create and ensure smooth operation off the State Cash Management Unit (CMU)

### **Ministries, Departments and Agencies (MDAs)**

- Close all DMBs accounts as directed by the State Treasury

- Transfer balances at DMBs to CBN through designated electronic channel
- Guide payers on e-Collection processes, including how to pay
- Monitor transactions to confirm that payments are made.
- Deliver relevant services upon confirmation of payment.
- Cooperate with State Treasury for the purpose of IGR monitoring.
- Participate and complete all configuration processes.
- Have appropriate access to the TSA Infrastructure
- Register/create and classify all payers appropriately.
- Pre-assign unique payment code to each payer to foster seamless revenue payment and ease reconciliation process. The payment code is to capture the MDA's code, amount to be paid, service for which payment is meant and other relevant details.
- View all categories of payments due and made to them.
- Generate various reports
- Reconcile the TSA sub-account assigned to them.

#### **Deposit Money Banks (DMBs)**

- Close all existing accounts of MDAs as may be directed by the State Government
- Offer multiple payment and collection channels to corporate and individual payers and payment beneficiaries (Bank Branch, Online Banking, Mobile Wallet, Mobile App, USSD, etc.)
- Process payments promptly in accordance with existing CBN payment guidelines
- Provide prompt and quality service to payers
- Cooperate with relevant Departments of State Treasury, CBN and MDAs
- Provide receipts for payers at the point of payment
- Automatically sweep payments through the CBN payment Gateway to the State Government TSA Main Account or Sub-Accounts

#### **8. Guidelines Review**

This Guidelines is subject to periodic review by the Central Bank of Nigeria