



**REPUBLIC OF THE GAMBIA
MINISTRY OF FINANCE AND ECONOMIC AFFAIRS**

Study Tour Report

On

Nigeria's TSA Implementation

from

May 12-23, 2019



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1. INTRODUCTION

Attaining sound public financial management is and –should be – a priority for all governments whose aim is to positively impact on citizen’s lives. This can be done through efficient and effective service delivery. For the past years the Government of The Gambia has made a millstone achievement in championing sound Public Financial Management (PFM) such as: the implementation of the Integrated Financial Management Information System in 2007, improvement in the financial regulatory framework (PFM Act, 2014, Financial regulation 2016). Rolling out of Internal Audit to Ministries Department and Agencies (MDAs) etc. These reforms were geared towards enhancing transparency, accountability and effective service delivery. It is agreeable that, there have been good reforms championed by the Ministry for past two decades, however, the one that trumps all: is the plans to Implement Treasury Single Account (TSA) by end 2019.

A TSA is a unified structure of government bank accounts that gives a consolidated view of government cash resources. It is an essential tool for consolidating and managing governments’ cash resources, thus minimizing borrowing costs. In countries with fragmented government banking arrangements, the establishment of a TSA should receive priority in the public financial management reform agenda. Hence the rationale to organize a study tour to understudy Nigeria’s TSA implementation.

1.1 Rationale

The purpose of the study tour is to learn from the experience of implementing countries such as Nigeria. There are good reasons for the choice of Nigeria: (i.) Nigeria had a similar problem to Gambia over the years were the Federal Government of Nigeria was operating on a fragmented banking arrangements, high level of recourse to Ways and Means as well as weak cash management. (ii) Nigeria has accosted significant experience in successfully implementing the TSA-thus, gaining recognition from multilateral institutions such as: IMF, EU and World Bank.

1.2 Objective

Study Tour seeks to foster an understanding of the experiences made with the implementation of TSA in Nigeria both at the Federal and State level. In addition, take stock of the requisite public financial management reforms required -the implementation, effectiveness and impact assessment - of the TSA and impediments realized in the implementation process.

1.3 Scope

The scope of the Study tour is to meet all relevant stakeholders that have played a crucial role in the successful implementation of the TSA. Such stakeholders includes:

- Federal Ministry of Finance (FMoF)

- Central Bank of Nigeria (CBN);
- Office of the Accountant General of the Federation (OAGF);
- Ministries Department and Agencies, for both the Federal and State Government;
- Payment Gateway Operator

2 PFM REFORMS IN NIGERIA

Nigeria has undergone a plethora of public financial management reforms since the advent of democracy in 1999. And most of the reforms continue to have a significant bearing on the success registered by the Federal and State government 's implementation of the TSA.

2.1 Legal and regulatory framework

For reforms to be successful, they must derive legal backings. Section 80 of the Nigerian constitution provides the legal backing for the operation of a Consolidate Revenue Fund(CRF),hence a TSA..

In addition Finance Control and Management act 1958 spelt out how public funds should be expensed and invested by public officials. The Act mandates the OAGF to prepare, sign and present for audit, the accounts showing fully the Financial position on the last day of each financial year of the CRF. Other important legal frameworks in Nigeria are the Fiscal Responsibility Act 2007, Customs and Inland Revenue etc.

2.2 Economic and Financial Reforms

The economic and financial reforms implemented for last two decades have laid the ground for a successful implementation of Nigeria's TSA. This story reinforces the fact that reforms are key in transforming the economic and financial growth of a country and its citizenry.

2.2.1 Revenue and Tax Administration Reforms

In 2002, the FGN undertook Revenue and Tax Administration reforms. At the time over-reliance on oil, corruption in revenue and tax administration and government's frequent inability to meet its own terms of the 'social contract' meant that there was general unwillingness to pay tax among Nigerians. The reforms constitute one of the deepest, most comprehensive and most successful reform efforts in Nigeria. Tax collection improved significantly from ₦455 billion in 2000 to ₦4.8 trillion by 2013. Following the reforms, actual collection of ₦3 trillion in 2008 alone was higher than the collection for the previous eight-year period put together. The automation of key processes reduced corruption and abuses, thereby leading to high level of efficiency.

2.2.2 Budgetary Reforms

The budgetary reforms, which commenced in 2000, have five major planks. They are administrative procedures, budget preparation, and management of government spending, budget implementation as well as monitoring and evaluation. The management of government spending is achieved through limits imposed by established fiscal rule. As part of the budgetary reform measures, steps were taken in 2005 to develop a medium-term

expenditure framework, which places emphasis on multi-year (three years) budgeting. The revenue estimates were also based on a Medium Term Revenue Framework (MTRF).

2.2.3 Accounting Transaction Recording Reporting System

Accounting Transaction Recording Reporting System (ATRRS) is an ICT based Accounting Software application which facilitates the input of Accounting Transactions, its reconciliation and the generation of Standard Accounting Reports that meet required Standard of the Treasury. At the point of its conception, It was envisaged that the full deployment and development of the GIFMIS will not be possible within a short time hence the need to have a bridge which will link up with the ultimate objectives of the GIFMIS. This will thus be a stopgap solution to GIFMIS. The implementation of the Accounting Transaction Recording and Reporting System (ATRRS) has opened the doors widely for the Treasury to appreciate the essence and benefits derivable from the computerization of Government Accounting System.

2.2.4 Government Integrated Financial Management Information System (GIFMIS)

Government Integrated Financial Management Information System (GIFMIS) is a computerized financial management information system for the FGN, which is efficient, effective, and user friendly and which: Increases the ability of FGN to undertake central control and monitoring of expenditure and receipts from the MDAs. The reform program was implemented in 2012 to enhance transparent and accountability in budget preparation, execution and recording and reporting process.

2.2.5 Chart of Accounts

In preparation for the introduction of GIFMIS, a new multi-dimensional Chart of Accounts (COA) was adopted. The implementation of the new COA commenced with the 2011 budget and a Treasury Circular was issued directing Ministries, Departments and Agencies (MDAs) of government to adopt it for execution of the budget. The COA provides a robust mechanism for the classification of public resources under the budget as well as tracking receipts and payments during budget execution.

2.2.6 Integrated Payroll and Personnel Information System

An Integrated Payroll and Personnel Information System (IPPIS) was put in place in 2007 and is currently being fully rolled out across the service. IPPIS has reduced the cost of governance by saving government ₦185 billion (about US\$1 billion) to date with ₦416 million saved in the first month of operation.

2.2.7 Banking Reforms

Nigeria's banking sector was plagued by macroeconomic instability, lack of investor and consumer sophistication, major failures in corporate governance, weak supervision and enforcement, inadequate disclosure and a lack of transparency about the financial health of banks and low capital and liquidity. These ultimately led to a banking crisis in 2008. CBN injected a capital of ₦620 to shore up the capital of nine weak banks, established a Macro-Prudential Framework and Market Infrastructure.

3 STRUCTURE AND GOVERNANCE OF THE TSA IN NIGERIA

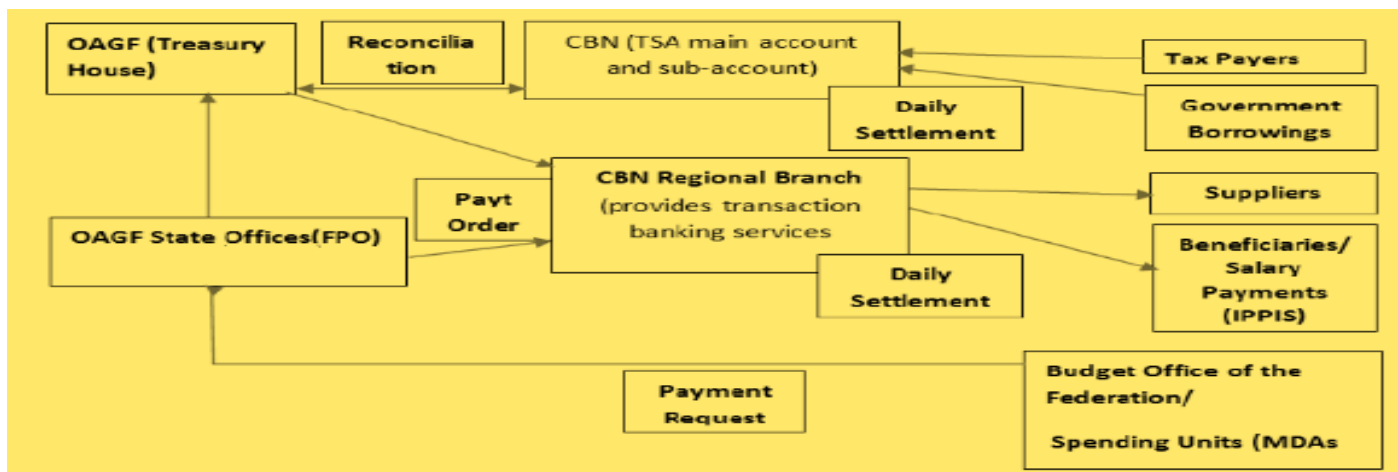
Ensuring good governance is the cornerstone of achieving effective public financial management reform. Nigeria operates both a centralized and decentralized TSA models; thus the choice of the TSA approach depends on the administrative structure of the functional government.

The governance of the Nigeria's TSA is under the purview of the Central Bank of Nigeria (CBN) and Office of the Accountant General of the Federation (OAGF) for Federal and one of the States.

3.1 TSA Structure in the Federal Government and States

The Federal Government of Nigeria (FGN) operates a centralized TSA structure with a CRF account as the Main Account. MDAs are allowed to maintain sub-accounts at CBN for project accounts, which are linked to the TSA. Notwithstanding, MDAs are not allowed to maintain accounts with DMBs or any other financial institution. Similarly, transaction-processing system for TSA operation is decentralized to maintain the autonomy of MDAs in budget execution. TSA covers all government funds – budgetary, non-budgetary and donor funds. However, the TSA do not cover National Assembly, Judiciary and Nigerian National Petroleum Company (NNPC).

Figure 1: Centralized TSA Transaction Processing System



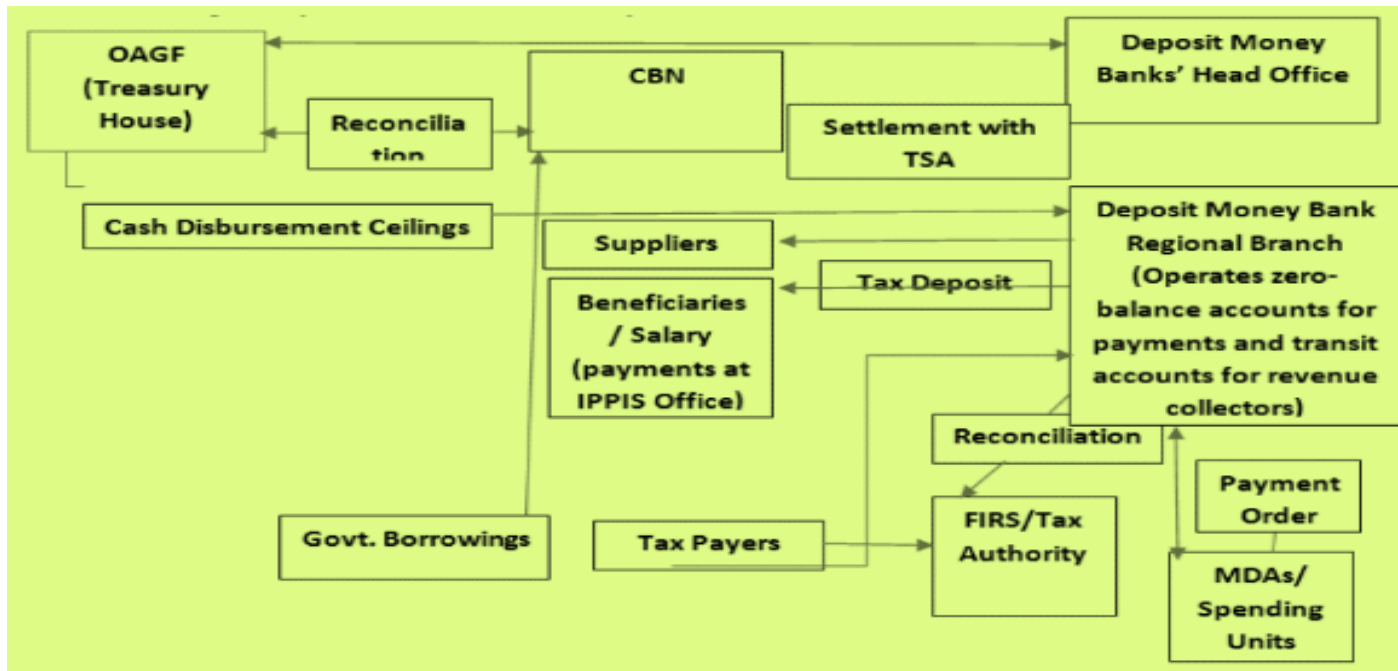
Source: Paper by Elikwu

3.2 State Government

However, the state governments of Nigeria operates both a decentralize and a hybrid model of a TSA. In a decentralized model state government opens a series of linked banks accounts domiciled at Deposit Money Banks (DMB). MDAs are allowed to open sub-accounts with DMBs with authorization from **state government/accountant general of the State**. Periodic sweeping of these bank accounts

are carried out by DMBs to the CRF of the state also opened with DMBs with the exception of Kaduna State.

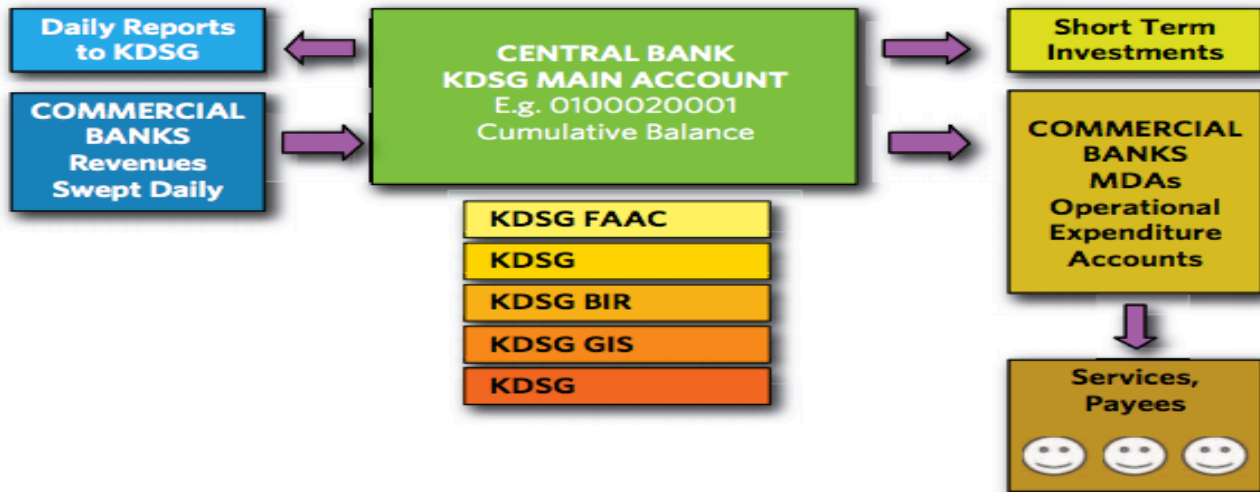
Figure 2:Decentralized TSA Transaction Processing System



Source: paper by Elikwu

In order to achieve a good synergy effect of secured payment system as well as lending facilities from DMBs, State government of Kaduna operates a Hybrid TSA Model. In a hybrid model, state government operates CRF with the CBN and makes all payment from that account. However, the CBN, while maintaining the Main TSA, may not necessarily maintain bank accounts for all MDAs transactions, because it is not normally a specialist at retail banking. Therefore, in practice, commercial bank accounts are often opened for MDAs, or groups of MDAs, to handle their day-to-day transactions. Periodically a Zero Balance Account (ZBA) is maintained for revenue and expenditure. . For revenue, receipts are paid into the DMBs account and the total is transferred to the central TSA periodically. For expenditure, when payments are approved and the payment date is decided, the money is moved from central TSA to the Zero Balance Payment Account and can be paid from there. The balance of any unpaid amounts is swept back to the TSA that evening and will be reinstated the following day if required.

Figure 3:Hybrid TSA Transaction Processing System



Source:Kaduna state TSA

3.3 Coverage of the TSA

At the FGN, TSA covers federal government, MDAs, sub -vented institutions and donor funds. However, they have not been able to bring National Assembly, the Judiciary on board and NNPC was exempted.

At the state level the TSA coverage composes of MDAs, tertiary institutions, hospitals, state and local government pensions board, special projects and other agencies.

3.4 Oversight of TSA

In the implementation of a successful TSA, the role of oversight functions cannot be over emphasized. At the FGN the governance and administrative structure of the TSA resides within the mandate of the OAGF and CBN. As the custodian of government bank accounts as well as the supervisor of all DMBs, CBN sets standards in the banking operations through the provisions of guidelines to DMBs. In addition, the maintenance of the TSA falls under the CBN purview. For the OAGF, by its mandate is responsible for the authorization of the opening of bank accounts. Thus OAGF should ensure that MDAs maintain bank accounts with CBN and not with DMBs.

3.5 Maintenance of TSA Infrastructure.

A unit is created at OAGF called the Directorate of Treasury Single Account, responsible for the management of the TSA. In addition to that System Spec has desk officer at OAGF who gives support in the maintenance of the TSA.

3.6 Payment Gateway Fees Charges

The FGN has been paying 1% charges until November 1, 2018. A circular from CBN indicated that henceforth fees charges shall be born by users and fixing the fees at ₦ 150 per transaction. Where remita takes 50% and the rest is shared by the DMBs.

4 ITC INFRASTRUCTURE AND PAYMENT SYSTEM

A sophisticated and robust ITC infrastructure was central to the successful implementation of TSA in Nigeria. Nigeria for the past decades have ramp up key reforms in the ITC infrastructure such as Real Time Gross Settlement System (RTGS), electronic Financial Analysis and Surveillance System (eFASS), Core Banking Application (CBA)-Terminus 24(T24), Nigeria Inter-bank Settlement System (NIBSS), Nigeria Automated Clearing System (NACS), National Central Switch (NCS), Electronic Payments and Collections (e-payments, e-collections), Government Integrated Financial Management Information System (GIFMIS), Commonwealth Secretariat Debt Management Recording System (CS-DRMS) etc.

4.1 Real Time Gross Settlement System

RTGS was implemented in January 12, 2014 as part of efforts to implement the payment system vision 2020. The CBN RTGS provided an on-line Payment System in which processing and settlement take place continuously in real time (that is, without deferral) and gross (i.e. Transaction by transaction). The system handles large value, time-critical payments.

4.2 Terminus 24

T24 was also introduced in 2006 just around the same time with the RTGS. **T24** is an integrated core banking solution that is often referred to as “all in one” technology resource. **T24** equips financial institutions with all the necessary tools for managing the entire workflow of banking operations from both back and front end, in addition to client relationship management.

4.3 Nigeria Inter-bank Settlement System

NIBSS was incorporated in 1993 and is owned by all licensed banks including the Central Bank of Nigeria (CBN). It commenced operations in June 1994. NIBSS has put in place modern world-class infrastructures for handling inter-bank payments in order to remove potential bottlenecks associated with inter-bank funds transfer and settlement.

4.4 Nigeria Automated Clearing System

NIBSS Plc. also operates NACS. NACS facilitates the electronic clearing of cheques and other paper-based instruments, electronic funds transfer, automated Direct Credits and Automated Direct Debits. NIBSS at the instance of the Bankers’ committee has acquired cutting edge technologies for the operation of the Nigeria Central Switch. The Board of NIBSS is composed of the Deputy Governor (Operations) of the Central Bank of Nigeria as the Chairman, representatives of Banks as Directors, Executive Directors and the Managing Director/CEO, who heads Executive Management group of the organization.

4.5 National Central Switch

The National central switch is design to enhance interoperability which involves the ability of the various players Banks, Mobile Payment Operators, Non-Banking Financial Institutions, Payment Terminal Providers, Card Acquirers, Government Institutions etc., and their customers to send, receive and process funds, documents and other instruments electronically through a common channel – NIBSS.

4.6 Government -Integrated Financial Information Management System (GIFMIS)

The GIFMIS is an integral tool TO facilitate the TSA. The e- Payment product of GIFMIS has enabled MDAs to prepare, raise and effect payment transactions-thus, enhancing accountability and transparency of service delivery.

4.7 Integrated Payroll and Personnel Information System(IPPIS)

IPPIS Secretariat is a Department under the Office of the Accountant-General of the Federation responsible for payment of salaries and wages directly to Government employee's bank account with appropriate deductions and remittances of 3rd party payments such as; Federal Inland Revenue Service, State Boards of Internal Revenue, National Health Insurance Scheme, National Housing Fund, Pension Fund Administrator, Cooperative Societies, Trade Unions Dues, Association Dues and Bank Loans.

IPPIS has saved the Federal Government over N206 billion in salaries of federal civil servants during the 2017 and 2018 fiscal years.

5 TSA PAYMENT GATEWAY

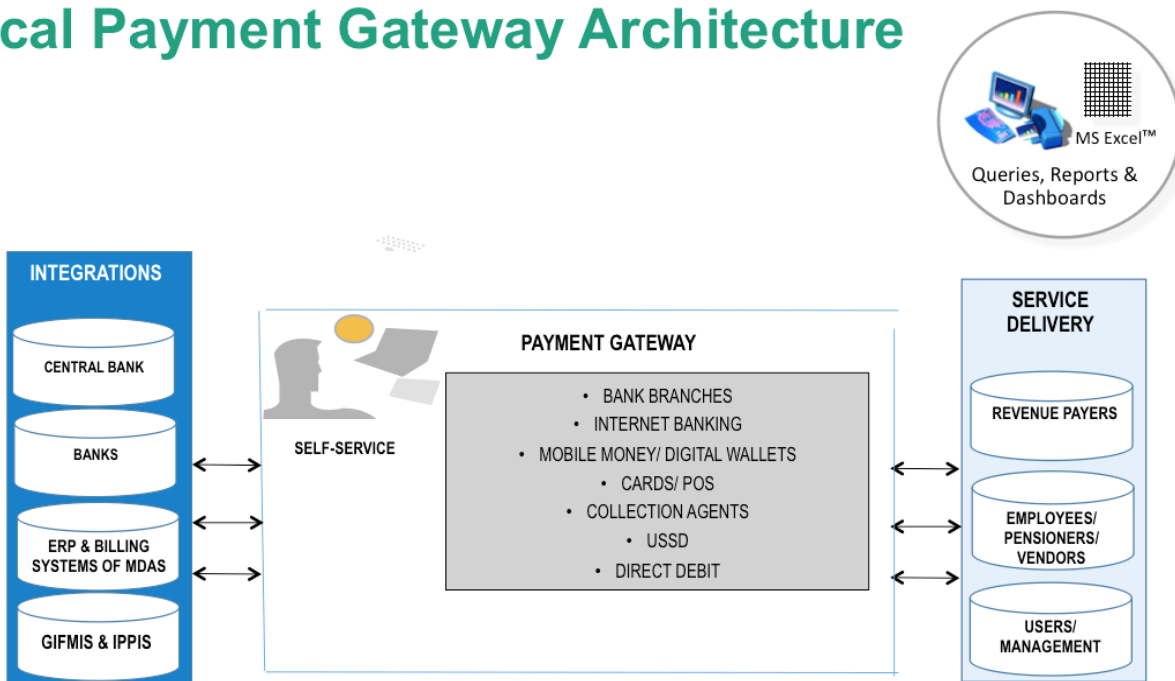
A payment gateway facilitates payment transaction by the transfer of information between a payment portal (such as a website, mobile phone or interactive voice response service) and the front-end processor or acquiring bank.

5.1 REMITA

The Nigerian payment gateway for the TSA is called Remita. Remita is a robust and extendable, multi-channel payment gateway that gives users multiple channels to make and receive payments on a SINGLE platform. Remita connects to the Central Bank, all DMBs, micro-finance banks, card schemes, digital wallets etc. to ensure that all authorized financial institutions and schemes can partake in the national payment scheme. Remita makes it easy for customers and service users to pay you using any of the following channels: Online Banking site, Remita (on app, mobile & web), Debit/Credit cards (Visa, Verve, MasterCard, Union Pay), Branches of ANY commercial bank nationwide, Microfinance Banks, POS, Direct Debit, Digital Wallets.

Figure 4;Payment Gateway (REMITA)

Typical Payment Gateway Architecture



Source:Remita

5.2 e-Payment

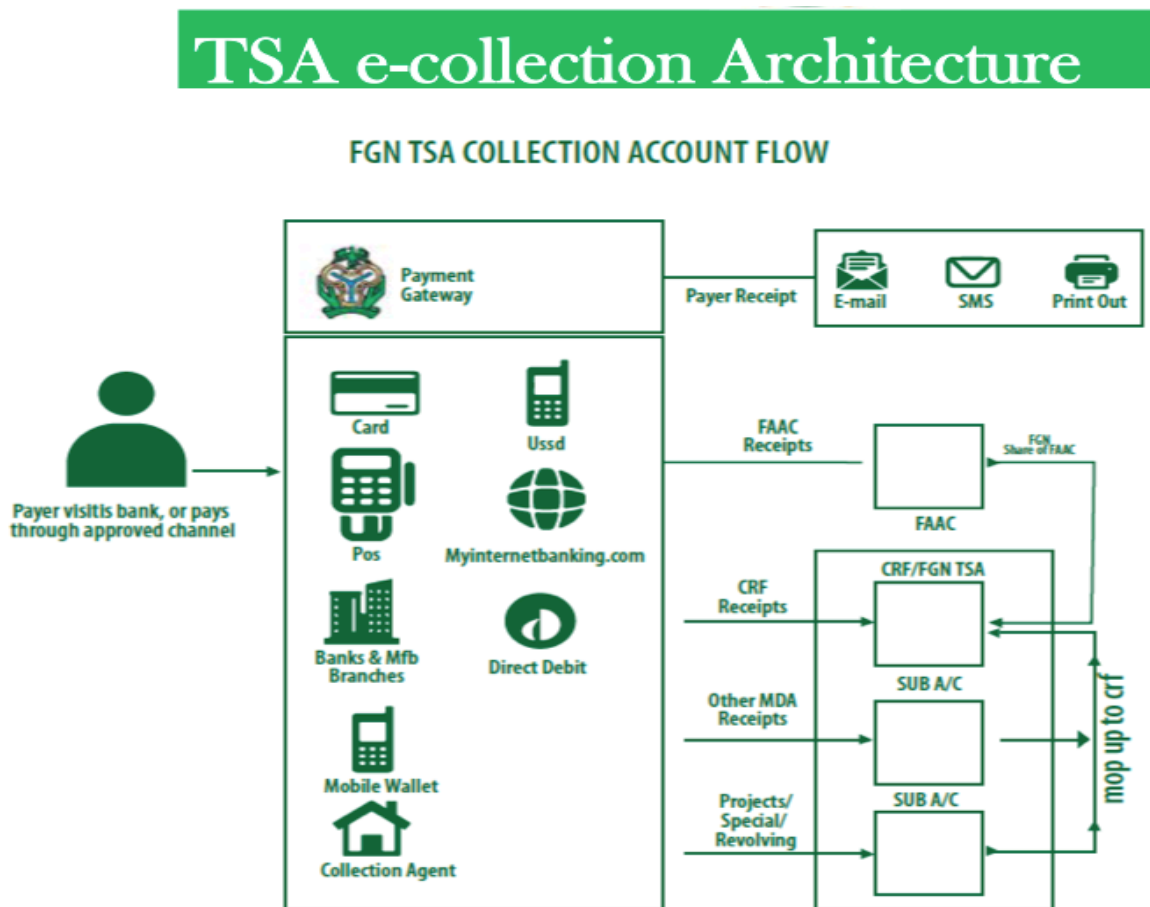
Remita e-Payment delivers payment instructions to accounts in any Commercial Bank, Microfinance Bank, Primary Mortgage Institution or Digital Wallet.

With Remita e-Payment, you can: Sign into a SINGLE platform for access to all your bank accounts at once, WITHOUT USING ANY BANK TOKEN. One can access comprehensive reports of all transactions, covering up to the last 10 years.

5.3 e-Collection

Remita e-Collection empowers billers to receive payments from customers from anywhere across the country, through multiple channels including any bank branch, PoS, Website, among others. For easy reconciliation, billers can define and customize online Pay-In form with as many fields as desired, containing all the information that you want payers to supply at the time of payment e.g. *Payer Name, Payer ID, Payer Category, e-Mail Address, Telephone Number, Goods and Services desired, Policy or Reference No, Comments etc.*

Figure 5:TSA e-Collection



Source: Remita

6 BANKING ARRANGEMENT OF THE TSA

Banking arrangements plays a crucial role in the successful implementation of a TSA. It determines whether MDAs, Donors, and NGOs have control over their funds as well as trust and confidence in the way which government handles transactions. The Nigerian TSA operates decentralized banking arrangements for both the Federal Government and the State level. Under this model, individual budget agencies process and make payments directly to suppliers and account for these transactions using GIFMIS through Remita. The payment gateway allows electronic links between spending agencies, the CBN, the DMBsDM, and the treasury. This is a model of centralized cash control, but decentralized responsibility for commitments, payments, and accounting. This model makes the spending agency responsible for internal control and management, while keeping central control of cash through the TSA main account.

In a decentralized payment processing and administration control, the Nigerian TSA has three banking arrangements: centralized main account, subsidiary accounts and zero balance account.

6.1 Centralized Main Account

The Federal Government of Nigeria maintains Treasury Main Account with CBN was all revenue receipts are lodged and disbursements are met from. At the State Government, they operate a decentralized TSA, the State maintains a Treasury Main Account with DMBs- with the exception of Kaduna State-, were all revenue inflows are received and payments are made from.

6.2 Subsidiary Accounts

In addition to the Treasury Main accounts maintained either at CBN (centralized TSA structure) or DMBs (decentralize TSA structure) MDAs holds sub-accounts at the CBN and DMBs.

6.3 Bank reconciliation

All MDAs payment transaction and bank reconciliation have been decentralized. MDAs process payment from their offices, create and submit payment mandates electronically via GIFMIS or directly through Remita. And approved payments will be credited to the beneficiary bank account. The statements are available on the remita platform to facilitate reconciliation.

7 EXPERIENCE IN THE IMPLEMENTATION OF THE TSA: FEDERAL AND STATE GOVERNMENT

7.1 Federal Government of Nigeria (FGN)

Before the implementation of the TSA, FGN had multiple bank accounts amounting to over 17,000 and countless dormant accounts with huge balances. The status quo at the time impeded government in consolidating its cash position and exercising an oversight control. This led to unnecessary borrowing and incurring charges when there are idle balances in MDA accounts. Lack of coordination among key fiscal agencies degenerated to poor cash planning and consequently, inability of government to fund government budget. Low efficiency in the collection process of government led to a loss in government revenue to the tune of ₦ 70 billion as a result of failed banks. However, after the introduction of TSA in 2015, FGN was able to determine FGN cash position. This has enhanced cash planning and management. Furthermore, there has been a marked reduction in Ways and Means charges from ₦ 4.7 billion per month to zero. In addition, the average Ways and Means advances of CBN plummeted from ₦102 billion in 2011 to about 19.28 billion in 2012 and 2013. The implementation has significantly improved FGN liquidity management.

7.2 State Government

The study team was privileged to be presented three state experiences: Plateau, Kogi, and Kaduna. All three have some unique experience in the implementation process at the state government.

7.2.1 Kaduna State

The Kaduna State Government used the big bang approach in the implementation of TSA in the in 3 months. In the implementation, Kaduna State closed 470 accounts and was able to consolidate balances of N24.7bn, well above even their most optimistic projections. The TSA process brought many benefits to the State. Its implementation exposed the fact that N1.5bn of Kaduna State money was at risk. Months later, it was discovered that a particular bank failed to either declare or remit yet another N1.5 billion – a significant sum of money.

7.2.2 Plateau State

TSA went live in Plateau State on 16 January 2016, adopting Remita as its payment gateway. The choice is due to Remita's rich functionalities; ease of use and in conformity with Federal Government. Before the implementation of the TSA, Plateau State was fraught with challenges in enhancing sound public financial management such as: efficient revenue collections, liable cumbersome and inefficient revenue tracking process, loss of revenue due to leakages and lack of comprehensive tax payer data. However, after the implementation of

the TSA, Plateau State achieved milestones in: revenue collections; consolidation of cash resources-which was not possible in the pre TSA; improved government financial decision-making and projections etc.

8 IMPACT OF THE TSA ON MONETARY, FINANCIAL STABILITY AND CASH MANAGEMENT

The implementation of a TSA in Nigeria has markedly impacted the functioning of monetary policy, financial stability and cash management. A closer look at its scope has revealed an upside at the same time downside effect.

8.1 Upside of TSA implementation

TSA has mitigated the risk of inflation and volatility in exchange rate as banking liquidity is kept with CBN instead of Deposit Money Banks that creates money. The lodging of special projects monies as well as donor funds has improved accretion to reserve which assist in foreign exchange management due to the fact that MDAs foreign exchange holdings are now under the control of Central Bank and this enables more supply to the foreign exchange market to support the Naira. The TSA has availed DMBs the opportunity to mobilize private sector deposits or informal deposits, as Government deposits is no longer available. This therefore brings the unbanked to the financial services and promotes financial inclusion (Accounts creation, Deposits, Savings, Credits and Insurance e.t.c

There has been a good coordination between monetary and fiscal policy, since Government accounts are kept with Central Bank and gives monetary authority overview of injections and withdrawals in the Financial System. Reduced Federal Governments recourse to Ways and Means advances for the reason that the Government can access its consolidated cash holdings. Ways and Means is high-powered money or money printing, which increases money supply and compromises monetary policy.

8.2 Downside effect

On the other hand the TSA has ramifications on monetary and financial stability of the Nigerian economy. The TSA has reduced liquidity contraction leading to probable default in honoring obligations by DMBs. This consequently led to higher Inter-Bank lending rates and customer's borrowing rate at the initial stage of the implementation. High interbank lending rate has risen the risk of non-performing loans from MDAs as a result, withdrawal of deposits made to CBN. The withdrawal of deposits from DMBs has limited the lending capacity of DMBs as well as a slow in economic growth. CBN cannot issue Bank Guarantee to MDAs of the FGN due to provision of Fiscal Responsibility Act.

9 CHALLENGES IN THE IMPLEMENTATION OF THE TSA

Despite the laudable achievements the Nigerian government has made in the implementation of a TSA, there are still challenges.

The Implementation of the TSA has faced serious resistance from individuals, institutions, and agencies who believed government is out to exercise control and micro-manage their day-to-day business affairs. This is evident by the fact that the National Assembly, and Judiciary are still not part of the TSA.

There exist still gaps in the legal and regulatory framework, which has not been reconcilable with broad objective of the TSA to be strictly centralized. For example, in the Fiscal Responsibility Act states that CBN cannot lend to state DMBs.

This has resulted to States domiciling their TMA with DMBs. The lump-sum transfers of MDAs balances by DMB to the CBN has caused liquidity problem in the banking system as well as risk to rise in non-performing loans.

Information feedback is weak, resulting to difficulty in accessing bank statements and associated reconciliation issues. MDAs compliance has been opening numerous sub-accounts at the CBN and therefore making consolidation of individual bank accounts more cumbersome and adversely affecting government oversight function in ascertaining final bank balances at the end of the day.

10 THE GOVERNMENT OF THE GAMBIA'S STATUS OF PREPAREDNESS FOR THE SUCCESSFUL IMPLEMENTATION OF TSA

Similar to Nigeria, The Gambia has undergone a number of PFM reforms since the year 2000. In addition to the legal and economic reforms, there has been a good level of infrastructural development in the ICT and Integrated Financial Managements systems as well. On these measures the Gambia is comparable to Nigeria and therefore poised to successfully implement a TSA.

The Gambia has a good legal and regulatory backing to implement a TSA successfully. Section 150 of the constitution provides the creation of Consolidate Revenue Fund. In addition, the PFM ACT 2014 and the Financial Regulation 2016 provides for the creation of CRF and how public funds should be expensed. On the financial sectors we have the Payments System Act 2016 and Central Bank of The Gambia (CBG) Act 2018. These regulatory frameworks are expected promote sound banking management in the Gambia.

The Gambia over the years has registered deep, comprehensive, and complete reforms in the area of macroeconomic, procurement, financial recording and reporting and Audit oversight.

Since the early 2000s the GOTG has made efforts in achieving sound financial management, recording and reporting system in place. One of the most famous tools used in the recording and reporting of financial transactions is the Integrated Financial Management Information System (IFMIS), which was successfully implemented in 2007. The IFMIS has enhanced the budgetary processes of government as well as improved accurate and timely reporting of government financial statements. Besides the IFMIS, the GOTG also implemented a debt-recording tool called Commonwealth Secretariat Debt Recording System (CS-DRMS). This has greatly enhanced debt recording and management in the Gambia.

In addition to the IFMIS and CS-DRMS, the Gambia has also accentuated efforts to enhance the Chart of Accounts. The introduction of the IFMIS brought about government adoption of a unified COA. This has provided the framework to capture original transactions, organize data logically, and provide a robust basis for reporting on the results. The GOTG has also made some strides in improving the accounting and reporting standards of government by adopting International Public Sector Accounting Standards (IPSAS) as well as a Standardize GFS Chart of Accounts in 2011. This has improved government accounts transparency and comparability.

Tax Administration has improved markedly in the Gambia due to system reforms undertaken by GRA. The GamTaxNet has improved domestic tax revenue collection whilst the ASYCUDA++ enhances better customs and duties collection.

Budgetary reforms have also played a huge role in enhancing judicious planning and implementation of budget execution. Medium Term Expenditure Framework (MTEF) was implemented in the Gambia in 2012..

The Gambia is peculiar because of its deep and comprehensive reforms undertaken in government banking arrangements. Already, we have a good head start in the implementation of a TSA. The government operates a semi-TSA structure. Government is operating on two accounts that is the CRF and TMA. Government revenue collection is daily sweep to the TMA where government expenses are met.

Furthermore, the Gambia has invested significantly in the ITC infrastructure to enhance seamless financial transaction process and time bound payment. The Modernization of the Gambia's payment, clearing and settlement system through West African Monetary Institute (WAMI) started in 2011. The process spans across different facets and includes the establishment of the Real-Time Gross Settlement system (RTGS), the Automated Cheque Processing Automated Clearing House (ACP-ACH), Securities Settlement System (SSS) and an electronic national switch for retail payments (Gamswitch).

Although most of these ITC infrastructures are in place in relevant government institutions, however, there is still a major inter-operability problem.

11 RECOMMENDATIONS AND CONCLUSION

Clearly, the Gambia has made strides in improving public financial management, which is the cornerstone to fiscal discipline, effective allocation of resources and efficient service delivery. However, the implementation of TSA requires a lot more than just a piecemeal reform implementation process. It is complex, painstaking and involving: requiring deep, comprehensive, and good institutional leadership and political will to successfully implement a TSA. Therefore the following recommendations will go a long way in smoothening the implementation of a TSA in the Gambia as well as derive the desired benefits for economy as a whole.

- i. The Implementation of a TSA needs both institutional leadership and political will at the highest level. Good leadership from stakeholders and implementing MDAs is paramount to achieve success. Given that TSA comprise of varied stakeholders who are sometimes autonomous and independent, the need for endorsement from the executive at the highest level on the implementation of a TSA cannot be over emphasized. This will invariably curb institutions with the influence to derail the implementation process.
- ii. GOTG need to have a robust TSA sensitization program.
- iii. Government should ramp up efforts in the upgrading of the IFMIS from Epicor 9 to Epicor 10. The IFMIS will play a vital role in government budget execution and payment processing at the MDAs. Therefore wide coverage of IFMIS to all government institutions and remote areas of the country is crucial for the successful implementation of the TSA.
- iv. The Gambia has a very resilient and sound banking industry and thus accommodates a big bang approach to the TSA implementation..
- v. Adopt a risk management strategy that aims to identify, assess and prepare for any impediments, moral hazards, and other potential bottlenecks that may interfere with the successful implementation of a TSA in the Gambia. The Gambia already has an enterprise risk management, which is championed by Internal Audit Directorate.
- vi. Create a payment gateway to facilitate payment transactions through the transfer of information between the Payment Gateway and IFMIS, Gamswitch, RTGS, SSS and ACP-ACH.
- vii. Government should outsource the payment gateway platform to interconnect all other government systems to be managed by a service provider.
- viii. Establish a stakeholder committee to be led by CBG to determine the cost of transaction tariff on the gateway and other systems

We can conclude that TSA is an effective tool for sound public financial management. The Implementation of TSA in The Gambia can enhance proper cash management, reduced the cost to ways and means, improved planning and budgeting as well as the cost to monetary policy. The banking sector has been more proactive in investing productive areas of the economy and eventually a leap in economic growth. Therefore the bonuses that a TSA comes with cannot be over emphasized.

12 References

Papers

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13 Appendices

Office of the Accountant-General of the Federation

Federal Ministry Of Finance

The Gambia Ministry Of Finance & Economic Affairs Study Tour of Federal Government TSA 13th -21st May, 2019

Programme of Events

Date	Time	Activity	Venue	Presenter/Facilitator	Chairman of Session
Day 1: May 13, 2019	09:30 - 10:30am	Reception of Delegates by HMF	HMF Conference Hall	Director, TSA	HMF
	11.30 - 1.00pm	Reception of Delegates by AGF	AGF Conference Room (ACR)	Director, TSA	AGF
	1:00 - 2:00pm	Status of TSA Implementation in The Gambia and Expectations from Nigeria Visit	ACR	The Gambia Delegation	AGF
	2:00 - 3:00pm	Lunch	OAGF		
	3:00 - 4:00pm	Familiarization with OAGF	OAGF	Director, Admin.	DA
Day 2: May 14, 2019	10:00 - 11:00am	Public Service Reforms in Nigeria from 2000 to date	Chelsea Hotel Central Area	Joe Abah Former DG BPSR/ Country Director, DAI	Mr. Salawu Zubairu, DFA Ministry of Foreign Affairs
	11:00 - 11:30am	Tea Break			
	11:30 - 1:00pm	Nigeria TSA from Concept to Reality, Reflection on the Journey so far and the Impact	Chelsea Hotel, Central Area	Mr. Salawu Zubairu, DFA Ministry of Foreign Affairs	Director, Administration
	1:00 - 2:00pm	Lunch			
	2:00 - 3:30pm	IFMIS: An essential Tool for Public Financial Management	Chelsea Hotel, Central Area	Mr. M.K Usman, Director Funds	Joe Abah Former DG BPSR/ Country Director, DAI
Day 3: May 15, 2019	10:00 - 11:00am	TSA Implementation: Implication on Monetary Policy and Financial Systems	Chelsea Hotel	CBN	Mr. M.K Usman, Director Funds
	11:00 - 11:30am	Tea Break			
	11:30 - 1:00pm	Legal Framework for Public Financial Management in Nigeria	Chelsea Hotel	Dr. Oludare Osibote	Director, Federation Account
	1:00 - 2:00pm	Lunch			
	2:00 - 3:30pm	Lecture VI: Payment Gateway as an enabler of TSA	Chelsea Hotel	SystemSpecs	Mr. Dipo Fatokun (Director Banking Service CBN)
Day 4: May 16, 2019	From 10am	TSA scheme: Case study of Kaduna State	AGF CR	AG Kaduna	Director, Special Duties
Day 5: May 17, 2019	From 10am	TSA scheme: Case study of Kogi State	AGF CR	AG Kogi/ AG Plateau	Director, Revenue & Investment/ Inspectorate
Day 6: May 18, 2019	Evening flight	Trip to Lagos	Ikeja	TSA Department	
Day 7: May 19, 2019	From 5pm	Social Group Dinner Outing	Ikeja hotel	Sponsored by SystemSpecs	
Day 8: May 20, 2019	10:00 - 11:30am	Lessons Learnt from TSA Implementation in Nigeria and What The Gambia can learn from it	Ikeja hotel/ CBN Office Lagos	Sylva Okolieaboh, FCA (Director, TSA)	AGF
	11:30 - 12:00pm	Tea Break			
	12:00 - 2.00pm	Joint Interactive Session with Payment System Stakeholders.	Ikeja hotel/ CBN Office Lagos	CBN/ TSA Department	Sylva Okolieaboh, FCA (Director, TSA)
	2:00 - 3:00pm	Lunch	Ikeja hotel/ CBN Office Lagos	CBN/ TSA Department	
	3:00 - 5:00pm	Presentation by selected PSSPs	Ikeja hotel/ CBN Office Lagos	SystemSpecs	
Day 9: May 21, 2019	4:00 - 5:00pm	Closing Ceremony	Lagos Ikeja hotel	TSA Department	HMF & AGF
	6.00 - 7.00pm	Dinner	Lagos Ikeja hotel	TSA Department	
	7.00 - 10.00pm	Gala Night	Ikeja/ Eko hotel	TSA Department	