



Stages of implementation of the Single Treasury Account project – Handling of subsequent changes

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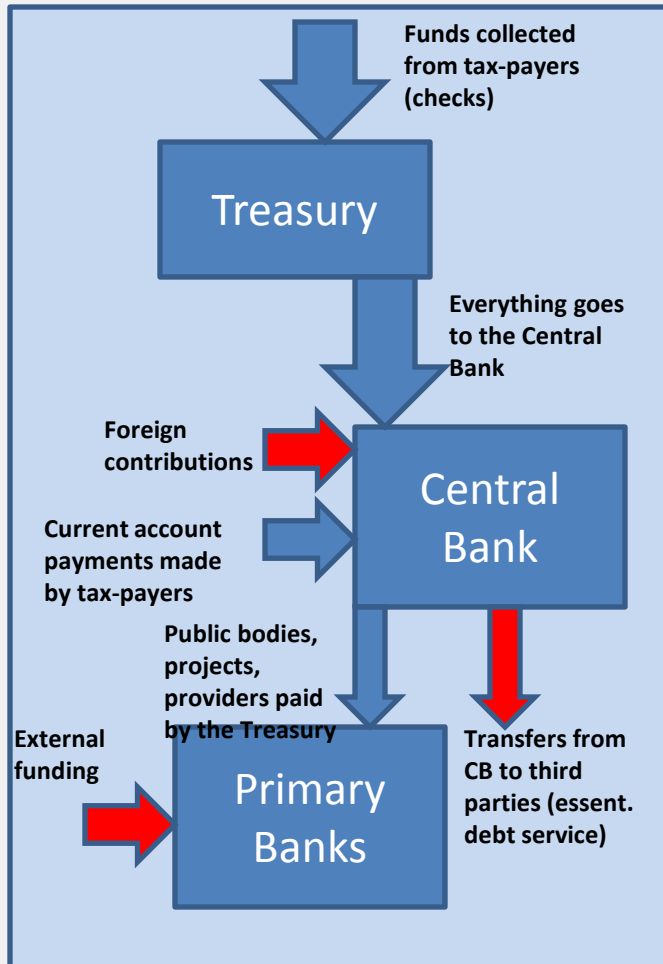
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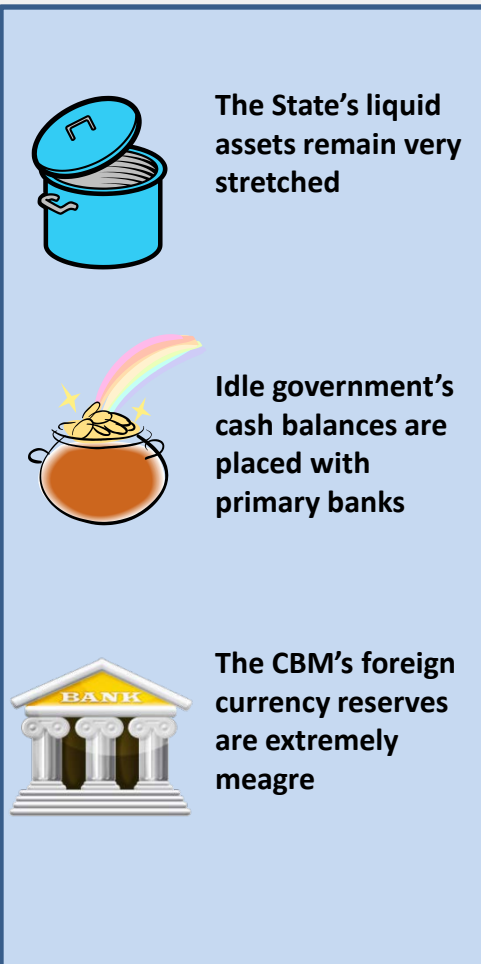


I. A treasury fragmented among primary banks (before 2005)

State's cash flow



Result



Consequences on public finances

- The State budget is not implemented at the necessary pace.
- The budgets for several fiscal years are implemented at the same time.
- Accumulation of debts (budgetary and treasury)
- There is fertile ground for corruption.
- **Les EP sont parf.engagés auprès du SB**
- The State is trapped in a vicious circle because primary banks are not willing to purchase treasury bills, although the disposed funds belong partially or totally to the State
- State budget expenditure often exceeds the limit set by the Central Bank
- The CBM acts as a second Ministry of Finance and performs different operations at its own initiative
- Money is being issued
- Inflation is soaring
- Impossible to determine government's net position



II. Treasury centralization at the Central Bank of Mauritania (2005-2011)

Reform implemented in 2005

- The CBM dedicates an accounting root to the State (320) and opens within this root accounts for all government bodies, projects and other public entities
- All accounts opened by the various entities at primary banks are closed and their balance is transferred to the new accounts.
- The Treasury's current account is also included in this root (3200100)
- Only the Ministry of Finance is entitled to open all public entities' accounts
- Creation of a money market which operates every week
- The Treasury reorganizes its accounting system so as to accommodate these changes

Results obtained

- The government's net position can easily be determined.
- The Treasury turns from idle to active and can borrow funds from the money market.
- All Treasury debts are paid. The timing for budgetary execution and in particular the timing for the closing of accounts are respected
- The CBM's intervention is from now on limited according to its statute
- Public bodies can no longer borrow funds from the banking sector
- Budgetary periods no longer overlap



III. Decision on Zero Balance Account (2009)

Problems encountered

- The 2008-2009 political crisis plunged the Treasury back into a difficult situation
- Almost all of the State's cash resources were with the CBM, but the Treasury had no access to it
- Public bodies preferred to put their cash with the CBM rather than with the Treasury because of the latter's proximity to control bodies
- Banks preferred to use their deposits for other purposes than that of buying Treasury bills (exchange markets etc)
- The Treasury's position on the market was once again problematic

Solutions adopted

- First, consistent transfers of all budgetary mandates for sub-accounts (root 320) from CBM to deposit accounts opened at the Treasury
- Decision 322/MF of 15/01/2009 stipulates the merge, upon simple request made by the MF of all sub-accounts (root 320) in the treasury account (3200100) and the transfer of balances towards existing deposit accounts or towards an account opened with the Treasury.
- Settlements to third parties are systematically paid through the banking sector so as to send banks the following message: we take back all the funds deposited into banks, but we still use the banking sector for our payments
- First operation of zero balance account was carried out successfully on the 1st of February 2009.



IV. Creation of the Single Account (07.10.2011)

Measures taken

- All accounts from the root 320, except the account 3200100 (the Treasury's old current account), are closed and their balance (debtor or creditor) is transferred to 3200100;
- All accounts that had not existed before are opened at the Treasury;
The Treasury zeroes the balances of the closed accounts in the corresponding accounts opened at the Treasury;
- All public structures that are concerned are informed via mail;
- For the accounts that had to stay with the CBM according to contracts signed with third parties (e.g. lenders), other accounts that do not have the root 320 are opened, and the old balances are zeroed in these new accounts;
- Treasury checks can now be cleared and the Treasury, which used to be represented by the CBM in the clearing house, has now become its full member.

Results obtained

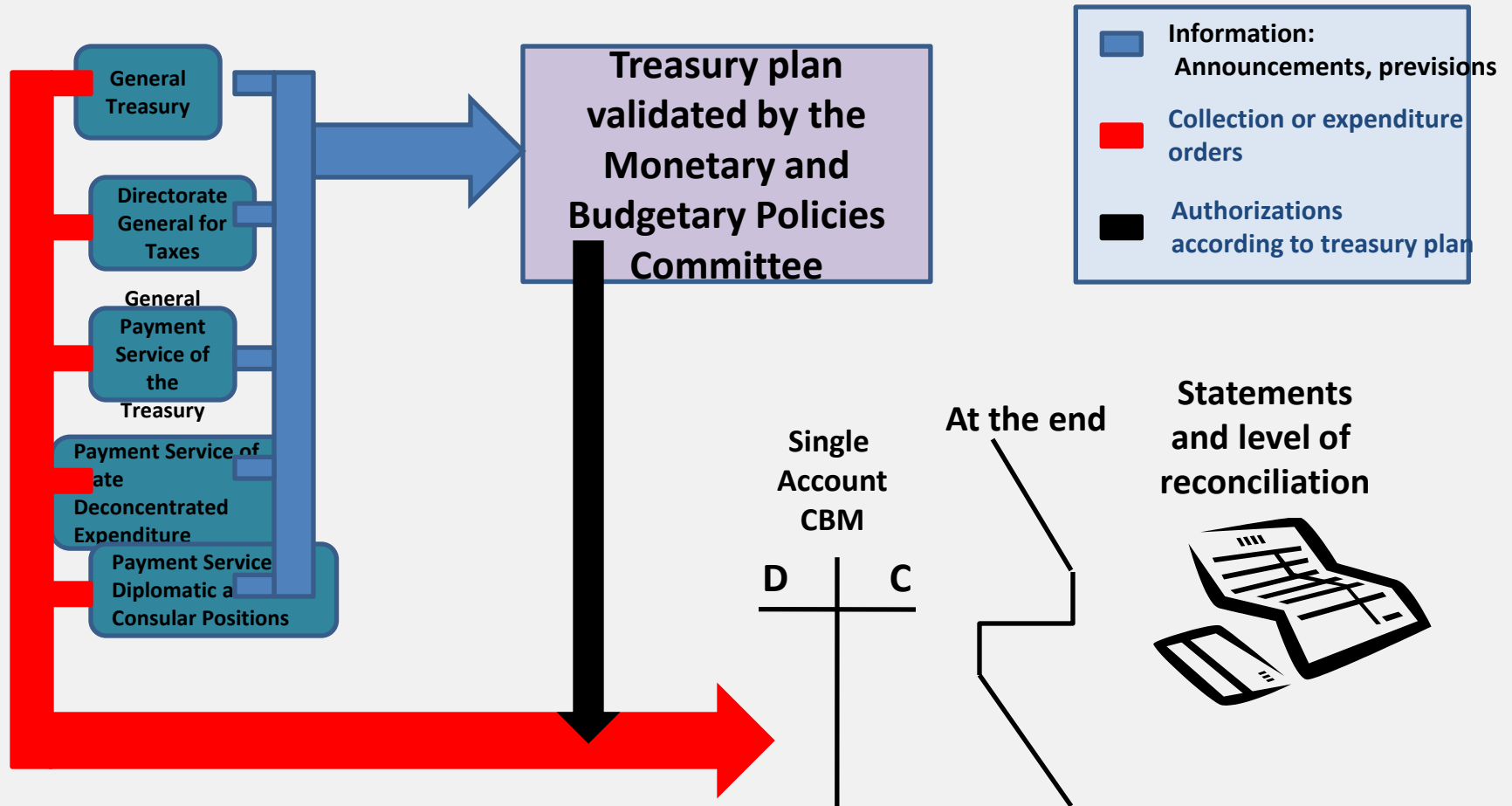
- The State's cash resources are from now on almost entirely concentrated in a single account opened at the CBM
- The public bodies that held an account at the Treasury can pay their debts by certified Treasury check which the beneficiary can bring to his bank for clearing.

Challenges

- The accountants of the Treasury depositors no longer need the signature of the General Treasurer for the payments the depositors are entitled to, but the main Treasury accountants (Payment Service of State Deconcentrated Expenditure, General Payment Service of the Treasury, Payment Service for Diplomatic and Consular Positions) still require this signature, this being in contradiction to the accounting deconcentration reform.



V. Single account, Treasury plan and accounting deconcentration



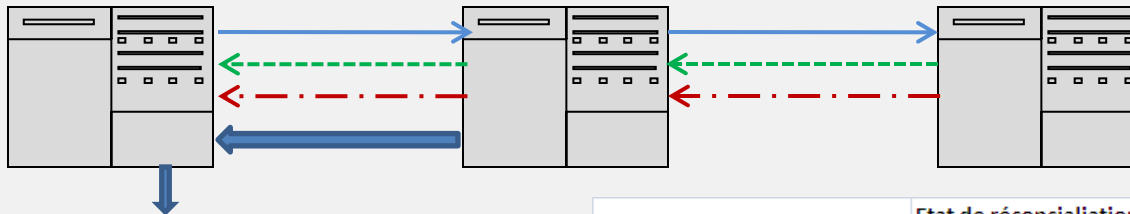


VI. Treasury interface system/CBM and account reconciliation (operations fluidity and balance reliability)

The Treasury's
Beit-El-Mal
System

Interface
System

CBM
systems



- Operations initiated by the Treasury
- ← Information on the execution by the CBM
- ← Operations initiated by the CBM

account reconciliation at t moment:
 Treasury balance (t)+CBM balance(t)=
 Σ of all operations initiated by the two
 parties

Etat de réconciliation Trésor-BCM le jj/mm/aaaa			
	DB	CR	
Solde au Trésor	10 000 000 000,00	-	
Solde à la BCM	-	9 500 000 000,00	
Solde à réconcilier (SAR)	500 000 000,00	-	
Avis de Débit ou de Crédits Attendus			
Date	DB	CR	Libellé
(jj-1)/mm/aaaa	0	500 000 000,00	Païement Société A
(jj-1)/mm/aaaa	200 000 000,00	-	Bodereau de chèque à l'encaissement
Solde Trésor non réconcilié (A)		300 000 000,00	
Opérations non constatées par le Trésor			
date	DB	CR	Libellé
(jj-1)/mm/aaaa	800 000 000,00	-	Remboursement échéance Banque Mondiale
Solde BCM non réconcilié (B)	800 000 000,00	-	
Solde non réconcilié (A)+(B)	500 000 000,00		
= solde à réconcilier (SAR)			

Challenges:

- No systematic feedback from CBM yet
- Banks do not receive details regarding the operations from the CBM =>delay in execution



VI. Treasury's interface system/CBM and account reconciliation (operations fluidity and balance reliability)

Optimizing the interface system

- We replaced the on-line availability of CBM operations by a virtually automatic daily log in Excel; the re-entering of data is not necessary and the operation can be done in just a few minutes;
- The details regarding expenses and, in the near future regarding revenues, are passed on by the Treasury to the primary banks via automatic e-mail.
The e-mail addresses used are secured and have been informed by the banks;
- The state of bank settlements is published on the Treasury's website where the beneficiaries can consult them. Confidentiality requirements are, of course, respected. The data is updated every 2 hours.

Results

Pending the introduction by the CBM of an electronic payment system, the interface system has allowed Treasury to:

- accelerate the payment and collection processes;
- manage the single account which goes daily through reconciliation;
- make it possible for beneficiaries working with the Public Treasury to get information regarding the stage their operations find themselves in via the website.



VII. The contribution of the Central Bank of Mauritania

CBM's expected contribution

Cash pooling is a banking service the Central Bank must be able to offer to the Treasury as well as to its other clients;

The CBM must also implement a genuine system of electronic payments, in order to facilitate the execution of operations by the Treasury and other banking sector actors

The CBM must open more subsidiaries within the country. To date, it only has 2 subsidiaries apart from the headquarters;

The CBM must have its own monetary policy instruments and not use Treasury bills to conduct this policy

Until then ...

In addition to the single account, the Treasury must implement accounting deconcentration based on a weekly treasury plan.



VIII. Single Account combining accounting deconcentration and compliance with the Treasury Plan (2014)

Prerequisite:

Opening of accounts 4303 and 5502

by the main accountant (General Payment Service of the Treasury , Payment Service of State Deconcentrated Expenditure)

Cycle hebdomadaire ...						
Phases-->	Mise en place	Emission	Certification	Validation du paiement	Compensation	Emargement du chèque
Acteurs	CPMB, Service de la Trésorerie	Comptable Payeur	Service de Dépôts	Comptable Payeur	BCM	Service de la comptabilité du Trésor
Explication	Sur la base des annonces des comptables, le plan de trésorerie hebdomadaire est élaboré et les montants accordés sont mis en place dans les comptes de dépôts des comptables le 1er jour de la semaine	Le comptable établit un chèque par banque pour effectuer ses règlements	Le service de dépôt, certifie le chèque en fonction de la disponibilité sur le compte 4303XXX	Le comptable valide le paiement, le chèque est ensuite envoyé directement à la Banque primaire	La BCM débite le compte Unique par le Montant du chèque, à l'issue de la compensation	Le chèque initialement émis par le comptable retourne au Trésor après que la BCM ait débité le compte unique. Le service comptable a 24 h pour effectuer un éventuel rejet comptable
Opération comptable au Trésor	4303XXX,CR	néant	4303XXX,DB	40,43,58,DB	néant	5501,CR (Compte Unique dans les livres du Trésor)
	5502XXX,DB		430300000,CR	5502XXX,CR		430300000,DB



IX. Debt management, active Treasury management

Debt and treasury management

The TSA is an essential tool for treasury management, which in turn is essential for debt management;

Active treasury management allows for a continuous flow of payments to creditors, while respecting the set levels of debt and optimizing the costs involved in the reimbursement of the debt;

In Mauritania, we have not yet reached the objective of having an active treasury management for the following reasons:

- We have not yet attained financial "sovereignty", because we mostly resort to concessional debt which is cheaper, of course, but comes with management conditions;

- Our treasury is not entirely sound because we reimburse our debt without collecting the drawdown;

- We dispose of an input-based budget that does not yet guarantee a full use of resources;

- The existence of a multitude of related budgets;

- There are no possibilities for investing the excess liquidity.



Thank you for your
attention ...