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TREASURY SINGLE ACCOUNT AND ACCOUNTABILITY IN NIGERIA

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ABSTRACT

The purpose of this study was to examine the policy of Treasury Single Account (TSA) as an essential tool for enhancing accountability in public sector financial. Theoretically, it is expected that TSA would bring about mutual benefit, halt economic injustice and engender financial discipline, transparency, accountability, a new economic and political order in Nigeria. The population of this study were Ministries, Department and Agencies (MDAs) within Port Harcourt metropolis using a sample of 72 respondents through judgmental sampling. The data were analyzed using the Pearson Correlation techniques. The result of this research shows that adoption of a Treasury Single Account (ISA) is capable of plugging financial loopholes, promoting transparency and accountability in the public Financial System. Thus, the study recommended that for the success of this policy government should promulgate more legislation to make it mandatory for all the three tiers of government in Nigeria.

Keywords: Treasury Single Account, Accountability and Public Finance Management in Nigeria

INTRODUCTION

Treasury Single Account is a public accounting system under which all government revenue, receipts and income are collected into one single account, usually maintained by the country's Central Bank and all payments done through this account as well. The philosophical behind TSA is primarily to ensure accountability of government revenue, enhance transparency avoiding misapplication and mismanagement of public funds. The advocates or Treasury Single Account argue that it will help to ensure proper cash management by eliminating idle funds usually left with different commercial banks and in a way enhance reconciliation of revenue collection and payment (Adeolu, 2015).

At a time when countries all over the world are contending with increased pressures on public financial balances, it is necessities that public resources are used in the most effective, efficient and judicious way. Given that resources in the public sector are mostly generated through taxes and taxes create misrepresentations in the allocation of resources constraining economic growth, it is essential that public expenditures be used to improve long-term growth viewpoints and take equity thoughts into account. Improved efficiency and effectiveness of public spending helps to maintain the fiscal discipline requested by them and also is instrumental in promoting the structural reform agenda of the present government. It eases budget constraints hews achievement of same results at lower levels of spending or increases in the value for money. This can be better achieved through the same level of spending.

The payment of government revenue into multiple bank accounts operated by Ministries, Departments and Agencies (MDAs) in commercial banks, as obtained under the old order, was clearly against the Nigerian Constitution. Section 800) of the 1999 Constitution as amend states that All revenues, or other moneys raised or received by the Federation (not tin revenues or other moneys payable tinder this Constitution or any Act of the National Assembly into any other public fund of the Federation established for a specific purpose) shall & paid into and form one Consolidated Revenue Fund of the Federation (Yusuf& Chiejina, 2015). Successive governments have continued to operate multiple accounts for the collection spending of government revenue or others is regard to the provision of the Constitution, which requires that all government revenues be remitted into a single account. It was not until 2012 that government ran a pilot scheme for a single account using 217 MDAs as a test 344 Africa Public Service Delivery & Performance Review case. The pilot scheme saved Nigeria theta N500 billion in frivolous success of the pilot scheme motivated the government to fully implement TSA, leading to the directives to banks to implement the Technology platform that will help accommodate the TSA scheme (Okwe, et al, 2015).

The Presidential directive in 2015 that all government revenues should be remitted to a Treasury Single Account is in consonance with this programme and in compliance with the provisions of the 1999 Constitution and also a determination to ensure discipline and greater transparency in the management of the nation's finances. According to the directive, all MDAs of 2overnment are expected to pay their earnings into a unified bank account known as Treasury Single Account (TSA). The directive applies to the MDAs that are funded from the Federation Account such as Nigerian National Petroleum Corporation (NNPC), the Central Bank of Nigeria (CBN), the Securities and Exchange Commission (SEC), and the Nigerian Pats Authority (NPA), Federal Universities, the Customs Service (NCS), Nigeria Immigration Service (NIS), Federal Inland Revenue Service (FIRS) and a host of others. The MDAs are to pay all their revenues to a sub-account linked to the TSA at CnN. To promote quick compliance with Presidential directive, the then Head of Service of the Federation (HSF), Danladi Kifasi, gave the name and number of the ISA as Accountant General (Federal sub-Treasury) Account No. 3000002095. The order on ISA, which came into effect on August 11(2015), marks the beginning of MDAs' retirement of revenues due to the Federal Government into a unified amount maintained by the Central Bank of Nigeria (CBN, 2015).

As a public accounting system, the primary aim of ISA is to ensure accountability of government revenue, enhance transparency and avoid misapplication of public funds Clementina, 2016). It is to ensure that transparency on unspent budgetary allocations is carried forward automatically to another year.

Revenue generating agencies that have been depriving the Treasury of due revenue through a plethora of bank accounts under their purview and which is not known to the authorities will no longer be able to defraud the revenue since all funds will be swept into the TSA.

(Akinmutimi, 2015). Thus, beyond transparency and accountability, the TSA will introduce economy and efficiency into overall management of public finances and this will in the long run lead to effectiveness of government spending since it places government in a better position to realize overall policy goals. (Abayelu, 2015).

In practical terms, there is palpable optimism that with diligent implementation, the TSA will enhance transparency and accountability in the management of public parastatals and the public funds. Furthermore, the practice should expectedly capture additional revenue to effectively fund more capital projects that will lift the social welfare of Nigerians, (AU/ECA, 2015). As laudable as the directive on TSA suggests, it is fraught with challenges which this administration may want to address for it to serve its purpose. In an economy, notorious for late passage of budgets, a TSA regime may hamper disbursement for capital projects and operational projections of MDAs, unless as some argue, a certain percentage of government receipts are retained for smooth operations by Olaoye, F. 0., & Adebowale, 0. J. (2017).

LITERATURE REVIEW

Treasury Single Account (TSA)

According to Onyekpere (2015), TSA is a unified structure of government bank accounts enabling consolidation and optimal utilization of government cash resources. It is a bank account or a set of linked bank accounts through which the government transacts all its receipts and payments and gets a consolidated view of its cash position at any given time. The TSA isa process and tool for effective management of government's finances, banking and cash position (Eme, Okechukwu, Innocent, Chukwurah, & Daniel, 2015).

With the implementation of the Treasury Single Account, Ministries, Departments and Agencies (MDAs) will maintain their individual accounts with the commercial banks, but daily funding of their disbursements are made from the central or main account, which is resident with the Central Bank, just as their closing balances at the end of day are transferred to the main account Chukwu (2015).

TSA Transaction Processes TSA can operate with both centralized and decentralized (or deconcentrated) transaction processing and accounting control systems (Lienert& Ian, 2009). The feasibility of implementation depends on the level of technological development of the banking sector and the government, including a reliable communications network. Poor banking and technological infrastructure in developing countries like is sometimes an obstacle to combine of cash balances consolidation with decentralization of payment procedure.

Concentration of authority at the treasury to process transactions, access and operates the TSA according to (Sailendra & Israel 2011), provides payment services for spending agencies and has the exclusive authority to operate the TSA, as well as regional treasury subaccounts. The budget organizations submit their payment requests to the centralized authority/treasury before making payments. Under this model, requests for payments are prepared by individual budget agencies and sent to a central treasury payment unit for control and execution.

The central payment unit manages the float of outstanding invoices making the model a useful synergy between cash management and expenditure control and transaction accounting. Centralization of expenditure transaction processing can also lead to inefficiencies, including high transaction costs, and potential for corruption especially where the control systems are inadequate. Another issue that needs to be considered is whether the authorization of commitments is centralized or decentralized to individual spending agencies. In this case, commitment control and payment systems are not well integrated, payment arrears may occur. Although in this model the payment and accounting functions are centralized, individual spending agencies are treated as distinct accounting entities through a treasury ledger system.

Therefore, information on the individual ledger accounts of the spending agencies is maintained and controlled internally by the treasury and thus not visible to the banking system. Under this model, only the treasury central unit deals with the commercial banks, making payments from the TSA and receiving collected revenues into the TSA (Eme, et al, 2015)

In decentralized transaction, each budget institution processes its own transactions during budget execution and directly operates the respective bank account under a TSA system. Here transaction processing model could be associated with either the brutalized or the distributed TSA structure. Combining the options of the decentralized TSA structure and the decentralized transaction processing model would require an efficient and reliable communication network and interbank settlement system for netting of balances of several transaction accounts with the TSA main account. The model requires individual budget agencies process and makes payments directly to suppliers and account for these transactions through a TSA system.

Modern technology allows electronic links between spending agencies, the central bank, the commercial banks, and the treasury to sets the cash limits monthly or quarterly for the total. An amount of disbursements to be made by a particular budget agency, but does not control individual transactions. The authority to make commitments is granted to the budget agencies on a periodic basis (generally each quarter) by the budget office, and cash limits are set by the treasury, often on a monthly basis.

Example of a decentralized model is one that combines TSA sub-accounts for line ministries and zero-balance accounts for individual spending agencies within each line ministry. Under this variant, the ministries/departments maintain sub-accounts of the TSA at the central bank. Various sub-accounts may be set up for different institutional types and each may have different operating rules. Cash limits should be set for each spending entity. Individual spending agencies within a parent ministry/department have zero-balance transaction accounts authorized by the treasury, generally in commercial banks, which are automatically swept at the end of each day. At the end of the day, the central bank records the cash to the appropriate major institution subaccount in the central bank so that a balance of all government accounts incorporating the TSA can be seen (Ekubiat, &Edet,20l6) Benefits of Treasury Single Accounts according to Ifeanyi (2015) are;

- Enhancement in tracking accurately all receipts and providing audit trails.
- Ensures full remittance of taxes from all tiers of government.

- inter-governmental account reconciliations between Federal. State and Local governments.
- Reduction in fraud, corruption and financial irregularities.
- Has positive effect on fiscal and monetary policy management as it controls and efficiently manages amount of cash in circulation and in turn reduces borrowing and costs of borrowing.
- Enhancement in performance of duties of financial investigation agencies like EFCC (Economic and Financial Crime Commission and ICPC (Independent Corrupt Practices and other related Offences Commission.
- Enhances Real time Accounting and Reporting in the Public Sector especially when integrated with e-payment system.
- Reduction in the cost of Minting, Printing and Circulation processing and replacing currency notes as e-Receipts and e-Collection is the order.
- Minimizes socio-economic risks associated with movements of large amount of cash where most remittances are e-based.

Empirical Review

Igbekoyi and Agbaje (2017) assessed the implication of treasury single account adoption on public sector accountability and transparency. The study captured 570 ministries, departments and agencies (MDAs) in the public service with sample size often (10) MDAs involved in revenue generation selected using purposive sampling technique. Descriptive and Inferential analysis were employed in the study. Result showed that TSA has significant positive impact on financial leakages, transparency and curb financial misappropriation.

Oti, Igbeng and Obim (2017), assessed the policy impact of Treasury Single Account in Nigeria. Specifically, the study examined the potency of TSA on the transparency and accountability of governments' financial transactions in Nigeria, assessed the relationship between TSA implementation and Nigerian economic growth and evaluated the influence of TSA in projecting future business climate in Nigeria. The study adopted survey and exploratory research designs, employees in government ministries, departments and agencies, Commercial Bank officials, officials of the central Bank of Nigeria, business operators, entrepreneurs, members of the civil society organizations and a cross section of the public were considered as the population for the study as the estimated population summed up to 1012, while the sample size used was 286. Data collected were analyzed using the Pearson Product Moment Correlation coefficient. Discoveries from the study revealed various sheds of opinion: while bankers decry the distortion of their liquidity management plan, the federal government on the other hand claims a huge success because it can now comment on its aggregate cash holding without the drudgery hitherto associated with getting to all commercial banks or MDAs with multiple accounts.

Oguntodu, Alalade, Adekunle and Adegbie (2016) assessed the impact of treasury single account on Nigeria's Economy. The study particularly identified the benefits of the (TSA) Government Revenue on GDP, identified the benefits of the (TSA) Government Expenditure on GDP and examined the effects of the (TSA) Commercial banks in Nigeria on GDP.

Onuorah and Chigbu (2016) assessed the effect of implementation of Federal Government Treasury Single Account (TSA) Deposits and commercial banks performance in Nigeria. Secondary source of data was considered for the study through collation time series thin Central Bank of Nigeria (CBN) Statistical Bulletin (2015) for the period of five years 2016). The study employed trend analysis (bar charts), descriptive and inferential rsc were also employed in the study. The results revealed that the implementation of Treasure. Single Account deposit: federal government demand deposit (LnFGDD), Federal government a time deposit (LnFGTD), and Federal Government savings deposit (LnFGSD) have positive impact on the bank performance in Nigeria. LnFGSD impacted negatively on LnCBP in Nigeria.

Ekubiat and Met (2016) carried out a research on the adoption of treasury Single Account (TSA) by State Governments of Nigeria. Descriptive cross-sectional survey design was adopted for the study. The population for the study consisted of 200 Professional Accountants in Akwa Ibom State. Taro

Yamane's statistical formula was used to select sample size of 133. Data obtained from questionnaire administration were analyzed using descriptive statistics and t-test statistics. Finding revealed that TSA adoption and full implementation by the state governments will be of greatest benefit as showed in the weighted means scores of 4.20 and t-cal of 24.87; there will be challenges in a short-run but the benefits at a long-run will definitely out-weight the challenges. It was concluded that TSA adoption and full implementation by the state governments will be of greatest benefits as showed in the weighted means scores of 4.20 and t-cal of 24.87; though there will be challenges in a short-run but the benefits at a long-run will definitely out-weight the challenges.

Yusuf and Muhammed, (2016) investigated on treasury single account (TSA) as an effective instrument of financial prudence and management in Nigeria. The study hypothesized that proper implementation of TSA has significant effect on the financial management in Nigeria. The study made use of survey design which involves gathering of data about the effect of treasury single account on the procedure of finance management in Nigeria. Data used in the study were obtained from primary source, and sixty questionnaires were administered to relevant accounting departments and agencies in Damaturu. Result showed that proper implementation of TSA by all stakeholders will help tremendously in reducing corruption, mismanagement of public fund, block leakages and other financial irregularities in states and the country at large.

Ibeto, et al (2016) also, evaluated and criticized the policy of Treasury Single Account (TSA) adopted by the Nigerian government as an essential tool for enhancing transparency and accountability in public sector financial. Theoretically, the study adopts both qualitative and quantitative research design and descriptive analysis to gain an insight into the nature and series data was employed in obtaining economic variables of over 17 years. Data collected there analyzed using Regression analysis (OLS estimator). The result showed that the Treasury Single Account has a positive significant impact on the country's economic growth but this implementation on of' them being the recent implementation of the policy departments of some selected Federal Government departments and agencies in Port Harcourt metropolis which include Federal pay offices, Nigerian Custom office, Federal Polytechnic and Corporate affairs commission office Port Harcourt.

The research study area is Port Harcourt metropolis of Rivers state Nigeria. Port Harcourt is the capital city of the state; it therefore houses all state offices of federal Ministries Departments and Agencies (MDAs). The state was founded in 1976, it is located in the South- South region of Nigeria.

RESULTS AND DISCUSSIONS

The correlation method was used to analyze data collected from the field as shown in the below tables: Reliability test was performed on the factors after the exploratory factor analysis. Treasury Single Account had Cronbach's alpha of 0.621 and public finance management had alpha of 0.702.

Ho: Treasury Single Account does not block financial leakages promote transparency, accountability in the Public Financial Management.

Table 1: Descriptive statistics and Cronbach's Alpha Coefficient

Variable	Mean	Std. Deviation	Cronbach's	N
Treasury Single Account	24.81	3.31	0.62	37
Public Finance Management	11.06	1.95	0.70	34

Source: Researcher Computation 2023

The correlation coefficient indicates a strong positive relationship between Treasury Single Account and Public financial management with 50.3% correlation. This relationship is reflected in table 2. The P value was 0.002 which was <0.05. This means that the P value is statistically significant at 1% level (Bhatti, N-lee, & Sundram, 2012). Therefore, there is enough evidence to reject the null hypothesis (1-10) and uphold the alternative hypothesis (HI). That is, Treasury Single Account promotes greater transparency in the public finance management.

Table 2 Correlations
Treasury Single Account Public Finance Management

Treasury Single Account	Person Correlation	1	.503'
	Sig. (2-tailed)		.002
	N	37	34
Public Finance Management	Person Correlation	.503**	1
	Sig. (2-tailed)	.002	
	N	34	34

** Correlation is significant at the 0.01 level (2-tailed).
Source: Researcher Computation 2023
In view of the above analysis, the result shows that Treasury Single Account is positively correlated with Public Financial Management which goes further to confirm that Treasury Single Account is capable blocking the financial loopholes and promoting transparency and accountability thereby rejecting the null hypothesis as suggested by the decision rule.

CONCLUSION

Based on the finding of this study, TSA policy will go a long way in blocking the identified financial leakages in revenue generation and promote transparency and accountability in the public financial system if it is fully implemented. It will equally pave way for the timely payment and capturing of all revenues going into the government treasury, without the intermediation of multiple banking arrangements. The policy will also enable the government at the centre to know its cash position at any given time without any hindrance. The system will likely reduce round-tripping of government deposits. One major shortcoming of this research is the inadequacy of literature because the policy is fairly new.
In the public sector management and political economy of Nigeria the policy's effect has been a mixed bag of the good, the bad and the ugly. Within the framework of New Public Management approach, the paper explores the gamut of issues surrounding the implementation of TSA and concludes that, for an administration that has social contract with Nigerians in terms of service delivery; it has the obligation to aggregating states' resources to provide social services, amenities and infrastructural development to the people. Any step taking to ensure accountability and transparency by revenue generating agencies of government should be seen as a step in the right direction. Meanwhile, change is desirable, we feel there is need to exercise caution on account of the peculiar nature and character of the Nigerian state and society.

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