Treasury Single Accounting (TSA) and Public Sector Accountability in Nigeria

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Authors' contributions

This work was carried out in collaboration between all authors. Author NIA designed the study, performed the statistical analysis, wrote the protocol and wrote the first draft of the manuscript. Authors EFA and OJ managed the analyses of the study. Author OJ managed the literature searches. All authors read and approved the final manuscript.

Original Research Article

ABSTRACT

The study ascertained effect of treasury single account and accountability in the Nigeria Public Sector. Two specific objectives guided the study, while two research questions was raised and two hypotheses were formulated in line with the specific objectives and tested at 0.05 level of significance. A descriptive survey research design was used. The population of this study consisted of 600 staff of the four federal health tertiary institutions drawn from Account Departments and simple size of 250 Account Departments staffs were selected using the proportionate random sampling technique. A structured 25-item validated questionnaire was used for data collection. The reliability of the instrument was ensured using pilot test technique, which was analyzed using Cronbach alpha method and yielded an overall reliability co-efficient of 0.85 with the aid of statistical

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package for social science (SPSS) 20.0. Data were analyzed using descriptive statistics and one regression models for the research questions and for test of hypotheses at 0.05 level of significance. Findings show that adaptation of a treasury single account and accountability (TSA) in the Nigeria Public Sector is capable of plugging financial loopholes, promoting transparency and accountability in Federal Health Tertiary Institutions in South-East Nigeria. The study concluded that TSA policy would go a long way in blocking the indentified financial leakages in revenue generation and promote transparency and accountability in the public sectors financial system if it is fully implemented. The study therefore recommended among others, that government should engage in massive public enlightenment about the important of the TSA policy.

1. INTRODUCTION

1.1 Background to the Study

The introduction of Treasury Single Account is as a result of numerous corrupt practices that exist in the Country's public accounting system, lack of transparency and accountability.

The Treasury Single Account (TSA), a single pool for harvesting revenue inflows of all the Ministries, Departments and Agencies (MDAs) was not Buhari's idea. It was conceived by the immediate past administration of President Goodluck Jonathan, but it remained a mere policy on paper due to lack of political will on the part of past administration to enforce it. Before the introduction of TSA all Ministries, Departments and Agencies kept and ran a separate account with commercial banks which gave rise to leakages in the revenue of the federation as a result of non remittance by the MDAs. This led President Goodluck Jonathan to direct all the Ministries, Departments and Agencies (MDAs) to close all their accounts domiciled in the commercial banks and transfer them to the federation account in January with February 28, 2015 as the deadline but he was ignored by the agencies and he didn't sanction them [1].

The challenges faced by developing countries and world at large are how to achieve efficient resource allocation distribution and effective economic balance. Nigeria as a developing country introduced (TSA) Treasury Single Account policy by Federal Government apparently because it has a lot of far reaching implications for Nigerian public. Federal Government over the years has a lot of revenue which ordinarily should have been used effectively to execute most of its developmental projects [2]. Treasury single account is a public

accounting system under which all government revenue, receipts, income are collected into one single account, usually maintained by the country's Central Bank and all payments done through this account as well. Treasury single Account primarily is to ensure accountability of government revenue, enhance transparency and avoid misapplication of fund [3]. The maintenance of Treasury Single Account will help to ensure proper cash management by eliminating idle funds usually left with different commercial Banks and in a way enhances reconciliation of the collected revenue and payments [4].

Ahmed [5] postulated that Treasury Single Accounts ensures aggregate control over cash balances and avoids borrowing and paying additional interest charges to finance the expenditure of some agencies while other agencies keep idle balances in their bank accounts. Treasury Single Account (TSA) is in accordance with executive order No 55 (2011) which stipulated that the Bureau of Treasury shall operate a Treasury Single Account (TSA) to receive remittances of collections of internal revenue taxes/customs duties from Bureau of Internal Revenue (BIR) Bureau of Customs Authorized agent bank as well as other National Government Agencies government depository Banks. The (TSA) Treasury Single Account which shall be maintained at the Central Bank of Nigeria (CBN), will align the government policy of greater financial management and control of its cash resources and allow the unification of the structure of government bank accounts to enable consolidation and optimum utilization of government cash resources [6].

According to [7], with Treasury Single Account leading to the closure of 10,000 multiple bank accounts operated by MDAs in commercial banks, banks will have to wake up form their

slumber. This is because the era when government money is either lent back to government or invested in Forex speculation is over. It also means that no longer at Banker's committee meeting should member banks demand that Central Bank pursues their self-serving high interest rate to their benefits [8].

1.2 Objective of the Study

The main objective of the study is to analyze the effect of Treasury Single Account (TSA) on accountability in the Nigeria public sector. Specifically, the study sought to:

(1) Ascertain the extent to which regular monitoring of government cash balances affect accountability in the public sector.
(2) Determine the level in which unexpected fiscal volatility affect accountability in the public sector.

2. REVIEW OF RELATED LITERATURE

2.1 Conceptual Framework

2.1.1 Accountability

Accountability is all about being answerable to those who have invested their trust, faith and resources to someone. [9] defined accountability as the obligation to demonstrate that work has been conducted in accordance with agreed rules and standard, and the officer reports fairly and accurately on performance results vis-à-vis mandated roles and or/plans. It means doing things transparently in line with due process and the provision of feedback. In ethics and governance, accountability is answerability, blame worthiness, liability, and the expectation of account-giving. As an aspect of governance, it has been centered to discussions related to problems in the public sector. (Accounting Simplified com). Accountability is the acknowledgement and assumption of responsibility for actions product decisions and policies including administration, governance and implementation within the scope of the role in employment position encompassing the obligation to report, explain and be answerable for resulting consequence [10] In order to achieve accountable, Federal government introduced Treasury Single Account.

2.2 Theoretical Exposition

2.2.1 Regular monitoring of government cash balances and accountability

Okafor [11] outlined nine benefits of Treasury Single Account that guarantees accountability. They area; Timely information on government cash resources as completed updated balances will be available daily, better appropriation control as Treasury Single Account allows the ministry of finance to have full control over budget allocations and strengthens the authority of the budget appropriation, improvement on operational controls during budget execution in an efficient, transparent and reliable manner; ensuring efficient cash management, such as regular monitoring of government cash balances; supports efficient payment mechanisms because there is no ambiguity as to the volume or the allocation of the government funds, and makes it possible to monitor payment mechanism. Ahmed considered Treasury Single Account as a mechanism for modern cash management and as an effective tool for the ministry of Finance/Treasury to establish oversight and centralized control over government cash resources, bringing about avoidance of borrowing and paying additional interest charges to finance the expenditure of some agencies while other agencies keep idle balances in their bank accounts.

2.2.2 Unexpected fiscal volatility and accountability

A great challenge facing most part of the world and particularly developing countries such as Nigeria is unpredictable outcomes (Volatility) of new emerging policies (Fiscal) and how to achieve efficient allocation of resources as well as stabilization of the business circle. An important factor for efficient management and control of government's cash resources is the unification of structure of government banking. There are some unexpected reactions and counter-reactions to this new policy of government. Many MDAs sees it as a way to stop them from having full access to the funds within their unit [2].

Again banking sector did not find it funny. The full implementation of Treasury Single Account will not be hurting banks. It will only hurt establishment that purport and pretend to be banks but have failed, refused and neglected to understand banking and do what bankers do

elsewhere. It is an opportunity to refocus on original purposes for which they were set up to collect depositors money, keep them safe, engage in intermediation to create wealth and jobs for the economy and in the process earn profit for themselves [12]. In words of [13], Fiscal volatility is how unexpected changes in uncertainty about fiscal policy affect economic activity. Using the new Keynesian model, the researcher found out that unexpected change is fiscal volatility shocks can have a sizeable adverse effect on economic activities.

2.3 Theoretical Framework

This study is anchored on the accountability theory as propounded by [14]. Accountability is a process in which a person has a potential obligation to explain their action to another party who has right to pass judgement on those actions and to administer potential positive or negative consequences in response to them. According to [14], Accountability theory explains how the perceived need to justify one's behaviours to another party causes one to consider and feel accountable for the process by which decisions and judgement have been reached. In turn, this perceived need to account for a decision-making process and outcome increase the likelihood that one would think deeply and systematically about one's procedural behaviours.

This is linked with accountability to Treasury Single Account as currently put in places by the Federal Government of Nigeria. Using information and technology to links all the accounts of MDAs to one Central account with the Central Bank of Nigeria to achieve accountability called Treasury Single Account. They want to show how accountability theory can be used to bring into full implementation of Treasury Single Account Policy (TSAP). Hence, the Treasury Single Account was established to achieve accountability within the operation of government businesses in public sector.

2.4 Empirical Review

In the Empirical study of Yusuf (3), on "Effects of Treasury Single Account on public Financial Management in Nigeria" used content analysis as research design. The study revealed that Treasury Single Account policy will go a long way in blocking the financial leakages. The study, therefore, among other recommendations that government should overhaul the capacity of the

Federal Ministry of Finance and the Central Bank of Nigeria to cope with the challenges associated with enforcement of the provisions of the Treasury Single Account.

Ahmed [5] in his own work "The Treasury Single Account as an Instrument of Financial Prudence and Management: Prospects and problems" using content analysis approach postulated that the Treasury Single Account will ensure effective aggregate control over government cash balances and avoids borrowing and paying additional interest charges to finance the expenditure of some agencies while other agencies keep idle balances in their bank accounts. The researcher therefore commended unified arrangement which implies that no other government agency should be allowed to operate bank account without the oversight of the Treasury.

In the works of [1] "An analysis of Pros and Cons Treasury Single Account policy in Nigeria" stated that total commitment and sincerity of purpose are required of those who are to implement this policy using content analysis as research design and methodology. Therefore [1] recommended that implementation will however; require the cooperation of the National Assembly with the executive arm to ensure strict compliance by the MDAs to make enforcement possible.

Onuorah and Chigbu [15] in his research work "Accountability and Public Sector Financial Management in Nigeria" ex-post factor research design revealed that accountability is very poor in Nigeria because the attributes of accessibility comprehensiveness, relevance, quality, reliability and timely disclosure of economic activities. He, therefore, recommended among others, that for accountability to be successful in the management of Public funds in Nigeria there must be a reduction in the level of corruption, improving public sector accounting and auditing standards.

Sailenra [16] in his research work titled Treasury Single Account: "An essential Tool for government cash management" postulates that Treasury Single Account is to ensure effective aggregate control over government cash management. He therefore recommended that all countries should aim at establishing a Treasury Single Account and should not be view as an independent activity and should be integrated with other Treasury reforms, including changes to budget execution process.

Content analysis design was used to carry out this work.

Clementina [17] in his study "Impact of Treasury Single Account on Liquidity" discovered that the implementation Treasury Single Account in the public sector accounting system will influenced the liquidity base and performance of the banking sector. He therefore recommended Central Bank of Nigeria should come up with an arrangement to address this. Banks should source fund from other sectors of the economy; more than 50% of the population of Nigeria does not have access to financial services.

The gap found from the above reviewed empirical studies with the present study shows that none of the studies were carried out on Treasury Single Account and Accountability in the Nigeria public sector using federal tertiary institutions in Anambra State, Nigeria.

3. METHODOLOGY

3.1 Research Design

The study adopted a descriptive survey research design. A descriptive survey design is used for this study because the study is aimed at ascertaining and establishing the status quo, facts or pieces of information concerning the population. The population of this study consisted of 600 staff of the four federal government health institutions drawn from Account Department and 250 Account Departments staffs were selected using the proportionate random sampling technique.

3.2 Sample and Sampling Technique

A sample of 250 Accounts Department staffs was used for the study. This was judged to be representative of the total population. The 250 Accounts Department staffs were selected using the proportionate random sampling technique.

3.3 Instrument for Data Collection

A structural questionnaire was used to generate relevance data for this study. The instrument was designed by the researcher with insight from literature reviewed. The instrument is titled Treasury Single Account and Accountability (TSAA). The questionnaire was divided into two sections A and B. section-A contained two items on personal data of shareholders covering name of institutions and educational qualification. Section-B contained 25 items in four clusters B1 to B4 covering the research questions. The instrument is a modified 5-Likert scale of Very High Extent (VHE), High Extent (HE), Moderate Extent (ME), Low Extent (LE) and Very Low Extent (VLE). The F-test was used test the null hypotheses at 0.05 level of significance. The boundary limits of number were used as shown below to facilitate decision making:

4. DATA ANALYSIS AND INTERPRETATION OF RESULT

4.1 Data Presentation

4.1.1 Research question

To what extent does regular monitoring of government cash balances affect accountability in the public sector?

The summary of the simple regression analysis as shown in Table 2 above indicates that regular monitoring of government cash balances affect accountability in the public sector to a great extent. This is shown by the regression coefficient (R = .82) and the coefficient of determination (R^2 = .68).

4.1.2 Research question two

To what extent does unexpected fiscal volatility affect accountability in the public sector?

Table 1. Shows the number of the population of the study as drawn from the four Federal Government institutions

S/N	Name of institutions	Number of staff
1	Nnamdi Azikiwe University Teaching Hospital Nnewi	200
2	University of Nigeria Teaching Hospital Ituku-Ozolla	150
3	Federal Medical Centre Owerri	150
4	Federal Medical Centre Abakaliki	100
Total		600

Source: Researcher Field Study 2017

Table 2. Summary of simple regression analysis on the extent to which regular monitoring affect accountability in public sector

	B	SE B	β
Constant	4.93	.06	
Accountability	-.49	.02	-.82
R	.82		
R^2	.68		
Adj.R^2	.68		
F	542.87		

Table 3. Summary of simple regression analysis on the extent to which unexpected fiscal volatility affect accountability in public sector

	B	SE B	B
Constant	.88	.23	
Accountability	.66	.07	.49
R	.49		
R^2	.24		
Adj.R^2	.23		
F	79.05		

The simple regression analysis in Table 3 above shows the regression coefficient (R = .49) and the coefficient of determination (R^2 = .24). This indicates that unexpected fiscal volatility affect accountability in the public sector to a moderate extent since unexpected fiscal volatility explained 24% of the variance in accountability in the public sector.

4.2 Test of Hypotheses

4.2.1 Hypothesis

Regular monitoring of government cash balances has no significant effect on accountability in Nigerian Public sector.

Table 4. Test of Significance of Simple Regression Analysis on the extent to which regular monitoring affect accountability in public sector

	B	SE B	B	P-value
Constant	4.93		.06	.00
Accountability	-.49	.02	-.82	.00
R	.82			
R^2	.68			
Adj.R^2	.68			
F	542.87			.00

As shown in Table 4 above, the simple regression coefficient (R) is .82 while the R^2 is .68. The F-ratio associated with these is 542.87 and the *P*-value = .00, since *P*-value is less than the stipulated 0.05 level of significance, it was decided that government cash balances has a significant effect on accountability in the Nigeria Public sector. The null hypothesis was therefore rejected.

4.2.2 Hypothesis two

Unexpected fiscal volatility has no significant effect on Accountability in the public sector.

Table 5. Test of significance of simple regression analysis on the extent to which unexpected fiscal volatility affect accountability in public sector

	B	SE B	B	P-value
Constant	.88		.23	.00
Accountability	.66	.07	.49	.00
R	.49			
R^2	.24			
Adj.R^2	.23			
F	79.05			.00

The summary of simple regression analysis displayed in Table 5 shows the regression coefficient (R) = .49, R^2 = .24, while F-ratio = 79.05 and P-value = .00. Since the P-value is less than the stipulated 0.05 level of significance, it was decided that unexpected fiscal volatility has a significant effect on Accountability in the public sector.

4.3 Discussion of Findings

The first research question shows the simple regression analysis as shown in Table 4 indicates that regular monitoring of government cash balances affect accountability in the public sector to a great extent. This is shown by the regression coefficient (R = .82) and the coefficient of determination (R^2 = .68). This is in line with the study of [3] who opined that Treasury Single Account policy would go a long way in blocking the financial leakages.

The hypothesis one indicates that there is a significant effect on Single Treasury Account (TSA) on accountability in the Nigeria public sector. This is also proved with simple regression coefficient (R) as .82, while the R^2 is .68. The F-ratio associated with these is 542.87 and the *P*-value = .00, since *P*-value is less than the

stipulated 0.05 level of significance, it was decided that government cash balances has a significant effect on accountability in the Nigeria Public sector. The null hypothesis was therefore rejected.

The second research question shows that simple regression analysis in Table 5 shows the regression coefficient (R = .49) and the coefficient of determination (R^2 = .24). This indicates that unexpected fiscal volatility affect accountability in the public sector to a moderate extent since unexpected fiscal volatility explained 24% of the variance in accountability in the public sector. This is in support by [2] that there are some unexpected reactions and counter-reactions to this new policy of government. [2] further stated that many MDAs see it as a way to stop them from having full access to the funds within their units.

While the result of hypothesis two showed that unexpected fiscal volatility has a significant effect on Accountability in the public sector. This is shown by simple regression analysis displayed in Table 5 on the regression coefficient (R) = .49, R^2 = .24, while F-ratio = 79.05 and P-value = .00. Since the P-value is less than the stipulated 0.05 level of significance.

5. SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 Summary of the Findings

From this study, the researcher generated this finding:

1) That government cash balances have a significant effect on accountability in the Nigeria Public sector. Therefore, null hypothesis was rejected.
2) That unexpected fiscal volatility has a significant effect on Accountability in the public sector.

5.2 Conclusion

Based on the finding of the study, it is concluded that TSA policy would go a long way in blocking the indentified financial leakages in revenue generation and promote transparency and accountability in the public sectors financial system if it is fully implemented. It would 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 would also enable the government at the centre to know its position at any given time without any hindrance. The system would likely reduce round-tripping of government deposits. One major shortcoming of this study is the inadequacy of literature because the policy is fairly new.

5.3 Recommendation

Based on the finding of the study, the following recommendations are drawn:

1. For the success of this policy, government should engage in massive public enlightenment about the important of the policy.
2. Government should overhaul the capacity of the Federal Ministry of Finance and the CBN to cope with challenges associated with enforcement of the provisions of the TSA.

5.4 Contribution to Knowledge

This study was able to point out that TSA would pave for timely payment and capturing of all revenues going into government treasury.

This study also highlighted that Treasury Single Account as a unified structure of government bank accounts, enabling consolidation and optimal utilization of government cash resources.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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