



TREASURY SINGLE ACCOUNT: A CONTROLLING TOOL FOR NIGERIA PUBLIC EXPENDITURE, A STUDY OF THE FEDERAL MINISTRY OF FINANCE IN NIGERIA

***Aderibigbe Idowu Sadiq & **Oluwatobiloba Oreoluwa Durowaiye**

*Lecturer, Department of Taxation, The Federal Polytechnic Ilaro, Ogun State
Correspondence Author's Email Address: aderibigbe.sadiq@federalpolyilaro.edu.ng
Phone Number: +2348023153623

**Lecturer, Department of Taxation, The Federal Polytechnic, Ilaro, Ogun State
Co-Author's Email Address: oluwatobiloba.durowaiye@federalpolyilaro.edu.ng
Phone Number: +2348075834907

Abstract

The purpose of this study is to ascertain the effectiveness of the Treasury Single Account, which was established by the Nigerian Federal Ministry of Finance, in preventing fraud and promoting transparency and accountability in the collecting and use of public funds. The use of primary data had been made. The administrative department, research and statistics department, marketing department, information technology department, and internal audit department within Nigeria's federal ministry of finance are the demographics of this study. A sample of 44 respondents was drawn from these departments using judgment sampling. Multinomial regression analysis was used to analyze the data. The implementation of a Treasury Single Account (TSA) can decrease fraud and improve accountability and transparency in the public financial system, according to the study's conclusions. The experts suggest 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: *Accountability, Public Expenditure, Treasury Single Account, Transparency*

Introduction

Every government is set up to meet the fundamental requirements of its constituents. Udeh & Nzewi (2014) assert that the interests of the people are at the center of governance. Thus, it is the duty of every government to enact laws and carry out programs that will improve the standard of living for its people. The annual budget includes expenses for the government's obligations to its people. This includes obligations like (1) protecting her citizens' lives and property from external and internal threats. Effective law enforcement, well-trained military personnel, and swift and impartial administration of justice are all necessary for achieving this. (2) The protection of the populace and its general welfare. Through a number of social initiatives, this is achieved through providing basic/essential necessities such roads, drinking water, waste management, health care services, education, and electricity. (3) Having economic control. Governments are responsible for establishing laws that encourage both domestic and foreign investment and guarantee that inflation is kept in check. Additionally, the government is responsible for safeguarding the country's foreign exchange reserves, preventing balance of payments deficits, and promoting high employment rates. (4) Ensuring environmental protection through suitable legislation (Wizznote, 2016).

The establishment and execution of the TSA program, which places complete management of all government cash resources under the jurisdiction of the government, was motivated by the need for accountability and transparency in the collecting of tax money. The TSA policy helps to foster fiscal accountability among governmental entities and is a surefire strategy to address the threat of the proliferation of bank accounts maintained by the MDA (AGF, 2015). It was believed that TSA would make sure that the money received was accessible for the government's spending plans and fast payment. The government of Nigeria issued some declarations regarding the treasury single account during its early stages, outlining its goals as well.

According to CBN (2015), the consolidation of Government cash resources through the use of TSA will lead to the realization of the following results:

- Promote efficient debt management, ensure that cash resources are available to cover government expenses, and encourage efficient management of cash resources. •
- To create a central, transparent, and accountable revenue management, identify all government funds and place them under the operational and control jurisdiction of the ministry of finance. Why The TSA will guarantee daily transfers, closing revenue-theft loopholes.



- Create a system that promotes efficiency in the collecting and distribution of public monies; strengthens the financial position of the government; and discourages MDAs from having multiple bank accounts, saving on the costs associated with keeping them open at various financial institutions.

According to Kaufman (2005), increasing emphasis on combating corruption and advancing openness in government includes a focus on citizen responsibility. The high amount of corruption in Nigeria's government at all levels, however, makes the question of accountability a basic concern (Okwoli, 2014). Nigeria was placed 134th in the global Corruption Perception Index in October 2010 compared to 130th in 2009 and 121st in 2008. According to the 2010 CPI, which was calculated on a scale from 0 (extremely corrupt) to 10 (very clean), Nigeria received a score of 2.4 and was placed 134 out of 178 countries (Schmitz, Stefan, & Geoffrey, 2006). Nigeria is ranked 148th out of 180 countries according to the most recent CPI rankings for 2017. According to the CPI, the nation had a score of 28 out of 100, which is lower than the Sub-Saharan region's average (Transparency International, 2018). Despite the fact that earlier research by Bashir (2016), Kanu (2016), and Udo & Esara (2016) demonstrated that the Treasury Single Account has a progressive substantial impact on the country's economic growth and obstructs financial loopholes, this study draws a critical analysis of the Treasury Single Account's contributions to government spending in Nigeria. The present analysis is distinctive since it compared government spending in Nigeria before and during the treasury single account era.

According to Chukwu (2015), a Treasury Single Account (TSA) is a network of subsidiary accounts connected to a main account in which transactions are carried out, but at the conclusion of each business day, closing balances are transferred to the main account. According to Eme, Okechukwu, Innocent, Chukwurah, and Daniel (2015), the Treasury Single Account is a procedure and tool for managing the government's finances, banking, and cash position effectively. It pools and integrates all government accounts into a single treasury account, as indicated by the acronym (TSA). The TSA has a plethora of privileges and rewards. The creation of a TSA makes it possible to collect all owed taxes on time and send them into the government's coffers without the need for several banking arrangements to act as an intermediary. This stops income leakages, such as revenue loss and poor management by all revenue-generating agencies' operators. According to Business Dictionary, government spending, also referred to as "public expenditure," is the amount of money that the government spends on public services and/or other entities that are directly tied to the government. This expense may be ongoing or capital in nature; when funds are used for large-scale projects like roads, water systems, railways, etc., they are referred to as capital expenses. While ongoing expenses are those made for the development of human capital, such as staff salaries, benefits, and pension payments, etc.

According to the stewardship theory, managers should be stewards whose motivations are in line with those of their principals rather than being driven by personal aims (Van Slyke, 2006). Van Slyke (2006) used stewardship theories to examine how public administrators manage their contractual relationships with nonprofit organizations and discovered that, among other things, the use of trust, reputation, and monitoring affect how these relationships are managed in the public sector. The Modern Money theory (MMT) was made popular by Wray (2012), and its proponents contend that nations that print their own money can never run out of money, unlike individuals or companies. Formerly a controversial and esoteric area of economics, modern money theory is today a hotly debated subject among economists. It was a hypothesis that clarified the workings of monetarily self-sufficient governments and their effects on the economy. MMT demonstrates that it makes sense to combine the central bank and the treasury into a government sector that funds itself by issuing new money. When the financial situation of the Treasury and the Central Bank is sufficiently unified that they continually communicate, fiscal and monetary policy is carried out without difficulty. (Onodi, Eyisi, and Akujor, 2020). According to the stakeholder theory, the Federal Government of Nigeria adopted TSA in response to pressure from stakeholders, particularly those fighting corruption. It was implied that the government would address the worries and demands of significant stakeholders, with some of the responses taking the shape of strategic judgments. Stakeholder's theory offers deep insights into the drivers of government motivation for Treasury Single Account adoption and implementation (Ekubiat & Ime, 2016).

Ezeala and Agbata (2022) evaluated the impact of the Treasury Single Account (TSA) policy of the Federal Government of Nigeria by looking at whether the policy had guaranteed cash availability to meet Government expenditures and whether it had also in any way promoted efficiency in the management of national debt. The Statistical Bulletin and Quarterly Reports of the Debt Management Office of the Central Bank of Nigeria served as the primary sources for secondary statistics on Federal Government receipts, expenditures, and borrowing. The Chow test was used to verify the theory that was put forth. Results demonstrated that the goal of ensuring cash availability



for government spending programs was attained by the adoption of TSA. It follows that as a result, the government's financial resources have grown and more money is now available for it to carry out its different duties in order to raise citizens' quality of life. Additionally, it was shown that the government's TSA policy had some bearing on the debt profile of the country. The report is regarded as being extremely significant since it shows the government how the TSA policy may prevent revenue leaks and support the availability of government financial resources.

Babatunde, Oshatimi, and Omilegan (2021) looked at how Nigeria's treasury single account affected governmental spending. The use of secondary data sources was investigated while presenting the study's findings. The secondary data were gathered from relevant literatures, including the publications of the National Bureau of Statistics and the Central Bank of Nigeria. The Ordinary Least Square Linear Regression model was used to test the data. Information on the Federal Government deposit, total capital spending, and total recurrent expenditure, total federally collected revenue, and total public borrowing in Nigeria was taken from the Central Bank of Nigeria Statistical Bulletin and the National Bureau of Statistics. The results demonstrated that, with the exception of public borrowing, every coefficient of an explanatory variable in the models is statistically significant for the Federal Government Deposit (FGD). The study came to the conclusion that government borrowing is a devil that the government must tolerate in order to promote investment, social progress, and economic growth.

The effect of Treasury Single Account (TSA) on Ministries, Departments, and Agencies (MDA) Accounting Information and Accountability was studied by Mutalib, Bulkachuwa, Urame, and Chijioke (2015). In the study, primary and secondary data were both used. The outcome demonstrates that there is no question that the implementation of TSA on MDAs Accounting information will significantly improve the problem of corruption, misappropriation of public funds, and government capital base, consequently increasing the Nigerian economy for good governance and prospective investment. The adoption of TSA, it was determined, should be advantageous for the economy in general and the tax system in particular. The relevant authorities will now be required to embrace transparency and accountability more than before.

Methodology

This study took on survey research through the use of questionnaire (utilization of poll). The stratified sampling was used for the examination. In order words, the multiple regression technique was employed to test the hypothesis of the study.

Descriptive Analysis of Data

Table 1: Treasury Single Account will facilitates regular monitoring of government cash balances.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	2.27	2.27	2.27
	Disagree	-	-	-	-
	Agree	20	45.46	45.46	45.46
	Strongly Agree	23	52.27	52.27	52.27
	Total	44	100.0	100.0	100.0

Source: Field Survey, 2023

The table above show the response of the respondent with their percentage level. A total number of 1 (2.27%) “Strongly disagree”, non-respondent “Disagree”, 20 (45.46%) “Agree” while 23 (52.27%) respondents “strongly agree” with the question. From the result obtained, it was observed that majority of the respondents representing 52.27% “strongly agree” with the question.

Table 2: Treasury Single Account will facilitates regular transparency in public sectors.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	2.27	2.27	2.27
	Disagree	-	-	-	-
	Agree	17	38.64	38.64	38.64
	Strongly Agree	26	59.09	59.09	59.09



Total	44	100.0	100.0	100.0
-------	----	-------	-------	-------

Source: Field Survey, 2023

The above table analyze the question and the percentage level of the respondents. A total number of 1 (2.27%) “Strongly disagree”, non-respondent “Disagree”, 17 (38.64%) “Agree” while 26 (59.09%) respondents “strongly agree” with the question. From the result obtained, it was observed that majority of the respondents representing 59.09% “strongly agree” with the question.

Data Interpretation

Transparency has no significant impact on revenue and expenditure of public funds in Nigeria federal ministry of finance

Model Summary

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.896 ^a	.802	.795		.489

Source: SPSS OUTPUT, 2023.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	27.176	1	27.176	113.734	.000 ^b
	Residual	6.690	35	.239		
	Total	33.867	36			

Source: SPSS OUTPUT, 2023

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.161	.315		-.509	.615
	Transparency	1.019	.096	.896	10.665	.000

a. Dependent Variable: revenue and expenditure of public funds.

Source: SPSS OUTPUT, 2023

Results

From the above table, **R**= represents the correlation coefficients. This shows correlation between the variables (dependent and independent); **R** is a measurement of strength in determining the linear relationship between the two variables. It is the degree of relationship existing between two or more variables.

Coefficient of determination is represented by R^2 . It displays the proportion of the dependent variable's overall variance (Y) that may be accounted for by a change in the independent variable (X). It serves as a model's fitness indicator and illustrates Nigeria's level of transparency regarding the receipt and use of public funds in the Federal Ministry of Finance.

$R^2 = 0.802 = 80.2\%$ which is above average. But this explains the total percentage of transparency on revenue and expenditure of public funds in Nigeria federal ministry of finance By implication, it has a positive on the revenue and expenditure of public funds in Nigeria federal ministry of finance $R^2 = 80.2\%$ means therefore that 80.2% change in Transparency will bring positive impact on the revenue and expenditure of public funds in Nigeria federal ministry of finance

$\beta = 0.896$.This is the above average change in the dependent variable per unit change in the independent variable. This value explains how much increase in revenue and expenditure of public funds in Nigeria federal ministry of finance.



The ANOVA table shows that $F = 113.734$ which is the calculated value. This indicates that the combination of the predictor variable (Transparency), significantly predicts the dependent variable (revenue and expenditure of Nigeria public funds).

Discussion

Based on the finding of this study, TSA policy will go a long way in blocking the identified fraud in revenue generation and promote transparency and accountability in the public expenditure in Nigeria 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. Treasury single account (TSA) has a significant relationship with the accountability of public expenditure in Nigeria. Fraud preventions have no significant on revenue and expenditure of public funds in Nigeria federal ministry of finance. Transparency has a significant relationship with the revenue and expenditure of public funds in Nigeria federal ministry of finance.

Conclusion

The study's findings indicate that if the TSA policy is fully implemented, it will greatly reduce the financial leakages found in revenue collection and promote transparency and accountability in the public financial system. Additionally, it will allow for timely revenue collection and payment into the government treasury without the use of any of the many banking arrangements' intermediary services. Additionally, the central government will be able to clearly comprehend its monetary situation at any given time thanks to the technique. The system will presumably reduce the number of times that government deposits are repaid. The findings of the research, however, continue to back up the notion that Treasury Single Accounts are tools of public spending to assist the country's economic growth. The analysis concludes that the Treasury Single account substantially raises government spending.

Recommendations

The recommendations made in this study are as follows:

The adoption of Treasury The single account will advance the economy as a whole because it will increase accountability, openness, and clarity like never before. To ensure the effectiveness of the strategy, the government must invest heavily in educating the people and providing explanation, as this will reduce the likelihood of significant financial leakages. The government should restructure and support the Federal Ministry of Finance and the CBN in their abilities to meet issues in order to develop the system and prevent misappropriation of funds in all MDAs while adhering to the TSA's rules. As this study demonstrated, Nigeria's public spending has a negative long-term impact on the country's economic growth, the levels of government there should cut back on public borrowing as it has a major negative impact on public spending. As quickly as feasible, the government should provide the proper statutory protection to facilitate the proper regulatory economy. The federal government should prudently manage the financial resources generated from taxes and also reduce drastically waste of public funds.

References

Journals

- Babatunde, D.A., Oshatimi, O.O. & Omilegan, P.O. (2021). Treasury Single Account as a Driver of Sustainability for Public Expenditure in Nigeria. *Journal of Accounting and Management*, 11(2), 213-225, ISSN: 2284-9459
- Bashir, Y. M. (2016). Effects of Treasury Single Account on Public Finance Management in Nigeria. *Research Journal of Finance and Accounting*, 7(6).
- Ezeala, .G. & Agbata, A.E. (2022). Effect of Treasury Single Account on Government Expenditure and Borrowing: An Empirical Study. *Social Sciences and Education Research Review*, 9(2), 40-53, <https://doi.org/10.5281/zenodo.7474309>.
- Ekubiat, J.U. & Ime, E.E. (2016). Adoption of Treasury Single Account (TSA) by State Governments of Nigeria: Benefits, Challenges and Prospects. *Journal of Finance and Accounting*, 4(3), 126-130, doi: 10.11648/j.jfa.20160403.14.
- Eme, O.I., Chukwura, D.C. & Iheanacho, E.N. (2015). An Analysis of Pros and Cons Treasury Single Account Policy in Nigeria. *Arabian Journal of Business and Management Review*, 5(4), 20-39
- Kanu. C. (2016). Impact of Treasury Single Account on the Liquidity. *ABC Journal of Advanced Research*, 5(1), 43-52



- Lodikero, O., Fagbayimu, M.O. & Olateru-Olagbegi, .A. (2018). Treasury Single Account: A Tool for Accountability and Transparency in Ondo, State, Nigeria. *International Journal of Economics, Commerce and Management*, 6(12), 56-71
- Okwoli, A. A. (2004). Towards Probity, Accountability, and Transparency in Revenue Generation in the Nigerian Public Sector. *Nigerian Journal of Accounting Research*, 1(1), 1- 9.
- Onodi, B.E., Eyisi, A.S. & Akujor, J.C. (2020). Treasury Single Account (TSA) Implementation and Financial Performance of Commercial Banks in Nigeria. *EJBMR, European Journal of Business and Management Research*, 5(6), 1-9
- Udeh, F.N. & Nzewi, U. C. (2014). Application of Human Resources Value in the Public Sector Financial Statements: A Critical Evaluation. *Journal of business and financial studies, Department of Accountancy Nnamdi Azikiwe University, Awka*, 3(3), 112-128.
- Udo, J.E. & Esera, I.E. (2016). Adoption of Treasury Single Account (TSA) by state of Nigeria. Benefits, challenges and prospects. *Journal of finance and accounting*, 4(3), 126-130.

Books

- Wray, L. R. (2012). *Modern Money Theory: A Primer on Macroeconomics for Sovereign Monetary Systems*. (2012 edition) University of Missouri-Kansas City, USA.

Conference Proceedings

- Mutalib, Y.O., Bulkachuwa, A.G., Urame E.I., & Emmanuel, O.C. (2015). The Impact of Treasury Single Account on Ministries, Department and Agencies (MDA's) Accounting Information and Accountability: A Conceptual Review. *Proceedings of the Academic Conference of Sub-Sahara Africa Academic Research Publications on New Direction and Uncommon Changes*, 2(4), 1-1

Web Reference

- Accountant General of the Federation (2015). 300 MDAs yet to comply with Treasury Single Account. *Premium Times*. Available at <http://www.premiumtimesng.com/news/top-news/190506-300-mdas-yet-to-comply-with-treasury-single-account-directives-agf.html>
- Central Bank of Nigeria (2015). Buhari orders federal ministries, agencies to open treasury single accounts. Available at <http://www.premiumtimesng.com/news/headlines/188070>.
- Chukwu, J. (2015). Treasury Single Account: Giving Life to Jonathan's Dead Policy. Interview with Chijioke Nelson of the Guardian newspaper of August 16, 2015. Available at <https://guardian.ng/sunday-magazine/treasury-single-account-giving-life-to-jonathans-dead-policy-directives>
- Kaufman, D. (2005). *Myths and Realities of Governance and Corruption*. World Bank International Public Sector Study. Retrieved on 2/4/2011 from <http://www.ifac.org>
- Transparency International (2018). *Corruption Perception Index 2017*. Sahara Reporters. Available at <http://saharareporters.com/2018/02/21/transparency-international-ranks-nigeria-148th-worlds-least-corruptcountry>
- Wizznote, (2017). *Responsibilities of a Government in an Economy*. Available at <http://wizznotes.com/pob/role-fo-government-in-an-economy/social-services-provided-by-governments>