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ABSTRACT
This study examined the nature, origin, challenges and lesion for Nigerian experience of the Treasury Single Account. According to the adoption of a Treasury Single Account (TSA) by the federal and some state governments is seen by many as aimed at plugging loopholes in the Nigerian Financial System. The study was anchored on stakeholder theory, management theory, and modern money theory. The study identified that 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 treasury, as the chief financial agent of the government, should manage the government’s cash (and debt) positions to ensure that sufficient funds are available to meet financial obligations, idle cash is efficiently invested, and debt is optimally issued according to the appropriate statutes. The TSA solutions are designed to capture detailed information about the government’s cash resources and spending on a daily basis. TSA was found to facilitate regular monitoring of government cash balances. It also enables higher quality cash outturn analysis to be undertaken such as identifying causal factors of variances and distinguishing causal factors from random variations in cash balances. It was concluded that Nigeria being a country with great potential, a vibrant, accountable and working Treasury Single Account is required to drive economic growth and development of the nation. It was recommended among others that the financial regulators, including the CBN, should be proactive and institute measures to correct any lapses or negative impact of the policy, as no law or measure is foolproof. The fear that it will negatively affect commercial banks, and possibly lead to massive job losses, should be addressed.

Keywords: Treasury Single Account, Revenue leakages, Nigeria

1.0 INTRODUCTION

Treasury Single Account (TSA) is one of the proven practices in improving the payment and revenue collection systems, and carrying out consistent control of public expenditures by centralizing the free balances of government bank accounts. The TSA infrastructure is usually implemented as a part of the Financial Management Information System (FMIS) solutions.

Government banking arrangements are important factor for efficient management and control of government's cash resources. Such banking arrangements should be designed to minimize the cost of governmental operations, borrowings and maximize the opportunity cost of cash resources. This requires ensuring all cash received is available for carrying out government's expenditure programs and making payments in a timely fashion. It is obvious that emerging markets and low-income countries such as Nigeria have disjointed systems of handling governmental receipts and payments. In Nigeria, the Ministry of Finance lacks a unified view and centralized control over government's cash resources. This was evidenced in various reports of leakages and corruption recorded in recent past. As a result, this cash lies idle for extended periods in numerous bank accounts held by spending agencies while the government continues to borrow to execute its budget (Udobi, Kalu, & Elekwachi, 2016; Oni & Adebayo, 2012).

Section 80 (1) of the 1999 Constitution as amended states “All revenues, or other money raised or received by the federation (not being revenues or other money payable under this Constitution or any Act of National Assembly into any other public fund of the Federation established for a specific purpose) shall be paid into and form one Consolidated
Revenue Fund of the Federation”; successive governments have continued to operate multiple accounts for the collection and spending of government revenue in deliberate disregard to the provision of the constitution, which requires all government revenues be remitted into a single account. CBN Bulletin (2015) revealed that in year 2012, government ran a pilot scheme for a single account using 217 ministries, departments and agencies as a test case. The result of the pilot scheme saved Nigeria about 500 billion in frivolous spending which motivated the government to implement TSA. This brought about the directives to banks to implement TSA and the technology platform that will help accommodate the TSA scheme. The recent directives by President Mohammed Buhari that all government revenues should be remitted to a Treasury Single Account is in consonance with the program and in compliance with the provisions of the 1999 constitution.

Adeolu (2015) defined Treasury Single Account as 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 purpose is primarily to ensure accountability of government revenue, enhance transparency and avoid misapplication of public funds. The maintenance of a Treasury Single Account will help to ensure proper cash management by eliminating idle funds usually left with commercial banks and in a way enhance reconciliation of revenue collection and payment.

2.0 CONCEPTUAL FRAMEWORK

Concept of Treasury Single Account

Oyedele (2015) also defined Treasury Single Account as a unified structure of government bank accounts that gives a consolidated view of government cash resources. Based on the principle of unity of cash and the unity of treasury, a Treasury Single Account is a bank account or a set of linked accounts through which the government transacts all its receipts and payments. The principle of unity follows from the fusion of all cash irrespective of its end use. While it is necessary to distinguish individual cash transactions for control and reporting purposes, this purpose is achieved through the accounting system and not by holding/depositing cash in transaction specific bank accounts. TSA is a system of Aggregative Financial inclusion, being a nationally organized and particular way of connecting all and divergent federating units on 3-by-3 matrix, Federal–State–Local governments and their respective Ministries, Departments and Agencies (MDAs), to account for all their incomes and revenues via TSA Designated bank accounts with Deposit Money Banks (DMBs) and channeling and consolidating same to Consolidating Single Account with Central Bank of Nigeria.

It is globally recommended that no other government agency should operate bank accounts outside the oversight of the treasury. Institutional structures and transaction processing arrangements determine how a TSA is accessed and operated. The treasury, as the chief financial agent of the government, should manage the government’s cash (and debt) positions to ensure that sufficient funds are available to meet financial obligations, idle cash is efficiently invested, and debt is optimally issued according to the appropriate statutes. In some cases, debt management including issuance of debt is done by a Debt Management Office (DMO). Judging by the provisions of the Financial Regulations (FR) and the 1999 Constitution of the Federal Republic of Nigeria, some Ministries/Extra-Ministerial Offices, Agencies and other arms of Government collect revenue (such as Value Added Tax (VAT), Withholding Tax (WHT), fees, fines and interest) are expected to remit same into the Consolidated Revenue Fund (CRF). In line with Section 16 of the Finance (Control and Management) Act, LFN, 1990 and the Financial...
Regulation No. 413 (i), all unexpended recurrent votes for a financial year shall lapse at the expiration of the year. Consequently, all unspent balances in the Recurrent Expenditure Cash Books at the end of every financial year must be paid back to the Consolidated Revenue Fund Account with CBN by issuing mandate in favour of “Sub-Treasury of the Federation (Yusuf & Chiejina, 2015).

3.0 ACCOUNTS UNDER TREASURY SINGLE ACCOUNT SYSTEM

a) TSA Main Account
This is the treasury’s account with the central bank, which consolidates the government’s cash position. It is the main TSA account when the TSA arrangement in a particular country consists of a set of linked accounts. Cash balances in all other linked accounts are swept into this account. In other words, all government receipts finally flow into, and all disbursements from, this account. Cash balances in other linked accounts are swept into this account. In other words, all government receipts finally flow into, and all disbursements from, this account. The TSA main account is the main TSA account when the TSA arrangement in a particular country consists of a set of linked accounts. Cash balances in all other linked accounts are swept into the central TSA account.

b) TSA Subsidiary Accounts or Sub-accounts
These are not separate bank accounts per se (in the sense of holding individual cash balances), but are special subaccounts within the main TSA account. This is basically an accounting arrangement to group together a set of transactions and allow the government to maintain the distinct accounting identity or ledger of its budget organizations (line ministries/agencies) effectively. A cash disbursement ceiling for each entity can be enforced against these ledgers. Balances in these accounts are netted off with the TSA main account for cash management purposes.

c) Transaction accounts
Sometimes government bank accounts that are justified for retail transaction banking operations are opened separately and structured as transaction accounts. These separate transaction accounts could be opened for government entities that need transaction banking services, but do not have a direct access to the TSA main account or a subsidiary account, and/or specific category of operations (e.g., special funds). A transaction account could take the form of a zero-balance account or an imprest account.

d) Zero-balance accounts (ZBAs).
Where transactional accounts are necessary, these are generally opened on a zero-balance basis, i.e., end-of-the-day cash balances in these accounts are swept back into the TSA main account periodically (preferably daily). Such accounts opened in commercial banks are used for disbursements or for collection of government revenues (particularly non-tax revenues). At the end of the day, all revenues collected would be deposited in the TSA. The commercial bank would honor payments of the respective agency, and would be reimbursed by the TSA overnight. ZBAs have many similarities with special credit line arrangements, where budget agencies are provided spending credits towards the amount of payments they can make within a specified period, to be reimbursed by the TSA in the central bank. A ZBA also has the benefit that it bypasses the normal interbank settlement process for each individual transaction, which is often too time consuming in developing countries, and ensures same-day settlement on a net basis for all receipts and payments passing through the accounts.

e) Imprest accounts. These transaction accounts can hold cash up to a maximum authorized amount and are recouped from time to time. Such accounts might be necessary in some cases, particularly when there is only limited availability of interbank settlement facilities. However, the number of imprest accounts should be kept to a minimum and the strategy should be to progressively transform these accounts into zero-

f) Transit accounts
These accounts are not meant for day-to-day transaction banking operations of government units. A transit account simply serves as a transit for eventual flow of cash into the TSA main account. Transit accounts might be necessary for major revenue streams to monitor their collection and remittance by the banking system and to facilitate revenue sharing (formula-based sharing from a common pool of resources) between tiers of government in a federal system in line with constitutional provisions.

g) Correspondent accounts
A separate ledger account is opened for each correspondent. The correspondent entity has real-time information on the balances it maintains in the TSA. There should be safeguards to ensure that each correspondent government is provided with the funds needed to implement its own budget in a timely manner. The central bank (which maintains the accounts in the TSA) has the obligation to make payments to the extent of the balances available in a correspondent’s account. (Including the required ex-ante control for Authorizing payments).

How TSA works.
For TSA to work effectively there must be daily clearing of and consolidation of cash balances into the central account even where the MDA’s accounts are already held at the CBN such as the FIRS. Some may argue that it is necessary to separate the cash transactions of each MDA for control and reporting purposes; however this objective can be achieved through proper accounting rather than by holding cash in separate bank accounts. In any case, the various bank accounts held by MDAs in commercial banks do not necessarily have to be closed, but they must be operated as Zero-Balance Accounts where any closing balance must be swept to TSA at the Central Bank of Nigeria (CBN) on a daily basis to give government a consolidated cash position. TSA can therefore cover all funds including earmark and
extra-budgetary accounts or even funds held in trust by government. To make this work, accounting systems must be robust and capable of accurately distinguishing trust assets in the TSA. This is not different from what a private company operating in many states or even internationally will do to consolidate its funds rather than fragment them by divisions or sub-entities. Hence, a company will only borrow externally if and only if its overall cash position is negative rather than when a division has a deficit even though others may have surpluses. TSA is not a new concept; it has been adopted for decades in many countries both in the developed world such as the United States, UK, France and developing economies like India and Indonesia.

TSA implementation and cash management

The main purpose of TSA implementation is to maximize the use of cash resources through concentration and reduction in float costs. The TSA solutions are designed to capture detailed information about the government’s cash resources and spending on a daily basis. However, it is not enough to simply capture timely information on cash balances and flows, if balances are not immediately available to the Treasury (because of a lack of formal authority, or due to lengthy accounting and transfers/payment processes). Also, the ability to forecast cash inflows and outflows and resultant balances on the TSA is essential in improving cash management. It should be noted that the FMIS platforms can provide reliable information through properly designed TSA interfaces on most of these key aspects. There are a number of ways to implement the TSA depending on country specific conditions (regulations, banking system, electronic payment system (EPS) arrangements, etc.). In many countries, “centralized TSA operation” is preferred to monitor the daily collections and spending promptly and cost effectively. In order to achieve this, a reliable TSA infrastructure needs to be established before the implementation of FMIS solutions (it is usually more difficult and costly to introduce TSA after the development of FMIS), based on a mutually agreed TSA Protocol (between the CT and the CB).

4.0 THEORETICAL FRAMEWORK

A number of different theories of socioeconomic accounting were borrowed to form sound foundation to substantiate Treasury Single Account adoption and implementation. Examples are:

Stakeholder Theory: It assumed that adoption of Treasury Single Account by the federal government is as a result of the pressure from stakeholders/citizens majorly against corruption. It suggested that the government will responds to the concerns and expectations of powerful stakeholders/citizens and some of the responses will be in the form of strategic opinions. Stakeholders’ theory provides rich insights into the factors that motivate government in relation to the adoption and implementation of Treasury Single Account.

Management Theory: This theory assumed that all aspects of financial resources – mobilization and expenditure should be well managed by government for the benefits of the citizenry. It includes resources mobilization, prioritization of programmes, the budgetary process, efficient management of resources and exercising control to guide against threats. Treasury Single Account (TSA) primarily is to avoid misapplication of public funds.

Modern Money Theory (MMT): This theory examines how monetarily sovereign governments operate and their impacts on the economy. It shows that it is relevant to aggregate the central bank and the treasury into a government sector that finances itself through monetary creation such that financial position of the treasury and the central bank are so intertwined that both of them are constantly in contact in order to make fiscal and monetary policy run smoothly.

5.0 BENEFIT OF TSA

1. Allows complete and timely information on government cash resources. In countries with advanced payment and settlement systems and an Integrated Financial Management Information System (IFMIS) with adequate interfaces with the banking system, this information will be available in real time. As a minimum, complete updated balances should be available daily.

2. Improves appropriation control. The TSA ensures that the Ministry of Finance has full control over budget allocations, and strengthens the authority of the budget appropriation. When separate bank accounts are maintained, the result is often a fragmented system, where funds provided for budgetary appropriations are augmented by additional cash resources that become available through various creative, often extra-budgetary, measures.

3. Improves operational control during budget execution. When the treasury has full information about cash resources, it can plan and implement budget execution in an efficient, transparent, and reliable manner. The existence of uncertainty regarding whether the treasury will have sufficient funds to finance programmed expenditures may lead to sub-optimal behavior by budget entities, such as exaggerating their estimates for cash needs or channeling expenditures through off-budget arrangements.

4. Enables efficient cash management. A TSA facilitates regular monitoring of government cash balances. It also enables higher quality cash outturn analysis to be undertaken (e.g., identifying causal factors of variances and distinguishing causal factors from random variations in cash balances).
5. **Reduces bank fees and transaction costs.** Reducing the number of bank accounts results in lower administrative cost for the government for maintaining these accounts, including the cost associated with bank reconciliation, and reduced banking fees.

6. **Facilitates efficient payment mechanisms.** A TSA ensures that there is no ambiguity regarding the volume or the location of the government funds, and makes it possible to monitor payment mechanisms precisely. It can result in substantially lower transaction costs because of economies of scale in processing payments. The establishment of a TSA is usually combined with elimination of the “float” in the banking and the payment systems, and the introduction of transparent fee and penalty structures for payment services. Many governments have achieved substantial reductions in their real cost of banking services by introducing a TSA.

7. **Improves bank reconciliation and quality of fiscal data.** A TSA allows for effective reconciliation between the government accounting systems and cash flow statements from the banking system. This reduces the risk of errors in reconciliation processes, and improves the timeliness and quality of the fiscal accounts.

8. **Lowers liquidity reserve needs.** A TSA reduces the volatility of cash flows through the treasury, thus allowing it to maintain a lower cash reserve/buffer to meet unexpected fiscal volatility.

### 6.0 CHALLENGES AND PROBLEMS OF TSA

The TSA provides a number of other problems and despite the fact that, it enhances the overall effectiveness of a financial management system. The establishment of a TSA should, therefore, receive priority in the Government reform agenda as they have been skepticism that trailed the scheme. According to the directive, this measure is specifically to promote transparency and facilitate compliance with sections 80 and 162 of the 1999 Constitution. However, this is plagued by the inability to redistribute the income from the single treasury back into the economy by ways of fiscal and expansionary monetary of government. Treasury single account TSA has a lot of prospects and challenges for developing economy. In practice, the government banking arrangements may consist of several bank accounts which can be at both the central bank and commercial banks. Consolidating this might take serious effort and genuine commitment on the part of the Central Bank of Nigeria. However, the balances in commercial banks should be cleared every day and all government cash balances should be consolidated in one central account—the TSA main account—of the treasury at the central bank. This posed a huge challenge at the onset of the implementation of the treasury single account. However, Issues related to cash management have arisen and should be properly dealt with by regulatory authority.

TSA is a good idea but it is not free of pitfalls anyway. Several questions have been raised such as what happens when you do not have a trusted leader like Buhari? What will the system abuse look like? Salary and pension biometrics is a reference point. Corrupt Nigerians will develop a way out like the 1% so called commission, Cash for hand & refund through contract inflation etc. What we need is strong and transparent institutional financial framework supported by cashlite practicable limits in real term not just on paper. Strong money laundering laws against cash based transaction limits is needed too.

### 7.0 EMPIRICAL FRAMEWORK

Ekubiat and Ime (2016) studied the Adoption of Treasury Single Account (TSA) by State Governments of Nigeria: Benefits, Challenges and Prospects. According to the study, Nigeria’s Public Funds at all levels have been wrongly accounted-for by previous administrations. But to avert this threat coupled with the present country’s dwindling economy, Federal Government of Nigeria has implemented Treasury Single Account (TSA) to properly manage the scare financial resources but State Governments of Nigeria have been left-out. The aim of this study was to examine the benefits, challenges and prospects of 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. Purposive sampling technique was used to select the 133 respondents/samples. The data obtained from questionnaire administration were analyzed using descriptive statistics and t-test statistics. The finding reveals 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 tcal 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 is the conclusion in this study that, State Governments of Nigeria should adopt and fully implement TSA for successful control and accountability of public funds so as to avoid bailout funds always from any source. State governments should enlighten all stakeholders on the benefits of TSA adoption as well as professional and regulatory bodies (ICAN, CBN, IMF, etc.) should help in designing, conceptualizing and road-mapping of TSA for the states.

Ahmed (2016) studied the Treasury Single Account (TSA) as an Instrument of Financial Prudence and
Management: Prospects and Problems. According to the study, the Treasury Single Account (TSA) was recently implemented fully in the Nigerian economy by the present government in order to ensure prudence and probity in the management of financial resources. With the TSA government expects to block all loopholes and leakages of financial resources of the government and also ensure a robust financial management system. The paper therefore provides the conceptual meaning of the TSA and also gives its expected benefits to the economy of Nigeria such as an enhanced system of financial management and control, unification of various Accounts of government, reduction of the costs of government borrowing and ensuring of optimum utilization of government financial resources. The paper also analyses the objectives of the TSA systems and its various Accounts such as TSA main account, Subsidiary Account, ZBAs, Transit and Imprest Account among others. The paper finally discusses the prospects of the TSA system and its challenges and concludes that the system requires political will, honesty and determination so as to overcome the various challenges identified in the paper in order to achieve the expected benefits of the system.

Oguntodu & Alalade, Adekunle and Adegbie (2015) carried out an Assessment of Treasury Single Account and Nigeria’s Economy Between 1999 and 2015. According to the study, a treasury single account is a pool in which all government revenue is collected and controlled by the Central Bank of Nigeria, with the view to boost the economy and reduce corruption. CBN statistical bulletin (1999-2015) was analyzed using the OLS estimator. To this effect, an empirical analysis of the relationship between Treasury Single Account and economic performance in Nigeria was carried out. The result shows that the Treasury Single Account has a positive significant impact on the country’s economic growth but this impact is limited by various factors, one of them being the recent implementation of the policy in Nigeria which made the discovery of historical data difficult. The recommendation of this study is that the federal government of Nigeria should initiate policies and various means to make sure that there are proper accountings of the funds entering into the Treasury Single Account, and that such fund should follows due process. Also that any subsequent foul play by any agencies, or even the CBN is duly prosecuted.

8.0 CONCLUSION

The review for this study shows that Nigeria is a country with great potential and to achieve this, a vibrant, accountable and working Treasury Single Account is required to drive economic growth and development of the nation. Two main areas that would drive this are the Government and the Banking Sector. A developing country like Nigeria, banks play their traditional roles in addition to being used as vehicles for achieving developmental and social goals. Government agencies will need to work with the CBN in actualizing the proper disbursement of the huge resources allotted to the development funds created by Treasury Single Account on infrastructure, aviation, manufacturing and power. The peculiar nature of the environment requires a holistic approach to tackle the fundamental and inter-related and necessitates that several agencies work in a cohesive manner in the interest of the country.

The adoption of TSA should be positive for the economy in universal and also the tax system in particular. The appropriate authorities will have to now embrace transparency and accountability more than ever before. TSA should facilitate transparent reporting of tax revenue and pave way for tax offsetting and faster payment of refunds. It should be possible for tax payers to use excess payments or refunds in one tax area (say withholding tax or VAT) to pay other taxes such as corporate income tax, and so on as this is merely an accounting issue which can be dealt with within TSA configuration. This study concluded that the Treasury Single Account has a positive impact on the Nigerian Economy.

9.0 RECOMMENDATIONS

Based on the literature reviewed, the following recommendation is made:

1. A strict compliance with the directive on TSA by the relevant government organisations should be complied with to ensure that it contributes to the development of the economy.
2. The financial regulators, including the CBN, should also be proactive and institute measures to correct any lapses or negative impact of the policy, as no law or measure is foolproof. The fear that it will negatively affect commercial banks, and possibly lead to massive job losses, should be addressed.
3. There must be enhanced surveillance of the financial system to ensure strict observance of the recommendations of the Financial Action Task Force (FATF) by banks and other financial institutions in Nigeria.
4. Government, banks and members of the business community should be further educated on the positivity of the operation of the Treasury Single Account.
5. The federal government should initiate policies and various means to make sure that proper accounting of the funds into the Treasury Single Account follows due process and any subsequent foul play by any agencies, or even the CBN is duly prosecuted.

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