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TREASURY SINGLE ACCOUNT AND THE DEVELOPMENTAL IMPLICATIONS: A STUDY OF SELECTED TERTIARY INSTITUTIONS, OGUN STATE

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Abstract

This study focused on Treasury Single Accounts (TSA) and implication for development in selected tertiary institutions in Ogun State. This study is unique as the implications of treasury single account on development is geared towards tertiary institutions. The study examined the extent to which TSA has affected developments in tertiary institutions in terms of structural development and operational activities. A survey research method was adopted. The population of this study was (352) comprising of Staff of bursary department and teaching staff of three (3) federal institutions in Ogun State. Stratified random sampling technique was used in selecting the sample size of 150 respondents that were given. The data gathered was subjected to a simple regression analysis tool. The results showed that the adoption of TSA, could explain the variation in resource mobilization for structural development with about 24.8% ($P \leq 0.01$) and about 25.4% variation in operational activities could be attributed to treasury single account ($P \leq 0.01$). The study recommended that government should relax the rules guiding TSA for the tertiary institutions so that there would be proper execution of projects and there would be prompt submission of accounts to the corporate affairs commission.

Keywords: Structural-development, Fund-mobilization, Treasury-Single-Accounts, Resources, Operational-activities

1. Introduction

The Federal Government of Nigeria released a directive to all revenue-generating Ministries, Departments and Agencies (MDAs) to close all their accounts with commercial banks and pay all monies or revenue generated into a unified single account with the Central Bank of Nigeria (CBN) by February, 28 2015. The Treasury Single Account (TSA) was a commendable one although it generated a lot of debates across the country. It is a policy of using the new electronic devices to improve the internally generated revenue since the oil prices had declined globally.

The policy was introduced to curb the excessive spending alliance between the MDAs and banks. The implementation of the unified accounting structure called treasury single account (TSA) was laden with expectations of economic prospects owing to its credibility for ensuring transparency and accountability. According to the former Accountant General of the Federation (AGF), Mr. Jonah Otunla, the implementation of TSA is aimed at ensuring transparency and accountability in the management of the nation's finances. He further stressed that it will remove that organizational secrecy surrounding the management of public finances.

The discretionary aspect of accounting officers and politicians collaborating to do all manner of illegal activities with government finances before executing projects thereby causing delays or negotiating interest rates with banks for private gains will be over (Yusuf, 2016). The idea came into being when some agencies refused to declare and remit the 25 percent of their annual revenue generated to the treasury as demanded by law. In 2012, about ₦120b was forcefully collected by government from MDAs being 25 percent of their gross revenue to the treasury with another ₦34b collected in 2013. Before then, most of the MDAs were reluctant to remit the requested amounts by law to the treasury (Daily Trust Editorial, 2015:16).

Jegede (2015) asserted that TSA did not start with Buhari's administration; the former President Goodluck Jonathan initiated the policy during his tenure but, could not implement it before he left office. The implementation deadline by Jonathan was fixed for February 28, 2015, but said the deadline was ignored by the MDAs and no sanction was meted out on them. Some said that Jonathan lacked the gumption to enforce the implementation of TSA because the hands of his administration were not clean enough. Others argued that the former president could not resist the pressure to drop the idea from bank executives and top business magnates in the country who were playing major roles in the sponsorship of his re-election bid.

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From the foregoing, it is obvious that the primary benefit of TSA is the mechanism it provides for proper monitoring of government receipts and expenditures. In the Nigerian case, it will help put an end to most if not all the leakages that have been the bane of the growth of the economy. Some MDAs were not faithful in the remittance of the money they generated into the government treasuries. But under a properly managed TSA, this is not possible as agencies of government are meant to spend in line with only approved budget provisions.

Stalwart reports in (Nwankwo, 2017) describes Treasury Single Account as a public accounting system under which all government revenues or receipts are collected into a 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 TSA will help to ensure proper cash management by eliminating idle funds usually left with different commercial banks and enhance reconciliation of revenue collection and payment.

Okwe (2015) opines that Treasury Single Account is one of the financial policies that was invented by the Federal Government of Nigeria to make strong all inflows such as money and other things from all the ministries, different categories of departments and agencies (MDAs) in the country by way of deposit into commercial banks so that it will be traceable into a single account at the apex bank in the country.

The process of making lodgments into the TSA has been cumbersome such that one runs out of patience before the process is completed. This may however, discourage payments into the TSA accounts as at when due. The process of payments requires the payer to generate invoice with GIFMIS Revenue Reference Number (RRN) and pay on a Remita platform again through any commercial banks before the money can be credited into the recipient account with the CBN.

From the process, one will discover that, it takes a lot of stress to get money remitted into the account such that the process might be overlooked and once this is done, the reconciliation of such receipts become difficult. Under such situation you don't really know or identify what such monies are meant for.

It was echoed by Office of the Accountant General of the Federation (OAGF) towards the end of 2017 that the office was still having trouble reconciling revenues paid into the Treasury Single Account (TSA). Its difficulties arose from the non-adherence to the directive that revenue payers must quote the Government Integrated Financial Management Information System, GIFMIS, Revenue Reference Numbers (RRN) of the Ministries Departments and Agencies to which such payments are made through the Remita platform. GIFMIS revenue reference number has been introduced for all revenues collected on behalf of MDAs for the federal government through the Remita platform into the TSA. However, we have noticed that the use of the GIFMIS RRN is not being adhered to, thereby making it almost impossible for the OAGF to reconcile revenues collected to the TSA. (Daily Vanguard Editorial, 2015:18).

On the part of withdrawals, the policy stipulates that withdrawals are approved by the CBN based on annual budgets which implies that there could be delays in making withdrawals that require urgency. Most institutions since the implementation of TSA, find it tasking to reconcile their accounts let alone submitting their annual reports to the corporate Affairs Commission. These are some of the challenges being posed by the TSA which are likely to affect the visions and missions of most tertiary institutions towards developmental programmes.

In recent times, at the Federal Polytechnic, Ilaro, most capital projects are being funded by Tertiary Education Trust Funds (TETFUND) as capital projects could no longer be executed from the Internally Generated Revenue due to the procedures attached to the TSA. The 1999 constitution as amended on section 162 and 180 directed that all monies payable to federal government should form one consolidated revenue fund (CBN, 2015). The impact of this on the tertiary institutions was that they are not having direct access and control over their cash resources, thereby having constraints in the execution of capital projects to boost development in the institutions.

Rigorous process of cash deposits and seeking stressful approval based on annual budget's provisions before expenditures are incurred which have decapitated and caused stagnancy in the growth and development of academic institutions in Ogun State. In view of these, the study specifically intends to examine the extent at which TSA has impeded developments in federal tertiary institutions in Ogun State and to access the level of developments in tertiary institutions in Ogun State, since the inception of TSA, also to evaluate the benefits of TSA to Tertiary institutions in Ogun State.

Hypotheses were formulated as follows

H_{01}: Treasury Single Account does not have significant effect on mobilization of funds for structural development in tertiary institutions in Ogun State.

H_{02}: Treasury Single Account does not have significant effect on operational activities in tertiary institutions in Ogun State.

The paper is segregated into four areas. After the introduction is section 2 Literature; section 3 is research methods while sections 4 and 5 are results/discussion and conclusion.

2. Literature Review

Contrary to views, celebrating the TSA as a creation of Buhari's administration, this principle of public accounting system and revenue management has been both a constitutional provision and an extant fiscal practice. Section 80 of the 1999 constitution, which gives legal backing to the TSA reads, "All revenues or other monies raised or received by the Federation (not being revenues or other monies payable under this constitution or any Act of the national assembly into any other public fund of the Federation established for a specific purposed shall be paid into and form one Consolidated Revenue Fund of the Federation". Other sub-sections of that provision explained restrictions regarding the withdrawal of money from this consolidated revenue fund (CBN, 2015).

Yusuf (2016) posited that in the common sense, appreciation of Buhari's anti-corruption roadmap, the proper implementation of TSA would remove the ambient secrecy in the management of public finance in the MDAs. Under the guise of non discrete official secrecy, government staff and politicians have been known to employ all sorts of administrative devices and illegal agreement to engage in business ventures for private gains arising from government money, and thereby frustrating executions of projects, as well as causing salary delays.

Furthermore, it was common practice for agencies saddled with revenue generation to defraud government by siphoning public funds through all sorts of bank accounts in their custody and unknown to the authorities. With all government revenues or receipts being pooled into the TSA, not only would it be difficult for this monumental fraud to continue without serious sanction, but also it would afford government a quick glance at the daily funds pooled into the TSA by revenue generation agencies.

TSA also has the advantage of blocking capital flight and other leakages that would ensure from the pockets of unauthorized foreign accounts and thereby retain more revenue for the system. 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 purposes. For example, late passage of budgets in a TSA regime may hamper disbursements for capital projects and operational projection of MDAs, unless as some have argued, a certain percentage of government receipts are retained for smooth operations by these MDAs (Vanguard editorial, 2015:16).

On the contrary, the controversy in the policy has affected the operations of the banks as well as MDAs officials and government pause to robust. Many MDAs could not access their bank balances with the CBN as the daily transactions on the bank statements released by CBN do not always show a true picture of bank balances that could be reconciled easily at any point in time.

Adeolu (2015) opines that tertiary institutions also felt the pangs of TSA when the policy stipulates revenues must be centrally collected and withdrawals approved by the CBN, thereby preventing institutions from having a direct access to their funds, including research grants from international donors. Example of this was the inability of the Federal University of Agriculture, Abeokuta (FUNAAB) to access its $2million grant from the Bill and Melinda Gates Funded Cassava Adding Value Project (CAVA) which was trapped in the Treasury Single Account (TSA), the pool account for all government's revenue and later moved to a foreign account.

The then Vice-Chancellor of FUNAAB, Prof. Olushola Oyewole admitted that TSA is impending research in Universities as institutions cannot access their grants on time, while several funds from donor agencies were diverted to countries with less transactions difficulties. Quoting Oyewole as cited in Adeolu (2015) you can imagine the shock that our institutions have, waking up one day to find out that our funds have been moved away from the commercial banks to an account that we could not even identify. But, the office of the Accountant General of the Federation seems helpless with the situation by insisting that the policy has come to stay despite the implications on the institutions. Academic Staff Union of Universities (ASUU) President, Prof. Biodun Ogunyemi at a press briefing in Lagos on July, 2015, complained that the TSA was retarding the progress of Universities and promised to fight the government on the matter.

There is no gainsaying in the fact that the implementation of the TSA is inimical to the development of our universities. This TSA policy has made it practically impossible for the universities to run their programs effectively, draw research grants. Programs are now run on endowment and transfer funds meant for staff developments in our institutions both locally and internationally. We are committed to protecting and defending the universities system, and therefore appeal to the government to exempt our universities from the TSA policy (Ogunyemi cited in Adeolu, 2015).

On the part of withdrawals, the policy stipulates that withdrawals are approved by the CBN based on annual budgets which implies that there could be delays in making withdrawals that require urgency. Most institutions since the implementation of TSA have not been able to reconcile their accounts not to talk of submitting their annual reports to the corporate Affairs Commission. These are the challenges being posed by the TSA which have drastically truncated the visions and missions of most tertiary institutions towards developmental programmes.

3. Research Methods

This study adopts descriptive survey design, which involves gathering of data about people's opinion on the effect of Treasury Single Account on mobilization of fund for structural development, project execution and filing of annual financial returns to the Corporate Affairs Commission (CAC) by the selected higher institutions of learning. The population of the study was (352) staff comprising 122 bursary staff and 230 teaching staff that are members of various project committees of the selected institutions. In order to have a representative number of samples, stratified sampling technique was utilized which helps in separating the bursary and teaching staff into two distinct groups. In addition, 150 respondents were selected as sample size from the population of 352 using proportional allocation which resulted in 52 bursary staff and 98 teaching staff and these selected respondents were given the questionnaires to fill. (That is, University of Agriculture, Abeokuta, The Federal Polytechnic, Ilaro and Federal College of Education Osiele, Abeokuta).

The data used for the study were obtained from primary source and the questionnaire used for the survey was designed where respondents were asked to determine the degree of importance of each information using five point likert scales where (1) referred to strongly disagree (2) disagree (3) Undecided (4) Agree and (5) strongly agree. Simple regression analyses were employed to test the relevant hypotheses as formulated in the research work in order to accomplish the research objectives.

4. Result and Discussion

Restatement of hypotheses

H_{01}: Treasury Single Account does not have significant effect on mobilization of funds for structural development in tertiary institutions.

H_{02}: Treasury Single Account does not have significant effect on operational activities in tertiary institutions.

Hypothesis one was tested using simple regression analysis. The result is as displayed:

***Table 3a: Model Summary of the effect of* Treasury Single Account (TSA) on mobilization of funds for structural development** (MPF)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	-0.498	0.248	.243	.852

a. Predictors: (Constant), TSA

Table 3b: ANOVA of the effect of* Treasury Single Account (TSA) on mobilization of funds for structural development** (MFP)***

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.517	1	12.517	17.226	.000[b]
	Residual	107.543	148	.727		
	Total	120.060	149			

a. Dependent Variable: MPF
b. Predictors: (Constant), TSA

Table 3c: Coefficient of the effect of* Treasury Single Account (TSA) on mobilization of funds for structural development** (MFP)***

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.102	1.636		4.341	.027
	TSA	-0.315	0.141	.301	-2.236	.000

The result of the analysis in Table 3a indicates that about 24.8% variation in mobilization of fund for structural development could be attributed to treasury single account. The F-ratio at 17.226 is low but significant; which poorly explained the fitness of the model. Table 3c showed a significant coefficient ($P \leq 0.01$) and a negative t-value. This is an indication that treasury single account has a negative effect on mobilization of fund for structural development. Therefore, a rejection of the null hypothesis and acceptance of the alternative hypothesis; that treasury single account has significant but negative effect on mobilization of resources for structural development.

Test of Hypothesis two

H_{02}: Treasury Single Account does not have significant effect on operational activities in tertiary institutions.

The simple regression result is as follows:

***Table 4a: Model Summary of the effect of* Treasury Single Account (TSA) on operational activities (OA)**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	-0.504	.254	.249	.860

a. Predictors: (Constant), TSA

***Table 4b: ANOVA of the effect of* Treasury Single Account (TSA) on operational activities (OA)**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.977	1	9.977	13.483	.000[b]
	Residual	108.775	147	.740		
	Total	118.752	148			

a. Dependent Variable: OA
b. Predictors: (Constant), TSA

***Table 4c: Coefficient of the effect of* Treasury Single Account (TSA) on operational activities (OA)**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.321	1.636		3.252	.000
	TSA	-0.256	.114	.246	2.246	.004

The result of the analysis in Table 4a indicates that about 25.4% variation in operational activities could be attributed to treasury single account. The F-ratio at 13.483 is low but significant; which poorly explained the fitness of the model. Table 4c showed a significant coefficient ($P \leq 0.01$) and a positive t-value. This is an indication that treasury single account has a positive effect on operational activities. The null hypothesis is thus rejected and the alternative hypothesis accepted; that treasury single account has significant positive effect on operational activities.

Conclusion

The study has provided evidence to show that TSA has developmental implications in tertiary institutions in Ogun State. From the results of the study, it was obvious that the implementation of the policy has a negative significant effect on mobilization of resources for structural developments but a significant positive effect on operational activities. The implication of the negative impact is poor growth in terms of structural development and projects. The decay of infrastructural needs in Tertiary institutions will take longer time to address

Recommendations

In view of the above findings, the study therefore recommended that;

1. Government should find a way of relaxing the rules guiding TSA to favour the tertiary institutions so that there will be proper execution of projects and development.
2. Government should allow policy of this nature to be tested and observed first for a period of time before full implementation.
3. For Nigerian Universities to be research based, they should be exempted from TSA so as to compete with others in developed countries in the areas of research and infrastructural development.
4. Government should make a periodic review on the implementation process of TSA to safeguard the financial autonomy of the tertiary institutions of learning in Nigeria.
5. Government should direct the Central Bank of Nigeria to look into its operations and ensure that its bank statements are more detailed and narrative to enhance easy reconciliation of accounts.
6. Tertiary institutions on their own part should intensify efforts in the area of research to see how the policy could be sustained without defeating the objectives for which it was formulated.

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