# TREASURY SINGLE ACCOUNT (TSA); IMPLICATIONS ON DEVELOPMENTS IN TERTIARY INSTITUTIONS IN NIGERIA

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***Abstract:***

*This study focused on the implication of Treasury Single Accounts (TSA) on the development of Tertiary institutions in Nigeria. The objectives of the study is to examine the extent at which TSA has impeded development in tertiary institutions and to access the level of developments in tertiary institutions of Nigeria since the inception of the policy. Descriptive survey research method was adopted. Both primary and secondary data were employed and the population of this study was (150) non-teaching and teaching staff of the three (3) federal Institutions in Ogun State. The research work hence examined the effects of treasury single account (TSA) on mobilization of resources for structural development, project execution and filing of returns. The result of the research work shows that treasury single account has significant negative effect on the three dependent variables, that is; resources mobilization for structural development, project execution and filing of returns. It is therefore, suggested that 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 there would be prompt submission of accounts to the corporate affairs commission.*

***Keywords**: Treasury single accounts, implications, tertiary Institutions, development*

## 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. The directive was however, according to the Accountant General of the Federation (AGF), the new electronic revenue collection platform is aimed to improve internally generated revenue in the face of declining prices of oil 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 expectation of economic prospects owing to its possibility of 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 around the management of public finances.

The discretionary aspect of accounting officers and politicians collaborating to do all manners of business 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 25percent 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) saidit is pertinent to note that TSA did not start with Buhari'sadministration; the former President Goodluck Jonathan initiated the policy during his stay in office 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 theMDAs and no sanction was meted out on them. Some said that Jonathan lacked the gumption to enforcethe 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.

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 even manage their finances like independent empire and remit little or no revenue to 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.

Stalwartreports in (Nwankwo, 2017) describes Treasury Single Account as a public accounting system under which all government revenue, receipts and income 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) states 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 revenue lodgments into the TSA has been cumbersome such that one runs out of patience before the process is completed. This may however, discourages revenue payers to make prompt payments 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 hit 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 shipped 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 year end 2017 that the office was still having trouble reconciling revenues being 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.

“In order to properly classify receipts and ensure reconciliation, the OAGF has introduced a GIFMIS revenue reference number 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, 2017:18).

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.

**Statement of the problem**

The 1999 constitution, as amended on section 162 and 180 states that all revenues or other money's payable under the constitution or any Act of the 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 (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. Also, to access the level of developments in tertiary Institutions in Ogun State, since the inception of TSA, and to evaluate the benefits of TSA to Tertiary Institutions in Ogun State.

**Research Questions**

1. How has TSA impeded developments in tertiary Institutions?
2. What has been the level of developments in tertiary Institutions since the inception of TSA?
3. What benefits or Innovations has TSA brought to Tertiary Institutions?

**Review of Related Literatures**

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 moneys raised or received by the Federation (not being revenues or other moneys 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 liaisons 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 governments revenues and 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 policy is controversial because it has made many banks to cry, ministries, departments and agencies (MDAs) to groan and government coffers 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) said tertiary Institutions also felt the pangs of TSA when the policy stipulates that all the monies they get 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. Exampleof 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. OlusholaOyewole admitted that the 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."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, insisting that the policy must take its course despite the implications on the institutions.

Academic Staff Union of Universities (ASUU) President, Prof. BiodunOgunyemi 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.

"As we have consistently argued, the implementation of TSA is inimical to the well-being of Universities. The policy has made it impossible for universities to draw research grants,run programmes based on endowment and transfer funds earmarked for staff development in our Institutions locally and overseas.

"All our appeals to government to exempt Universities from the TSA regime have fallenon deaf ear, because of our abiding commitment to defending and protecting the Universities system, ASUU will go to any length to resist the continued implementation of TSA in our Universities" he said.

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 requires urgency.Most institutions since the implementation of TSA, have not been able to reconcile the accounts talk less 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.

## Methodology

This study is a survey design, which involves gathering of data about the effect of Treasury Single Account on mobilization of fund for structural development, project execution and filing of returns to the Corporate Affairs Commission (CAC) by the selected higher institutions of learning. The study's population comprises of teaching and non teaching staff of the selected institutions. In order to have a representative number of samples, judgmental method of sampling was used as only people of knowledge and experienced in the area under this study were selected. A total of one hundred and fifty staff selected for the study out of the population.

The data used for the study were obtained from primary source. The questionnaire used for the survey was designed where respondents were asked to determine the degree of importance of each information using five likert scales, where (1) referred to strongly disagree, and (5) strongly agree. The hypotheses were tested using SPSS version 23 to accomplish the research objectives. Hence, 150 questionnaires were administered to relevant bursary department staff and academic staff that are members of various project committees of selected institutions (that is, University of Agriculture, Abeokuta, The Federal Polytechnic, Ilaro and Federal College of Education Osiele, Abeokuta).

## Results and discussions

The reliability test was performed on the factors. Treasury Single Account had Cronbach's alpha of 0.711, mobilization of funds for structural development had 0.657, project execution had 0.735 and filling of returns had 0.702.

The hypotheses tested are:

$H_{01}$: 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 improving developmental projects in tertiary institutions in Ogun State.

$H_{03}$: Treasury Single Account does not have significant effect on operational activities in tertiary institutions in Ogun State.

***Table 1: Result of the reliability of the questionnaire***

| Variable | Mean | Standard Deviation | Cronbach's Alpha | Number of respondents |
|---|---|---|---|---|
| Treasury Single Account | 3.42 | 1.074 | 0.711 | 150 |
| Mobilization of funds for structural development | 3.21 | 0.987 | 0.657 | 150 |
| Improved developmental projects | 3.15 | 0.897 | 0.735 | 150 |
| Operational activities of the institutions | 3.01 | 1.265 | 0.702 | 150 |

*Notes: The mean represents the average response of the respondents, Mean is the average response of the respondents to each items in the questionnaire, Standard deviation represents the variation in the responses of the respondents to the items in the questionnaire, Cronbach's alpha value is the level of the reliability of the variables, Number of respondents represents the number of respondents used for the research work.*

The correlation coefficient as indicated in table 2 shows a weaknegative relationship between treasury single account and mobilization of resources for structural development with correlation coefficient of -0.498, similar result were obtained for treasury single account and project execution with correlation coefficient of -0.427 and treasury single account and filing of returns with correlation coefficient of -0.504. However, the relationships were significant with sig. value less than 5%. Therefore, there is enough evidence to affirm that there exist significant relationship between the treasury single account and other dependent variables used in the research work.

*Table 2: Summary of the relationship between the variables*

| Variable | Correlation Coefficient | Sig. value | Number of Observation |
|---|---|---|---|
| TSA - Mobilization of Resources for structural Development | -0.498 | **0.000*** | 150 |
| TSA – Improved developmental projects | -0.427 | **0.000*** | 150 |
| TSA – operational activities | -0.504 | **0.000*** | 150 |

*Note: *Correlation is significant at the 0.01 level (2-tailed).*

In order to establish the nature of relationship between the variables under consideration, regression models were obtained as follows:

***Table 3. Summary of Regression Model between TSA and Mobilization of Resources.***

| Variable | β coefficient | Standard Error | $\|t\|$ | Significance value |
|---|---|---|---|---|
| TSA | - 0.315 | 0.141 | 2.236 | **0.027**** |
| Constant | 7.102 | 1.636 | 4.341 | **0.000*** |

*Note: *Correlation is significant at the 0.01 level (2-tailed), **Correlation is significant at the 0.05 level (2-tailed), a)* R = - 0.498, b) R-Square = 0.248, c) Adj. R-Square = 0.243, c) Standard Error of the estimate = 2.472, d) F = 10.021, e) Significance value = 0.000, F= Variance of the group mean, significance value is the probability value.

MFD = 7.102 – 0.315*TSA …1

Where MFD represents mobilization of funds for developmental projects.

The result of the analysis in table 3 shows the contribution of treasury single account to mobilization of resources for structural development. The regression coefficient is -0.315 with standard error of 0.141. In addition, the absolute value for the t-value is 2.236 with significant value of 0.027. This is an indication that treasury single account has a negative effect on mobilization of fund; the test is significant with sig. value of 0.027. The F-value is 10.021 with sig. value of 0.000 which is less than 0.05 (5%), which is an indication that the model is adequate and sufficient in relating treasury single account and mobilization of resources for structural development. Therefore, we accept the alternative hypothesis and concluded that, treasury single account has significant negative impact on mobilization of resources for structural development.

***Table 4: Summary of Regression Model between TSA and Project Execution***

| **Variable** | **β coefficient** | **Standard Error** | **\|*t*\|** | **Sig.** |
|---|---|---|---|---|
| TSA | -0.277 | 0.128 | 2.168 | **0.032**** |
| Constant | 6.712 | 1.636 | 4.103 | **0.000*** |

*Note: *Correlation is significant at the 0.01 level (2-tailed), **Correlation is significant at the 0.05 level (2-tailed), a)* R = - 0.427, b) R-Square = 0.182, c) Adj. R-Square = 0.180, d) Standard Error of the estimate = 1.324, e) F = 11.231, f) Sig. = 0.000, g) F= Variance of the group mean, significance value is the probability value.

$$IDP = 6.712 - 0.277*TSA \qquad \ldots 2$$

Where, IDP means improved developmental projects.

The result of the analysis in table 4 shows the contribution of treasury single account to improving developmental projects. The regression coefficient is -0.277 with standard error of 0.128. Also, the absolute value for the t-value is 2.168 with significant value of 0.032. This result is an evidence that treasury single account has negative effect on developmental projects; the test is significant with sig. value of 0.032. The F-value is 11.231 with sig. value of <0.05, which indicates that the model is adequate and sufficient in relating treasury single account and improved developmental projects. Therefore, we accept the alternative hypothesis and concluded that, treasury single account has significant negative impact on improving developmental projects.

***Table 5: Summary of Regression Model between* TSA and Operational Activities**

| **Variable** | **β coefficient** | **Standard Error** | **\|*t*\|** | **Sig.** |
|---|---|---|---|---|
| TSA | -0.256 | 0.114 | 2.246 | **0.004** |
| Constant | 5.321 | 1.636 | 3.252 | **0.000** |

*Note: *Correlation is significant at the 0.01 level (2-tailed), **Correlation is significant at the 0.05 level (2-tailed), a)* R = - 0.256, b) R-Square = 0.066, c) Adj. R-Square = 0.062, d) StandardError of the estimate = 1.324, e) F = 11.231, f) Sig. = 0.000, g) F= Variance of the group mean, significance value is the probability value.

$$OA = 5.321 - 0.256*TSA \quad \ldots 3$$

Where OA represents operational activities

From table 5, the contribution of treasury single account to operational activities is as presented. The regression coefficient is -0.256 with standard error of 0.114. Moreover, the absolute value for the t-value is 2.246 with significant value of 0.004. This suggests that treasury single account has negative effect on operational activities; the test is significant with sig. value of 0.004. The F-value is 11.231 with sig. value of 0.000 < 0.05, which is an indication that the model is adequate and sufficient in relating treasury single account and operational activities of the institutions. Therefore, we accept the alternative hypothesis and concluded that, treasury single account has a negative significant impact on operational activities.

**Conclusion**

Since it was obvious in the study, that Treasury Single Account is a government policy backed by regulations and guidelines to checkmate the excessive spending of the top government officials and in order to discourage corruption. Government should find a way of making the guidelines flexible to pave way for easy mobilization of funds for structural development, project execution and making it easy to reconcile the accounts for quick remittance of returns to the Corporate Affairs Commissions by the tertiary institutions of learning.

**Recommendations**

In view of the findings of this study, the following were the recommendations made;

1. Government should soften the implementation of TSA in our tertiary Institutions to give room for quick response in the area of development.
2. Policies of this nature should be allowed by government to be tested and observed first for a period of time before full implementation.
3. For Nigeria's Tertiary Institutions to compete with others in developed countries in the area of infrastructural development, they should be exempted from the Treasury Single Account.
4. Government should make a periodic review on the implementation process of TSA for control purposes.
5. Government should enforce the Central Bank of Nigeria to look into their operations department and make their Bank Statement more readable for account reconciliation purpose.
6. Also, CBN should be directed to be more narrative in their account statements.

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