

TREASURY SINGLE ACCOUNT: A CATALYST FOR PUBLIC FINANCIAL MANAGEMENT IN NIGERIA

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Abstract

Many developing and low-income countries have fragmented government banking arrangements that hinder effective cash management and control over cash balances. It is common to find multiple bank accounts in commercial banks belonging to different ministries/agencies, with idle cash. Therefore, this study examined Treasury Single Account (TSA) as a catalyst for enhancing efficient public financial management in Nigeria. The population of the study was 234 Top Management and Lower management of MDAs, commercial banks and CBN. The sample size of 178 representing 76% of the entire population from Top Management and Lower management were used for the study. A 12 item closed-ended assessment questionnaire entitled Treasury Single Account a catalyst for public financial management in Nigeria was developed and administered to 178 Top Management and Lower management out of which 144 representing 80% of sample size were satisfactorily returned. The method of data analysis was through Descriptive statistics using mean, mean set and standard deviations while Z-test was used to test the hypotheses. The finding revealed that there is no significant difference in the mean score of respondents on the extent TSA policy will affect the nation's revenue drive, transparency and fight against corruption. The study recommended that government should put stringent measures on the defaulters in upholding the implementation of Treasury Single Account.

Key words: Treasury Single Account (TSA), Public Financial Management, (PFM), Government Integrated Financial Management Information System (GIFMIS) Automated Accounting Transaction Recording and Reporting System (ATRRS), Integrated Payroll and Personnel Information System (IPPIS) and International Public Sector Accounting Standard (IPSAS).

INTRODUCTION

A major macroeconomic objective of every nation is to achieve efficient allocation of resources as well as stabilization of the business cycles. In the current “global revolution in government accounting and in a bid to ensure effective implementation of the Public Financial Management reform agenda of the Federal Government, Nigeria has initiated and implemented Treasury single account(TSA) and other series of economic policies to assist in the better management of her economy. Treasury Single Account (TSA) is a catalyst for efficient management of public cash resources in Nigeria and a useful model governments use to establish centralized control over its revenue through effective cash management. It is a catalyst for consolidating and managing governments’ cash resources, thus minimizing borrowing costs because it enhances accountability and enables government to know how much is accruing to it on a daily basis. William (2010) opined that in countries with fragmented government banking arrangements, the establishment of a TSA should receive priority in the Public Financial Management reform agenda. In the case of Nigeria, it is expected that the implementation of TSA will help tame the tide of corruption. Parts of other reforms that were aimed at improving the quality of the nation’s Public Financial Management (PFM) systems are Government Integrated Financial Management Information System (GIFMIS); Automated Accounting Transaction Recording and Reporting System (ATRRS); Integrated Payroll and Personnel Information System (IPPTS); International Public Sector Accounting Standard (IPSAS) and many others.

Treasury Single Account is an important factor in managing and controlling government’s cash resources. They are critical for ensuring that all tax and non-tax revenues are collected and payments centralized with the Central Bank of Nigeria in a timely manner and that government cash balances are optimally managed to reduce borrowing costs (Khan&Pessoa, 2010). Treasury single account is a key factor for effective PFM since it is a critical instrument in the implementation of economic policy, and it works by influencing the allocation and use of public resources through the budget and overall fiscal policy. A well-functioning PFM system would provide the assurance that the funds released through revenue generation and appropriation processes as well as from debt forgiveness mechanism would be productively used in a transparent and effective manner.

As it stands now TSA is a precondition for curbing corruptions which is a cankerworm that has eaten deep the caprice of our economy over decades in Nigeria and it is an effective and efficient prerequisite for modern cash management because of its nature to establish over light and centralized control over government’s cash resources by the ministry of finance/treasury. Karen (2006) sees it as a policy that provides a number of other benefits and thereby enhances the overall effectiveness of a Public Financial Management (PFM)

system. The establishment of a TSA should, therefore, receive priority in any PFM reform agenda.

Non implementation of TSA in a country breeds corruption in multiple regressions because of fragmented government banking arrangements that pays for institutional deficiencies in multiple ways. Pattanaya and Fainboim (2010) stated the institutional deficiencies non adoption of TSA by any country; first, idle cash balances in bank accounts often fail to earn market related remuneration. Second, the government, being unaware of these resources, incurs unnecessary borrowing costs on raising funds to cover a perceived cash shortage. Third, idle government cash balances in the commercial banking sector are not idle for the banks themselves, and can be used to extend credit. Draining this extra liquidity through open market operations also imposes costs on the central bank.

Awogbemi(2015) affirms that TSA system helps consolidate government cash balances, gives the ministry of finance/treasury oversight of all government cash flows, and brings improvements in budget control and monitoring. A TSA enables regular and effective monitoring of government cash resources by providing complete and timely information. It also facilitates better fiscal, debt management, and monetary policy coordination as well as better reconciliation of fiscal and banking data, which in turn improves the quality of fiscal information. The Federal Government's move to trap its earnings into the Single Treasury Account domiciled at the Central Bank of Nigeria (CBN) bodes well for transparency, accountability and would, in the long run, strengthen the Naira (Anumihe, 2015). It has become a useful model governments use to establish centralized control over its revenue through effective cash management. It enhances accountability and enables government to know how much is accruing to it on a daily basis.

Sailendra and Fainboim (2010) opined that government banking arrangements are an important factor for efficient management and control of government's cash resources. Such banking arrangements should be designed to minimize the cost of government borrowing and maximize the opportunity cost of cash resources. This requires ensuring that all cash received is available for carrying out government's expenditure programs and making payments in a timely fashion. Many emerging market and low-income countries have fragmented systems for handling government receipts and payments. In these countries, the ministry of finance/treasury lacks a unified view and centralized control over government's cash resources. 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. Finally, the establishment of a TSA significantly reduces the government debt servicing costs, lowers liquidity reserve needs, and helps maximize the return on investments of surplus cash.

However, there has been mixed feelings about the effects and consequences of the newly introduced TSA by the Federal Government on banks, ministries, departments and agencies as well as government business operators but they failed to understand that fragmented system for handling government receipts and payments through the banking system has attracted institutional deficiencies in multiple ways. First, idle cash balances in bank accounts often fail to earn market related remuneration. Second, the government, being unaware of these resources, incurs unnecessary borrowing costs on raising funds to cover a perceived cash shortage. Third, idle government cash balances in the commercial banking sector are not idle for the banks themselves, and can be used to extend credit. Draining this extra liquidity through open market operations also imposes costs on the Central bank.

Anumihe(2015),confirms that with TSA leading to the closure of about 10,000 multiple bank accounts operated by MDAs in commercial banks and it is forcing banks to leave their comfort zone caused by dependence on government money to now become as creative and inventive as it is the case in modern economies around the world. It is against this backdrop, that the researcher intends to examine the public perception of the effect of TSA policy on the nation's revenue drive, transparency and fight against corruption and the likely effect of TSA policy implementation on banks' liquidity and employment. Two research questions and hypotheses were formulated based on the problem and objectives of this study to guide the researcher in the course of this research.

Therefore, the study is segmented into five sections: Section I introduces backgrounds to TSA and PFM systems and describes its main features. Section II reviews the literature of TSA system while Section III provides research method. Section IV analyses the data and discusses findings. The section V concludes and makes recommendations.

Literature Review

Pattanayak & Fainboim (2010) defined TSA as a unified structure of government bank accounts enabling consolidation and optimum utilization of government cash resources. It separates transaction-level control from overall cash management. In other words, a TSA 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 the end of each day. This banking arrangement for government transactions is based on the principle of fungibility of all cash irrespective of its end use. While it is necessary to distinguish individual cash transactions for control and reporting purposes, these objectives are achieved through the accounting system and not by holding and/or depositing cash in transaction-specific individual bank accounts. This enables the ministry of finance/treasury to delink management of cash from control at a transaction level.

Okwe, Chijioke, Adeoye & Ogah (2015) opined that the TSA is a process and tool for effective management of government's finances, banking and cash position. In accordance with the name, it pools and unifies all government accounts through a single treasury account. The advantages and benefits of the TSA are legion. The consolidation into a TSA paves way for the timely capture and payment of all due revenues into government coffers without the intermediation of multiple banking arrangements. This prevents revenue leakages in terms of revenue loss and mismanagement by operators of all revenue-generating agencies. With this comes better cash management practices since the Treasury can at all times have an overall view of government's cash position, as against the fragmented positions of different Ministries, Department and Agencies (MDAs), which need to be laboriously pooled together to get the overall picture (Okwe et.al). This will reduce the cost of borrowing by government and its agencies, as the government will likely be in the surplus at most times of the year.

Onyewuchi (2015) sees treasury Single Account (TSA) as a network of subsidiary accounts all linked to a main account such that, transactions are effected in the subsidiary accounts but closing balances on these subsidiary accounts are transferred to the main account, at the end of each business day. With the implementation of the Treasury Single Account, Ministries, Agencies and Departments (MDAs) will maintain their individual accounts with the commercial banks, but daily funding of their disbursements are made from the central or main account, which is resident with the Central Bank, just as their closing balances at the end of day are transferred to the main account.

The TSA is principally a cash management tool for efficient management of the Government's cash position. Prior to the implementation of the TSA, government was incurring finance cost on debit balances in some MDA's accounts while it was earning close to nothing on the credit balances of other MDAs (Onyewuchi, 2015). With the TSA, the net balances on all the MDA accounts will now reside with the Central Bank; hence, the government will avoid incurring interest costs when it has positive net position.

Onyewuchi (2015) said that TSA is a unified structure of government bank accounts enabling consolidation and optimal utilization of government cash resources. It is an account with the Central bank of Nigeria, CBN, which the government transacts all its receipts and payments and gets a consolidated view of its cash position at any given time. The system also eradicates loss and leakages of legitimate revenue meant for the Consolidated and federation accounts.

Treasury Single Account (TSA) is related to the management of public funds thereby to enhance the efficiency and effectiveness of public financial management (Anumihe, 2015). Anumihe (2015) defined TSA as unified structure

of government bank accounts that gives a consolidated view of government cash resources. TSA 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 cash position at the end of each day.

Awogbemi (2015) remarks 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 government transacts all its receipts and payments and gets a consolidated view of its cash position at any given time. This measure is specifically to promote transparency and facilitate compliance with sections 80 and 162 of the 1999 Constitution. This system of account would end the previous public accounting situation of several fragmented accounts for government revenues, incomes and receipts, which in the recent past has meant the loss or leakages of legitimate income meant for the federation account (Awogbemi (2015).

This directive applies to fully funded organs of government like the Ministries, Departments, Agencies and Foreign Missions, as well as the partially funded ones, like Teaching Hospitals, Medical Centres, Federal Tertiary Institutions, etc. Agencies like the CBN, SEC, CAC, NPA, NCC, FAAN, NCAA, NIMASA, NDIC, NSC, NNPC, FIRS, NCS, MMSD, DPR are also affected. For any agency that is fully or partially self-funding, Sub-Accounts linked to TSA are to be maintained at CBN and the accounting system will be configured to allow them access to funds based on their approved budgetary provisions.

Impact of Treasury Single Account on Banks' Liquidity, Employment, Nation's Revenue Drive, Transparency and Fight against Corruption

The full implementation of the TSA will not be hurting banks, properly so-called. It will only hurt establishments that purport and pretend to be banks but have failed, refused and neglected to understand banking and do what bankers do elsewhere. It is an opportunity for banks to refocus on the original purposes for which they were set up – to collect depositors' funds (not necessarily government funds), keep them safe; engage in intermediation to create wealth and jobs for the economy and in the process earn profit for themselves (Garbade et.al, 2004). Yes, the idea of sitting idly and expecting rents and unearned income should be gone and gone for good. Good and well-managed banks will have no problem with this measure.

Larson (2007) explains that TSA is bound to improve transparency and accountability in public finance management. First, it will remove that organizational/MDA secrecy around the management of public finances. The discretionary aspect of accounting officers and politicians collaborating to do all manner of business with government finances before executing projects thereby causing delays or negotiating interest rates with banks for private gains will be over. The second is that revenue generating agencies that have been depriving the

Treasury of due revenue through a plethora of bank accounts under their purview and which is not known to the authorities will no longer be able to defraud the revenue since all funds will be swept into the TSA. Thus, beyond transparency and accountability, the TSA will introduce economy and efficiency into overall management of public finances and this will in the long run lead to effectiveness of government spending since it places government in a better position to realize overall policy goals (White, 2006).

TSA policy to be maximized, Schmitz et.al(2006) stressed that Nigeria needs it to be accompanied with the Fiscal Sunshine Bill, which if enacted will open up the financial activities of government in a way that there will be no more hiding place for those who divert or loot government money. For instance, with Fiscal Sunshine Act in place, budgeting process and implementation, including contract awards, should be in the open for Nigerians to see both how revenues are generated and how public money is being spent by those in government, and why.

Problems likely to beset implementation of TSA

The political will to push the reforms through the entire system is the first challenge but in the case Nigeria, the government under the leadership will go a long way in enforcing the reform. In fact, it has started. Once the political will is secured, the chances of successful implementation will be great. The second is that the enforcement of the TSA on the big cows of the Nigerian economy such the Nigerian National Petroleum Corporation (NNPC) may be difficult and problematic. The NNPC for instance, is a big corporation with big tickets and challenges and issues that need responses on a day-to-day basis. It may be imperative to work out special rules and conditions to guarantee that they comply with the TSA.

THREAT OF TSA

- i. The single account policy will create problems especially where it will be difficult for the federal government to be able to know at a glance the revenue accruing to each ministry or amount debited, as all accounts would have been lumped together.
- ii. Economy watchers fear that there will be liquidity squeeze due to the likelihood of unification of government accounts. The fear is borne out of the fact that with the Monetary Policy Rate at 13 per cent, Cash Reserve Ratio, CRR, at 20 per cent and 75 percent for private and public sector deposits respectively, the TSA would be tough for banks.
- iii. Also, it is expected that the returns of lenders in the economy driven substantially by net interest margins would further be crippled by the TSA implementation because the single account which is supposed to unify and monitor incoming and outgoing government transactions for transparency

and accountability will deny the banks funds belonging to MDAs currently in the vaults of banks.

- iv. Nigerian bank treasurers are of the view that the implementation would adversely affect liquidity in the banking system and end up putting pressure on interest rates and availability of credit to the economy. According to them, the report on bank accounts with CBN has shown that as at beginning of this current quarter, banks' total public sector deposits was N1.3 trillion, but additional net flows from Federation Accounts Allocation Committee, FACC, as at end of last month (about N240 billion) as well as expected inflows by end of this month may push the figure close to N2.2 trillion by the time the pull out begins next month which will make banks to lose about N2 trillion deposits to CBN.

Relevance of TSA on Nigerian Economy

- i. The action of the federal government will assist it with first hand view of what it has in its account and know how to spend it, unlike when the accounts were scattered in various bank accounts that are not relatively linked.
- ii. The government's Treasury Single Account (TSA) project, which seeks to establish a unified structure of government bank accounts, could be the single most effective mechanism for dealing with corruption in cash management in ministries and agencies.
- iii. The project which is inspired by global best practices long established by countries across the world has a proven record of enhancing oversight and control of government cash resources.
- iv. The new initiative would avert the situation where "government, being unaware of these cash balances, incurs unnecessary borrowing costs on raising funds to cover perceived shortage and should help to reverse the situation where idle cash balances in bank accounts of MDAs, often fail to earn market related remuneration.

Benefits of TSA in Public Financial Management Systems

If a country has a fragmented system for handling government receipts and payments through the banking system, it is a critical PFM weakness that needs to be addressed. A country with fragmented government banking arrangements pays for its institutional deficiencies in multiple ways. First, idle cash balances in bank accounts often fail to earn market related remuneration. Second, the government, being unaware of these resources, incurs unnecessary borrowing costs on raising funds to cover a perceived cash shortage. Third, idle government cash balances in the commercial banking sector are not idle for the banks themselves, and can be used to extend credit. Draining this extra liquidity through open market operations also imposes costs on the Central bank.

A TSA system helps consolidate government cash balances, gives the ministry of finance/treasury oversight of all government cash flows, and brings

improvements in budget control and monitoring. A TSA enables regular and effective monitoring of government cash resources by providing complete and timely information. A TSA also facilitates better fiscal, debt management, and monetary policy coordination as well as better reconciliation of fiscal and banking data, which in turn improves the quality of fiscal information. Infact, the establishment of a TSA significantly reduces the government debt servicing costs, lowers liquidity reserve needs, and helps maximize the return on investments of surplus cash.

Documents of Cash Management Policy /Cash Management Reforms. The approval of the cash management policy document by the Federal Executive Council for implementation will strengthen Federal Government cash management for better budget implementation and service delivery. Therefore, the effectiveness and efficiency of TSA can be achieved if the following cash management policy documents are strictly implemented and monitored:

Government Integrated Financial Management Information System (GIFMIS). GIFMIS is an IT based system for budget management and accounting being implemented by the federal Government to improve public expenditure management. The purpose is to enhance greater accountability and transparency across ministries and agencies. The overall objective is to implement an efficient, effective and user-friendly computerized financial Management information System to increase the ability of FGN to undertake central control and monitoring of expenditure and receipts in the MDAS. It was also designed to increase the ability to access information on financial performance, increase internal controls to prevent or detect potential and actual fraud, and improve on government ability to demonstrate accountability and transparency to the public.

Automated Accounting Transaction Recording and Reporting System (ATRRS). The ATRRS is software designed in the Treasury to capture all financial transactions in all the MDAs and other arms of government. Its primary purpose is to file accounting returns to the office of the Accountant General of the Federation. These returns, includes independent Renee collected, transcript of account, bank reconciliation statement and outstanding advances.. it also ensure production of time, and reliable financial statements, promoting budgets monitoring and performance, and finally enhancing transparency, accountability and probity in the management of public funds. ATRRS Accounting Software has multiple Benefits which include: Familiarize the workforce with the use of IT equipment at an early stage of Government integrated Financial Management Information System (GIFMIS) implementation, which would enable a smoother transition to the GIFMIS Software; Potentially reduce training period and requirement for GIFMIS; Potentially reduce GIFMIS implementation cost; Shorten Business Process re-engineering period (i.e. it is faster to transit from a semi automated process than a manual process; Facilitates ease of reconciliation

of the various bank Accounts; Ensures clean and accurate data will be available for migration in to GIFMIS.

Integrated Payroll and Personnel Information System (IPPTS). This is a centralized computer based payroll and management system aimed at elimination of payroll fraud; it has as its focus, the determination of the actual personnel and cost of salary at a glance. It also aimed at ensuring data integrity so that the personnel information is correct and intact.

International Public Sector Accounting Standard Board (IPSASB). According to the Nigerian Accounting standards board (NASB) ACT 2003, NASB is the only body recognized by law for the development and pronouncements on accounting standards to be used for the preparation of financial statements in Nigeria. The International Public Sector Accounting Standards Board (IPSASB) which until November 2004 was known as public sector committee of international federation of accountants (IFAC) works under the auspices of IFAC. Its principal role was to develop the accounting standard to be applied In the preparation of financial statement in the public sector. In doing this, the Board takes into consideration the standards already set by international Accounting students Board which was firmly known as international Accounting standards Committee (IASC) until April 2001. These standards are now called international financial reporting standards (IFRS) as against international accounting standard (IAS) prior to April 2001. What IPSAS does is to adopt IFRS standard except when there is a significant public sector issue that warrants a departure from IFRS standard.

The conduct of the IPSAS gap analysis is with a view of: enhancing the quality and transparency of public sector Financial Reporting and strengthening public confidence in Public sector Financial Management. The adoption of IPSAS by Governments will also improve the quality and comparability of financial information reported by Public sector entities around the world; improving our Financial Reporting System, which helped in identifying the existing gaps between our existing Financial Reporting System and the international Standard. Hence facilitating our efforts to bridge the identified gaps, accordingly; the gap analysis study that was undertaken by the Federal Government of Nigeria is an attempt to benchmark Government Accounting in Nigeria with Cash IPSAS to identify the gaps. It is intended to identify the specific departure of Government Accounting system from cash basis IPSAS and chart a transition path for adoption of Accrual based IPSAS and The study attempted to assess whether the country should adopt a limited version of the standards, as the processes of developing the standards have already considered any acceptable options that can be incorporated into the text of the standards.

Accounting Officers Responsibilities Under the Public Procurement ACT 2007

The public procurement Act 2007 as summarized by financial regulation 133 requires the accounting officer to: Preside over the activities of the tenders' board of MDAs; Constitute and preside over the procurement and evaluation committees of the MDAs; Ensure adequate appropriation for procurement activities; Ensure that no splitting of contract is carried out in order to evade or avoid the use of the appropriate procurement method or compliance with relevant guidelines; Liaise with Bureau for public procurement (BPP) for the proper implementation of the regulation of BPP; Be held accountable for future to ensure compliance with the provisions of public procurement and Interpret the MDAs procurement expenditure into its annual budget.

Warrants and Authority to Incur Expenditure (AIE)

Warrant are instruments issued by the minister of finance authorizing the accountant general of the federation to disburse monies specified from consolidated revenue fund for the purpose of carrying on the service of government. These warrants are issued quarterly for overhead and capital expenditures and monthly for personal expenditure, the minister may approve the issue of Authority, to incur Expenditure (AIE) for expenditure that is considered urgent; Provisional General Warrant and Development fund warrants. The various forms of development warrants are as follows: Provisional development fund warrant, Development fund supplementary General warrant and Development fund virement warrant.

Also, Cash Management reforms are aimed at establishing efficient and effective Government cash management system that will enhance service delivery in a transparent manner. This system is defined in the newly developed cash management policy which provides strategies that will ensure that scarce cash resources are well controlled and managed such that the right amount of cash is available at any point in time to meet obligations as and when due, minimize cash holding and associated costs and invest funds not immediately required. The need for policy in this area arose from the observed deficiency in the present cash management system characterized by: multiple bank accounts with idle funds, poor cash planning resulting in low draw-down of funds which invariably affect budget implementation, funds releases are not tied to the needs and priority of Ministries, Departments and Agencies (MDAs), uncoordinated borrowing, etc.

To achieve this objective, the Treasury is expected to manage the cash planning of government with inputs from MDAs. Consequently, the following have been considered and approved:

- i. The Treasury shall take responsibility for the effective and efficient management of all public funds. A Treasury Single Account (TSA) shall be maintained at Central Bank of Nigeria with each MDA responsible for the management of its allocations but effecting payment through the TSA. Government cash balances at any point in time shall be obtained the TSA for

effective planning and decision making. A General Ledger System shall be set up along TSA for posting of payments and commitments to facilitate timely financial reporting.

- ii. Medium Term Expenditure Framework shall guide the preparation of budget proposals. The proposals shall adopt performance based budgeting and estimates are to be based on a sound and comprehensive revenue forecast that is realizable; MDAs shall prepare annual cash plan showing their monthly cash requirements in line with the appropriation, needs and priority for consolidation into Federal Government annual cash plan.

Characteristics of Treasury Single Account

A full-fledged TSA shares three essential features:

Unified System of Banking. Government banking arrangement should be unified, to enable ministry of finance or treasury oversight of government cash flows in and out of these bank accounts. A unified structure of government bank accounts allows complete fungibility of all cash resources, including on a real-time basis if electronic banking is in place. The TSA structure can contain ledger sub-accounts in a single banking institution and can accommodate external zero balance accounts (ZBAs) in a number of commercial banks.

No Government Agency Operates Bank Accounts Outside the Oversight of the Treasury. 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 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).

The Consolidation of Government Cash Resources should be Comprehensive. The TSA should have comprehensive coverage, i.e., it should ideally include cash balances of all government entities, both budgetary and extra budgetary, to ensure full consolidation of government's cash resources.. This means that all public monies irrespective of whether the corresponding cash flows are subject to budgetary control or not should be brought under the control of the TSA. The cash balance in the TSA main account is maintained at a level sufficient to meet the daily operational requirements of the government.

Benefits of TSA

- i. ***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.

- ii. ***Improves Appropriation Control.*** The TSA ensures that the MoF 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 extrabudgetary, measures.
- iii. ***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.
- iv. ***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).
- v. ***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.
- vi. ***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.
- vii. ***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.
- viii. ***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.

Custody of the TSA

As the central bank acts as the fiscal agent of the government, the custody of the TSA in most countries is with the central bank, although in theory, the main account of a TSA system may also be held at a commercial bank. In fact, there is

no realistic alternative for economies without a well developed commercial banking system. In practice, the government banking arrangements may consist of several bank accounts which can be at both the central bank and commercial banks. 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. There are also instances, particularly in Latin American countries, where a large publicly owned commercial bank operates the TSA.

Functions of Treasury Single Account

- i. Provides a safe haven for government cash deposits which minimizes credit risk exposure.
- ii. Aids the efficient management of government liquidity, and facilitates the central bank's coordination of its monetary policy operations in managing liquidity in the economy with government's cash and debt management functions.
- iii. Can facilitate cost effective banking arrangements and speedy settlements (it might be possible to negotiate with the central bank to act as the clearing house for government operations, which may speed settlement).
- iv. Allows for clarity of banking arrangements and remuneration policies between the treasury and the central bank (a service level agreement is normally negotiated to clarify obligations and responsibilities when the central bank acts as the clearing house for government operations).

Preconditions for Setting up Treasury Single Account

There is a need to address some important issues upfront before key decisions are taken on design options and the strategy to establish a TSA. Unless these issues are addressed, the TSA implementation is unlikely to be successful, as the experience of many countries demonstrates. Successful implementation of a TSA also requires sound treasury systems and processes. Therefore, TSA and treasury reforms should be viewed as one integrated package.

- i. ***A Complete Inventory of Existing Bank Accounts.*** As a key precondition, the government should have full information about the bank accounts opened/operated by various agencies under its control. In some countries, an unknown number of government bank accounts are opened by line ministries/agencies, sometimes outside the treasury's control. It may, therefore, be necessary to conduct a census of the bank accounts of all government agencies, asking each agency to provide information on the number and type of accounts held at commercial banks and the amounts deposited in them and explain the reasons for holding them. Even this simple task may prove difficult to achieve in the face of resistance from government agencies and their respective bankers. Following the census, a complete inventory of government accounts should be prepared.

- ii. ***Political Support for Reform of Government Banking Arrangements.*** Establishing a TSA may require hard decisions, such as closing the existing bank accounts of spending units, which can provoke powerful opposition. For success, a TSA reform must be explicitly and strongly supported by the highest levels of government. Cabinet decisions to initiate and reinforce the reform are helpful.
- iii. ***Banking Network and Technology.*** The technological feasibility and capacity of the banking system to participate in the operation of a TSA, and to report on TSA transactions, should be established.²⁴ This includes the existence of an interbank settlement system, a small payments clearing system, a Real Time Gross Settlements System (RTGS) at the central bank for high value transactions, and the connection of major commercial banks to the RTGS. This requirement is especially important in the case of a distributed government bank accounts structure.
- iv. ***Review of Legal/Regulatory Framework.*** Sometimes the existing legal and regulatory frameworks may allow spending units to have independent bank accounts. This need to be amended and good international practice is to vest the ministry of finance/treasury with the sole legal authority for opening government bank accounts. To make the TSA a stable feature of treasury management, it is good practice to include it as a fundamental feature of the respective country's PFM system.

Empirical Studies. There are paucity of empirical studies on TSA and financial management due to the fact that it is new area of research. Many of these few studies draw evidence from developed economies like the United States of America, the United Kingdom, and Canada.

Theoretical Framework

This study- treasury single account: a catalyst for public financial management in Nigeria is hinged on white collar crime theory. The term white-collar crime dates back to 1939 and was propounded by Sutherland who originally presented this theory in an address to the American Sociological Society in attempt to study two field, crime and high society. He was the first to coin the term and hypothesis white-collar criminals, attributed different characteristics and motives than typical street criminals. These attributed characters of criminalities are not different from the attributes of MDAs, bankers and even CBN workers toward management of public finance in Nigeria. Sutherland noted that in his time, less than two percent of the persons committed to prison in a year belong to the upper class." His goal was to prove a relation between money, social status, and likelihood of going to jail for a white-collar crime, compared to more visible, typical crimes, although, the percentage is a bit higher today and even worst in Nigeria because the sacred cows called multinational oil companies in Nigeria whose level of corruption are more than the small companies.

Much of Sutherlands work was to separate and define the difference in blue collar street crimes, such as arson, burglary, theft, assault, rape and vandalism which are often blamed on psychological, associational and structural factors. Instead, white-collar criminals are opportunists, who over time learn they can take advantage of their circumstances to accumulated financial gain. No wonder MDAs, big companies and small take advantage of their circumstances of the corruption that was in alarming rate in Nigeria. They are educated, intelligent, affluent, individuals who are qualified enough to get a job which allows them the unmonitored access to often large sum of money.

But the federal Bureau of Investigation (FBI) has adopted a narrow approach defining white-collar crime as those illegal acts which are characterized by deceit, concealment, or violation of trust and which are not dependent upon the application or threat of physical force or violence. It because of this reason that the adoption of TSA in Nigeria became paramount as it is the only catalyst that can curb corruptions which is a cankerworm that has eaten deep the caprice of our economy over decades in Nigeria and it is an effective and efficient prerequisite for modern cash management because of its nature to establish over light and centralized control over government's cash resources by the ministry of finance. The blue collar crime will more often use physical force, whereas, in the corporate world, the identification of a victim is less obvious and the issuer of reporting is complicated by a culture of commercial confidentiality. There federal government is using force and many will be punished

Research Methodology

The population of the study was 234 Top Management and Lower management of MDAs, commercial banks and CBN. The selection gave a sample size of 178 Top Management and Lower management used for the study, representing 76% of the population. The Top Management and Lower management were used as respondents for the study. To carry out this study, a 12 item closed-ended questionnaire entitled treasury single account is a catalyst for public financial management in Nigeria assessment questionnaire was developed and administered to 178 Top Management and Lower management out of which 144 were satisfactorily returned. Questions were developed to probe the following areas. Effect of TSA policy on the nation's revenue drive, transparency and fight against corruption and on the Threats TSA posed on banks' liquidity and employment.

The researchers administered the instrument through their email addresses and to some via phone call while some were administered personally. The method of data analysis was through Descriptive statistics using mean, mean set and standard deviations to analyze the data from the research questions. The Z-test was used to test hypothesis.

Analysis of Data

Research Question One: To what extent will TSA policy affect the nation's revenue drive, transparency and fight against corruption?

TABLE 1
Mean, Standard Deviation, and Rank Order Statistics of Top Management and Lower Management on the Extent TSA Policy will affect the Nation's Revenue Drive, Transparency and Fight against Corruption.

Sn	Items: opinions of MDAs, Commercial bank and CBN Top and lower Management	Top Management		Lower management		Mean set	Rank	Remarks
		XT	SDT	XP	SDP			
1	The TSA is bound to improve transparency and accountability in public finance management	3.22	1.11	3.64	0.81	3.43	1st	Agreed
2	TSA will remove that MDAs secrecy around the management of public finance	1.86	1.14	1.55	1.04	1.71	6th	Disagreed
3	The discretionary aspect of accounting officers and politicians collaborating to do all manner of business with government finances before executing projects will be over	3.39	0.95	3.36	1.27	3.38	2nd	Agreed
4	Revenue generating agencies that have been depriving the treasury of due revenue through a plethora of banks account under purview will no longer be able to defraud the revenue	3.29	1.01	3.36	0.92	3.33	3rd	Agreed
5	MDAs that have been depriving the Treasury which is not known to the authorities will no longer be able to defraud the revenue since all funds will be swept into the TSA.	3.19	1.20	3.27	0.90	3.23	4th	Agreed
6	TSA will introduce economy and efficiency into overall management of public finances and this will in the long run lead to effectiveness of government spending.	1.84	1.09	1.91	1.38	1.88	5th	Disagreed

As shown in table 1, items with serial numbers 1, 3, 4 and 5 have their mean sets above the criterion mean of 2.50 and are therefore agreed upon by the top management and lower management that TSA policy will affect the nation's revenue drive, transparency and fight against corruption.

Items with serial numbers 2 and 6 have their means sets below the criterion mean of 2.50 and are therefore not agreed upon by the top management and lower management on the management accounting techniques that TSA policy will affect the nation's revenue drive, transparency and fight against corruption. In response to the research question posed above, and as queried on items 1-6 in section B of the questionnaire, that TSA policy will affect the nation's revenue drive, transparency and fight against corruption.

Research Question Two. To what extent do you think TSA will affect banks' liquidity and employment?

As shown in table 2, items with serial numbers 7, 9, 10 and 11 have their mean sets above the criterion mean of 2.50 and are therefore agreed upon by the top management and lower management that TSA will affect banks' liquidity and employment.

Items with serial numbers 8 and 12 have their means sets below the criterion mean of 2.50 and are therefore not agreed upon by the top management and lower management that TSA will affect banks' liquidity and employment. In response to the research question posed above, and as queried on items 7-12 in section B of the questionnaire, the TSA will affect banks' liquidity and employment.

4.2 Test of Hypotheses

Hypothesis One. There is no significant difference in the mean of top management and lower management on the extent TSA policy will affect the nation's revenue drive, transparency and fight against corruption.

As shown in Table 3, Lower Management has mean and standard deviation scores of 2.79 and 1.08 while top Management has mean and standard deviation scores of 2.85 and 1.05. At an alpha level of 0.05 with a degree of freedom of 142, the z-calculated value is less than the z-critical value. Therefore, there is no significant difference in the mean score of top management and lower management on the extent TSA policy will affect the nation's revenue drive, transparency and fight against corruption is upheld. By implication the TSA policy will affect the nation's revenue drive, transparency and fight against corruption.

Hypothesis Two. There is no significant difference in the mean scores of top management and lower management on the extent TSA will affect banks' liquidity and employment

TABLE 2
Mean, Standard Deviation, and Rank Order Statistics of Top Management and Lower Management on the Extent TSA Will Affect Banks' Liquidity and Employment

Sn	Items: opinions of MDAs, Commercial bank and CBN Top and lower Management	Top Management		Lower management		Mean set	Rank	Remarks
		XT	SDT	XP	SDP			
7	The full implementation of the TSA will not be hurting banks, properly so-called	3.22	1.11	3.64	0.81	3.43	1st	Agreed
8	TSA will only hurt establishments that purport and pretend to be bank	1.86	1.14	1.55	1.04	1.71	6th	Disagreed
9	It is an opportunity for banks to refocus on the original purpose for which they were set up	3.39	0.95	3.36	1.27	3.38	2nd	Agreed
10	TSA will cripple and ensure that the idea of sitting idly and expecting rents and unearned income should be gone and gone for good.	3.29	1.01	3.36	0.92	3.33	3rd	Agreed
11	Good and well-managed banks will have no problem with this measure	3.19	1.20	3.27	0.90	3.23	4th	Agreed
12	TSA will affect banks that have failed, refused and neglected to understand banking and do what bankers do elsewhere.	1.84	1.09	1.91	1.38	1.88	5th	Disagreed

TABLE 3
Mean Difference in the Mean Scores of Top Management and Lower Management on the Extent TSA Policy Will Affect the Nation's Revenue Drive, Transparency and Fight against Corruption

Category	N	Df	X	SD	Z-Calculated	Z-Critical	Remarks
Lower Management	133	142	2.79	1.08	0.18	1.96	Accept
Top Management	11		2.85	1.05			

TABLE 4
Mean Difference in the Mean Scores of Management on the Extent TSA Will Affect Banks' Liquidity and Employment

Category	N	Df	X	SD	Z-Calculated	Z-Critical	Remarks
Lower Management	133	142	2.51	1.10	1.22	1.96	Accept
Top Management	11		2.86	0.90			

As shown in Table 4, accountants have mean and standard deviation scores of 2.51 and 1.10 while top management has mean and standard deviation scores of 2.86 and 0.90. At an alpha level of significance 0.05 with a degree of freedom of 142, the z-calculated value of 1.22 is less than the z-critical value of 1.96. Therefore, the null hypothesis of There is no significant difference in the mean scores of top management and lower management on the extent TSA will affect banks' liquidity and employment is upheld. By implication, TSA will affect banks that have failed, refused and neglected to understand banking and do what bankers do elsewhere while Good and well-managed banks will have no problem with this measure.

CONCLUSION AND RECOMMENDATIONS

The study investigates The Treasury Single Account (TSA) as catalyst for public financial management in Nigeria. The public perception of the effect of TSA policy on the nation's revenue drive, transparency and fight against corruption and also the likely effect of TSA policy adoption on banks' liquidity and employment were analysed. The result shows majority has their mean sets above the criterion mean of 2.50, because the consolidation of cash resources through a TSA helps to avoid borrowing and paying additional interest charges to

finance the expenditures of some agencies while other agencies keep idle balances in their bank accounts. The study therefore concluded that TSA policy is paramount in the nation's revenue drive, transparency and fight against corruption. However, the policy adoption affects banks' liquidity and employment as well.

Based on the conclusion, the study made the following recommendations;

- i. TSA principles should be embodied in system to ensure that the nation's revenue drive, transparency and fight against corruption are will be achieved. These principles include the government banking arrangement should be unified to ensure the fungibility of the government's cash resources; no other government agency should be allowed to operate bank accounts without the oversight of the treasury; and the coverage of the TSA should be comprehensive, encompassing all government cash, both budgetary and extra budgetary.
- ii. The study suggests that banks in Nigeria should formulate sound personnel policies to attract people with good moral standing as bank employees because TSA will affect banks liquidity and employment when such banks have failed, refused and neglected to understand banking and do what bankers do elsewhere because good and well-managed banks will have no problem with this measure.
- iii. The degree of maturity of its banking system, including the technology used for the interbank settlements and clearing systems should be improved since countries with well developed PFM systems and an advanced banking network, best practice TSA in the central bank.
- iv. Several professional accountancy bodies in Nigeria should ensure that best standards and regulations are established to ensure best practice and service delivery of TSA.
- v. The introduction of a TSA should not be viewed as an independent activity and should be integrated with other treasury reforms, including changes to budget execution processes. Several measures towards a TSA have to be implemented in tandem with the Government Integrated Financial Management Information System (GIFMIS), Automated Accounting Transaction Recording and Reporting System (ATRRS), Integrated Payroll and Personnel Information System (IPPTS), International Public Sector Accounting Standard Board (IPSASB)

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