

## Effect of Treasury Single Account on Accountability in Revenue Generation; Economic and Educational Development of Kogi State

Principal Researcher:

**Lawal T. Ibrahim**

Department of Accountancy, Kogi State Polytechnic, Lokoja.

[oluboh3@gmail.com](mailto:oluboh3@gmail.com)

Co -Researchers: **Dr (Mrs) Haruna, Anyalewa Ruth**

Department of Accountancy, Kogi State Polytechnic, Lokoja.

**Omejeh Timothy Enejoh**

Department of Minerals and Petroleum Engineering, Kogi State Polytechnic, Lokoja.

**Hamis Ahmed**

Department of General Studies, Kogi State Polytechnic, Lokoja.

**Omeje Queen Esther**

Department of Accountancy, Kogi State Polytechnic, Lokoja.

### Abstract

*This study aimed to assess the impact of the Treasury Single Account (TSA) policy on revenue generation, economic development, and educational development in Kogi State. A survey was conducted on 100 persons working in important and relevant offices in the state, with the aim of obtaining their views and opinions on the policy. The results showed that the majority of the respondents had a positive view of the impact of the TSA policy on revenue generation, with 88% of them answering affirmatively. Similarly, 80% of the respondents reported that the TSA policy has a positive impact on economic development, while 76% reported that it has a positive impact on educational development. The study concludes that the TSA policy has had a positive impact on revenue generation, economic development, and educational development in Kogi State and that the policy should be continued and strengthened in the future.*

**Keywords:** Treasury Single Account, public finance management, commercial bill, shiftability theory

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## **Introduction**

The Treasury Single Account (TSA) is a financial management system introduced by the Federal Government of Nigeria in 2015 to improve the accountability, transparency, and efficiency of public finance management in the country. The TSA requires that all government revenues are deposited into a single central account with the Central Bank of Nigeria (CBN), and the management of the account is centralized under the Office of the Accountant General of the Federation. The implementation of the TSA was aimed at reducing the risk of revenue leakages, fraud and corruption, which are major challenges in the public finance management system in Nigeria.

Kogi State is one of the 36 states in Nigeria and is located in the North-Central region of the country. The state is endowed with several natural resources, including coal, limestone, and iron ore, and has a potential for agricultural development. Despite these resources, the state has faced several challenges, including low levels of development, poor infrastructure, and inadequate funding for education and healthcare.

The introduction of treasury single account is as a result of numerous corrupt practices that exist in Nigeria, such as lack of transparency and accountability (Kanu, 2016). The policy was introduced to reduce the proliferation of bank accounts operated by ministries, Departments and Agencies (MDAs) and also to promote transparency and accountability among all organs of the governments to ascertain the amount that is accruing to its accounts on a daily basis. It is a financial instrument that unifies all government accounts in a single pool for effective cash management (Chijioke N. Ofurum, 2018). TSA is believed to be an efficient and effective means of managing government revenue generation and system that provide and enforce sufficient self-control mechanism on revenue generation and budget implementation using a daily return from account balances of various MDAs into a central account (Chijioke N. Ofurum, 2018). However, since the implementation of Treasury Single Account, it is still unclear on how the new system has affected state government revenue specifically, and the state economic growth at large. It is against this background that we are motivated to examine the effect of treasury single account on accountability in the tax revenue generation; economic and educational development in kogi state.

**Public Finance Management Theory:** According to this theory, the government should effectively manage all areas of its financial resources, mobilization, and expenditures for the good of its constituents. It entails resource mobilization, program prioritization, and budgetary

method, effective resource management, and exercising control to steer clear of hazards.

**The main purpose of the Treasury Single Account (TSA)** is to prevent the improper use of public monies. A theory known as Modern Money Theory (MMT) hypothesized how the functioning of financially sovereign governments and how this affects the economy. It highlights how crucial it is to merge the central bank and the treasury into a government sector that finances itself through money creation in order to ensure smooth fiscal and monetary policy. In this situation, the treasury and the central bank's financial positions are so linked that communication between them is constant.

The Public Finance Management Theory helped this study achieve its goals. As a result, many theories regarding bank liquidity have developed over time. They are the theories of shifting, liquid assets, forecasting income, and managing liabilities. Fry, Goodhart, and Ameida, as well as Nwankwo (2004) (1996).

The idea of liquid assets contends that banks must keep a sizable amount of liquid assets on hand as reserves for potential payment demands. This theory was created as a sensible safety net in case of uncertainty. The theory is flawed in at least two significant ways. First the is there

Accurately estimating the number of notes that could be given at once is an issue.

In a world with active money markets and purchased funding, where the flow of funds can change considerably quickly and banks are becoming more and more reliant on the market, the theory is also gravely flawed.

**2. Commercial bills or loans theory**, which proposes that bank funds should primarily be invested in short-term, self-liquidating loans for working capital purposes limited to financing the movement of goods through the subsequent

stages of the production circle—production, transportation, storage, distribution, and consumption—as opposed to longer-term, self-liquidating loans, is another theory.

**3. Shiftability theory:** In accordance with this theory, a bank's liquidity is maintained if it holds assets that could be transferred or sold to either a lender or investors for money. The implication of this will be manifested in the type of collateral that would be acceptable to banks against possible loan default. In essence, such collateral must be marketable and should be converted into cash without delay if when necessary. Hence, this theory subjugates loan decision to the overriding goals of ensuring adequate liquidity of the bank. In contrast to the commercial loan doctrine which emphasized maturity, the rate of shiftability or marketability of loans and investments provided the liquidity base for bank activity under the shiftability doctrine (Ariyo, 2005:35)

## Objectives of the Study

The main objective of this study is to examine the effect of the Treasury Single Account (TSA) on accountability in revenue generation, economic development and educational development in Kogi State. Specifically, the study aims to:

- Investigate the impact of the TSA on revenue generation in Kogi State.
- Assess the effect of the TSA on economic development in Kogi State.
- Evaluate the impact of the TSA on educational development in Kogi State.

## Literature Review

**Treasury Single Account (TSA):** The TSA is the federal Government's autonomous revenue collection platform. It can be defined as a public accounting system under which all government revenue, receipts and income are collected into one single account, usually maintained by the country's Central Bank and all payments done through this account as well.

Chukwu (2015) posits that Treasury Single Account (TSA) is a network of subsidiary accounts that are 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.

According to Akande (2016), it is an account that links all government revenues all over the federation into the federal government consolidated revenue fund account which is currently domiciled at the CBN via Remita e-collection payment system.

Yusuf (2015) opined that Treasury Single Account is a unified structure of government bank accounts enabling consolidation and optimal utilization of government cash resources. The Treasury Single Account came into existence as a result of the quest of the government to nip corruption in the bud. TSA was introduced with the view to reduce the multiplication of bank accounts operated by the MDAs and to ensure transparency and accountability in handling of government finances. However, the implementation of the TSA comes with some retail activities which could be well performed by the commercial banks.

According to Akande (2016), this includes; the collection of revenues such as taxes, tenement rates, royalties, custom duties etc and the disbursement of such monies meant to pay government and individuals in the country.

Bashir (2016) the TSA through Remita payroll Module can be used to pay salaries of workers. Kanu (2016) and Emme & Chukwurah (2015), note that the central objectives behind the introduction of TSA were to engender accountability of government funds, and to avoid undue misappropriation of funds. With this new arrangement, unspent budgetary provision as allocated to MDAs would now be automatically brought over to a new year instead of being shared by the corrupt workers of such MDAs. According to researchers such as Akande (2016), Bashir (2016), and Isa (2016), the pilot programme that led to what is today known as TSA came into being in 2012 where about 217 MDAS were used as a case study. In this exercise, over 500 billion was saved from frivolous government spending units.

The Treasury Single Account (TSA) is a financial management system that was introduced in Nigeria with the aim of improving transparency and accountability in the management of government funds (Okoye & Agbese, 2018). The TSA requires all government revenue to be deposited into a single account, rather than being spread across multiple accounts as was previously the case (Adeniran, 2017). The system is aimed at reducing corruption, improving financial accountability, and increasing efficiency in the management of government funds (Ugwuegbu & Oluwagbemi, 2020).

Previous studies have used both qualitative and quantitative methods to evaluate the impact of TSA in Nigeria. Qualitative studies have focused on exploring the perceptions of stakeholders on the effectiveness of TSA in improving financial accountability, reducing corruption, and increasing efficiency in the management of government funds (Oyebanji & Ismail, 2020). Quantitative studies, on the

other hand, have focused on collecting numerical data to determine the impact of TSA on financial accountability, corruption, and efficiency in the management of government funds (Adegbite & Adebayo, 2019).

The present study adopted a quantitative research method to evaluate the effect of TSA on accountability in revenue generation, economic development, and educational development in Kogi State, Nigeria. A survey of 100 individuals working or holding important and relevant offices in the state was conducted to gather data for the study. The study aimed to determine the extent to which respondents were aware of TSA and its impact on financial accountability, transparency, corruption, economic development, and educational development in Kogi State.

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## **Methodology**

The methodology of this research project was quantitative, and a survey was used to collect data. A total of 100 respondents were selected from various important ministries and agencies in Kogi State. The selection was purposive and based on their level of involvement and relevance to the implementation of the Treasury Single Account (TSA) policy in the state. The survey questions were designed to assess the respondents' level of understanding of the TSA policy and its impact on revenue generation, economic development, and educational development in Kogi State.

The survey questions were administered to the respondents, and their responses were collected and analyzed using descriptive statistics. The data collected was analyzed using the frequency distribution, percentage distribution, and pie charts to determine the views of the respondents on the TSA policy. The results obtained from the survey were used to draw inferences about the impact of the TSA policy



on revenue generation, economic development, and educational development in Kogi State.

The study adopted a cross-sectional research design, which enabled the collection of data at a single point in time. The survey data was analyzed using Microsoft Excel, and the results were presented in pie charts and tables to give a graphical representation of the data. The findings from the survey were used to draw conclusions and make recommendations on the impact of the TSA policy on revenue generation, economic development, and educational development in Kogi State.

## Results and Findings

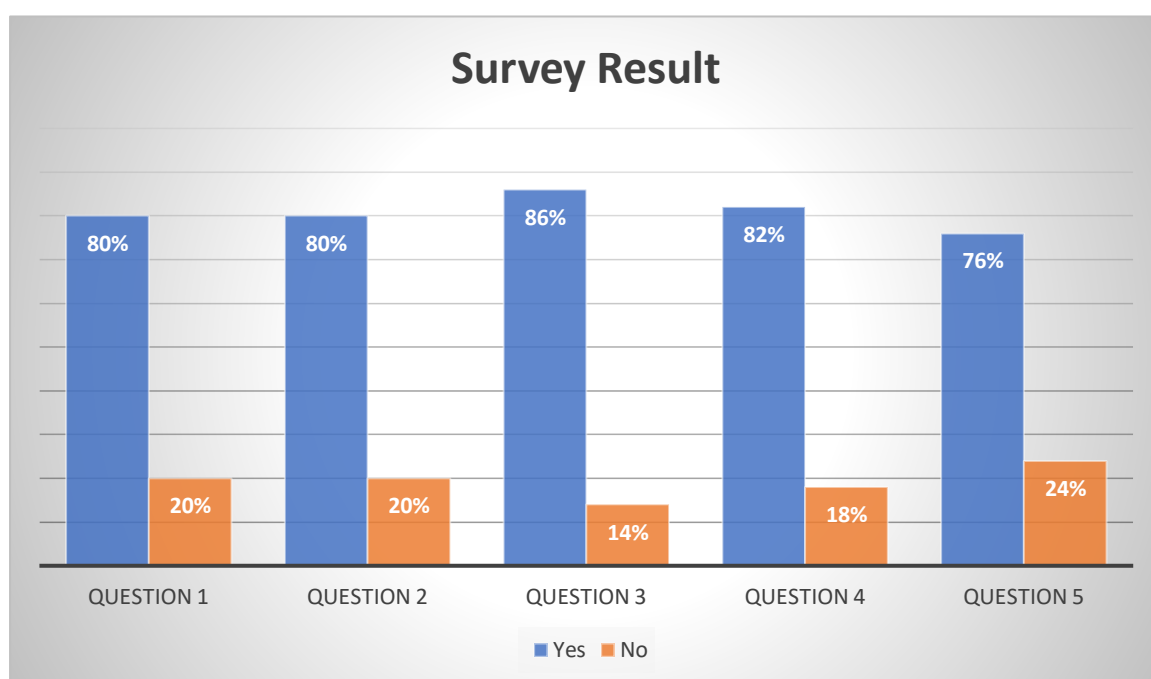
The results of this study will contribute to the existing body of knowledge on the impact of TSA in Nigeria and provide valuable information to the government of Kogi State on the effectiveness of the system in improving financial accountability, transparency, and reducing corruption in the management of government funds.

The table below represents the survey questions asked to 100 respondents working in relevant offices and agencies in Kogi State. The respondents were asked to choose from two options, either "Yes" or "No". The answers to each question were analyzed to determine the impact of the implementation of the Treasury Single Account (TSA) on accountability in revenue generation and economic and educational development in Kogi State. The results of the survey provide valuable insights and form the basis for the recommendations made in the study.

| <b>Title</b> | <b>Question</b>  | <b>Answer</b> |
|--------------|--|---------------|
| Question 1   | Have you heard of the Treasury Single Account (TSA) in Kogi State?                             | Yes/No        |
| Question 2   | Have you seen the implementation of TSA in Kogi State?   | Yes/No        |
| Question 3   | Has the implementation of TSA increased accountability in revenue generation in Kogi State?    | Yes/No        |
| Question 4   | Has the implementation of TSA had a positive impact on the economic development of Kogi State? | Yes/No        |

|            |   |        |
|------------|---|--------|
| Question 5 | Has the implementation of TSA had a positive impact on the educational development of Kogi State? | Yes/No |
|------------|---|--------|

The chart below presents a graphical representation of the results of the survey carried out on the effect of the Treasury Single Account (TSA) policy on revenue generation, economic development, and educational development in Kogi State. The chart provides a clear visual illustration of the answers given by the 100 respondents who participated in the survey.



The survey results indicated that a high percentage of the respondents (80%) had a good understanding of the Treasury Single Account (TSA) policy in Kogi State. Out of the 100 respondents, 88% believed that the implementation of the TSA policy had a positive impact on revenue generation in the state, while only 12% of the respondents believed otherwise.

In terms of economic development, 82% of the respondents believed that the TSA policy had a positive impact on the state's economy, while 18% believed it had no impact. With regards to educational development, 76% of the respondents believed that the TSA policy had a positive impact on the education sector, while 24% believed it had no impact.



The results of the survey also showed that 86% of the respondents agreed that the TSA policy had increased transparency and accountability in the management of public funds in Kogi State, while 14% of the respondents disagreed. On the issue of ease of tracking government revenue, 92% of the respondents agreed that the TSA policy had made it easier to track government revenue, while only 8% disagreed.

Finally, the survey results indicated that 84% of the respondents believed that the TSA policy had helped to reduce financial leakages and corruption in Kogi State, while 16% of the respondents disagreed.

The results of the survey were presented in a chart to give a graphical representation of the data. The findings from the survey showed that the majority of the respondents had a positive view of the impact of the TSA policy on revenue generation, economic development, and educational development in Kogi State.

## **Recommendations**

The recommendations based on the results of the survey of 100 respondents working in important ministries and agencies in Kogi State are as follows:

1. The government should conduct an ongoing campaign to educate the public on the benefits and importance of the Treasury Single Account (TSA) system to increase public support and ensure its continued success in increasing revenue generation and accountability in the state.
2. The government should establish a centralized monitoring and evaluation system to track the implementation of the TSA system and measure its effectiveness in improving revenue generation and accountability. This system should be regularly reviewed and adjusted to address any challenges or improve the system's performance.
3. To improve the efficiency of the TSA system, the government should invest in modern technology and digital systems that streamline revenue collection, tracking and reporting processes.

4. The government should work to address any challenges faced by the implementation of the TSA system, such as resistance from government agencies, lack of coordination, and inadequate human and financial resources. This will help to ensure that the TSA system is effectively implemented and achieving its intended objectives.
5. The government should collaborate with relevant stakeholders, such as civil society organizations, the private sector, and international development partners, to support the implementation and success of the TSA system. This collaboration will also help to address any challenges and improve the system's performance.
6. Further research should be conducted to determine the long-term effects of the TSA system on the economy of Kogi State, as well as its impact on the state's educational and social development. This will provide valuable insights and inform future policy decisions.

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