Treasury Single Account as an Antidote to Corruption in Nigeria

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ABSTRACT
This study investigated the treasury single account (TSA) as an antidote to corruption in Nigeria. A structured questionnaire was used to collect data from sample of one hundred and fifty four (154) accountants and auditors drawn from both federal and state government establishments. Data collected were analysed using Descriptive Statistics, Pearson Product Moment Correlation (PPMC) and Ordinary Least Square Regression method with the aid of Statistical Package for Social Science (SPSS), window 23. The findings showed that there is a relationship between the antidote to corruption in Nigeria and treasury single account measured as financial accountability and transparency, cash management, elimination of monopoly and discretion, facilitates revenue collection and payments as well as frauds prevention were significantly positive with (r = 0.657**, 0.714**, 0.520**, 0.672** and 0.713**), all at 0.01 significant level. The result also shows that the treasury single account is significantly influenced remedy to corruption in Nigeria with (R² = 0.791; P < 0.05). The study concluded that the antidote to corruption in Nigeria depends on the effective treasury single account.

Keywords: Treasury single account, Antidote, Corruption, Nigeria, Government

INTRODUCTION
Treasury Single Account (TSA) as a unified structure of government bank accounts enabling consolidation and optimum utilization of government cash resources. 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 (Pattanayak & Fainboim, 2016). It an essential tool for consolidating and managing government’s cash resources, thus minimizing borrowing cost. Treasury Single Account is a public accounting system under which all government revenue, receipts and income and collected into one single account, usually maintained by the country’s Central Bank and all payments done through this Account as well (Yusuf, 2015)

Adeosun (2016) viewed that, global economic challenges which are affecting our nation demand optimum efficiency in the management of public funds. The objective requires an overhaul of the financial management approaches adopted to meet financial obligations on time and ensure that cost effective financial support is provided to public institutions.

In practice, TSA is an essential reform for any government in pursuits fiscal sustainability and prudent management of its resources. It increases accountability and transparency, improves the processing of payments and collections and reduces borrowing costs. TSA at the federal level has allowed, for the first time, visibility of the total quantity of government funds at any point in time. However, corruption has been a major issue in Nigeria because of the negative impact on the people, government and drawbacks on economic development and national progress (Emechele,2009; Ajie & Wokekoro,2012) cited in (Odia & Odia 2016). Inokoba and Ibegu (2011) opined that, corruption pervades all facets of the country’s public and private sector with devastating consequences of poverty, decaying infrastructures, unemployment, poor budget implementation and performance, low standard of living (Odo,2015).Corruption has seriously affected every sector of the economy and hampered sustainable development in education, health, employment, power and electricity generation, transportation, legislature, judiciary, civil service, politics, electoral process and other
major sectors of the economy (Ezigbo, 2006). It has hindered economic growth and development (Cookey, 2005), foreign direct investment (Cooker, Ugwu & Adams, 2012) and resulted in poor human development indices and massive poverty of Nigerians (Action Aid, 2015). Corruption increases the rate of injustice, disregards rule of law and destabilizes society by creating social tensions, increases the crime rate, violence and terrorism. It also acts as a barrier to advancing any innovations (OECD, 2010). Ribadu (2007) argued that corruption is Nigeria’s worst problem responsible for its woes, instability in the Niger Delta, debt overhang, barrier to democratic elections and impediment to flow of foreign direct investment (FDI).

Statement of the Problem
In Nigeria today, several government businesses and activities have collapse as a results of problems of corruption such as embezzlement, theft of fund, inflation of contract, poor credit facilities, concealment, forgery, counterfeiting, stolen cheques and weaken of internal control system, money laundering, paper hanging and frequently changes in government functionaries etc. to the extent that it damage critical governance of the country and scare away both foreign and domestic investors and expose country to reputation risk (Ibrahim, Adeyemi & Odunayo, 2015). However, the adventure of TSA is an essential reform for any government in pursues fiscal sustainability and prudent management of its resources invariably, increases accountability and transparency, improves the processing of payments and collections and reduces borrowing costs. TSA at the federal level has allowed, for the first time, visibility of the total quantity of government funds at any point in time serves as antidote to corruption in active sectors of economy. Several studies have been carried out in the past on this subject. For instance, Oti, Igbeng and Obim (2016) investigated an appraisal of policy impact of treasury single account in Nigeria while Ekubiat and Ime (2016) conducted study on the adoption of treasury single account by State Governments of Nigeria; benefit, challenges and prospects. Other research works includes, (Odia & Odia 2016; Eme, Chukwurah & Iheanacho 2015; Pattanayak & Fainboim, 2016). None of research works has dealt on the directly on treasury single account as an antidote to corruption in Nigeria. The omissions of this form a major gap in this study. However, the study seeks to answer this fundamental question. To what extent that TSA serve as antidote to corruption in Nigeria?

Objective of the Study
The objective of this study is to ascertain significant relationship between treasury single account and antidote to corruption in Nigeria.

Research Hypothesis
H0: Treasury single account has no significant relationship with antidote to corruption in Nigeria.

Significance of the Study
TSA is a bank account through which the government transacts all its receipts and payments and gets a consolidated view of its cash position at a glance. This can be used to reduces revenue leakages and enhance adequate monitoring of fund, accountability and transparency is achieved by avoiding the misapplication of government fund and reducing corruption as well as effective reporting by MDAs, hence the need to find out the extent TSA serves as an antidote to corruption. The research findings would be of importance to policy makers at both federal, states and local governments level as they designed policies aimed at reducing corruption and mismanagement of resources through effective TSA adoption and full implementation. This study would be of benefit as resource base to other researchers interested in carrying out further research to provide new explanation to the topic under investigation.

LITERATURE REVIEW
Conceptual Review
Oyedele (2015) defined TSA as a way of unifying various governments’ bank accounts to give a consolidated view of government cash resources. For Treasury Single Account (TSA) to work effectively there must be daily clearing of and consolidation of cash balance into the central account even where the MDA’s accounts are already held at the CBN. However, this objective can be achieved through proper accounting rather than by holding cash in separate bank accounts. Therefore, Treasury Single Account covers all funds including votes and extra-budgetary accounts or even funds held in trust by government. To actualize this aim, accounting system must be robust and capable of accurately distinguishing trust assets in Treasury Single Account. It is a policy or monetary tool that
increases the revenue inflow in the purse of the government as well as places it in a better stead to adequately meet its financial obligations to the citizens of the country (Pattanayak & Fainboim, 2016). TSA provides complete and timely information on government cash resources, improved operational control on budget execution, enabled efficient cash management, reduced bank fees and transaction costs, facilitated efficient payment mechanisms and it has also reduced the FGN ways and means requirement to bridge the budget funding gap (Adeosun, 2016).

TSA is a unified structure of government bank accounts that gives a consolidated view of government cash resources. Based on the principle of unity of cash and the unity of treasury, TSA is a bank account or a set of linked accounts through which the government transacts all its receipts and payments. The principle of unity follows from the fungibility of all cash irrespective of its end use. While it is necessary to distinguish individual cash transactions for control and reporting purposes, this purpose is achieved through the accounting system and not by holding/depositing cash in transaction specific bank accounts. This enables the treasury to delink management of cash from control at a transaction level (Pattanayak & Fainboim, 2016)

**Constitutional Acts Instituted by Government to Strengthen Treasury Single Account (TSA) in Nigeria**

Fiscal Responsibility Acts (2007): These are economic tools designed to enhance fiscal prudence by placing statutory obligations on federal, state and local governments to commit to transparent fiscal, budget practices and economic objectives that can be evaluated overtime. CBN 2015 Guidelines for Compliance with Treasury Single Account by Banks in Nigeria and Constitution of Federal Republic of Nigeria, 1999 (as amended), Section 8. (Ekubiat & Ime 2016)

**Constitutional Agencies to Combat Financial Crime and Corruption in Nigeria**

1) Independent Corrupt Practices and other related Offences Commission (ICPC): This agency established by 2000 Act, it mandate is to receive and investigate reports of corruption and in appropriate cases prosecute offenders. ICPC is to examines, review and enforce the correction of corruption prone system and proceeding of public bodies with a view to eliminating corruption in public life and to educate and enlighten the public on and against corruption and related offences with a view to on listing and fostering public support for the fight against corruption.

2) Economic and Financial Crime Commission (EFCC): This commission is charge with the responsibility of enforcing the provision of: The Money Laundering Act 1995; The Advance Fee Fraud and Other Fraud Related Offences Act 1995, The Failed Banks (Recovery of Debts) and Financial Malpractices in Banks Act 1994 as amended; the Banks and other Financial institution Act 1994 as amended; Miscellaneous Offences Act and Any other law or regulating to economic and financial crimes,

3) Code of Conduct Bureau (CCB): This is the pioneer anti-corruption agency and its primary responsibility is to checking corrupt practices in Nigerian public services and has been doing so since 1989. The provision of the CCB is contained in the 5th schedule of the CFRN 1999 as amended.

**Objectives of TSA**

The primary objective of a TSA is to ensure effective aggregate control over government cash balances and complete and timely provides information on government fund. The consolidation of cash resources through a TSA arrangement facilitates government cash management by minimizing borrowing costs (Adeosun 2016). Other objectives of TSA include: minimizing transaction costs during budget execution, notably by controlling the delay in the remittance of government revenues (both tax and non-tax) by collecting banks, and making rapid payments of government expenses; facilitating reconciliation between banking and accounting data; efficient control and monitoring of funds allocated to various government agencies; and facilitating better coordination with the monetary policy implementation. Elimination of monopoly power over the resources, allocation and utilization as well as discretionary power to decide to receive is allocated resources.

**Empirical Review**

Various studies have been conducted on Treasury Single Account in the country and other part of countries with diverse techniques and opinions. The outcome of the investigations, however, shows that the Treasury Single Account provides complete and timely information on aggregate government cash resources. Pattanayak et al (2016) investigated the Treasury Single Account: concept, design,
and implementation issues. They revealed that, treasury single account (TSA) is an essential tool for consolidating and managing governments’ cash resources, thus minimizing borrowing costs. They also presents alternative models and approaches for designing a TSA that take into account specific country contexts as well as the preconditions and desirable sequencing for its successful implementation. 

Oti, et al (2016) examined an appraisal of policy impact of Treasury Single Account in Nigeria Their study discovered various sheds of opinion while bankers decry the distortion of their liquidity management plan, the federal government on the other hand claims a huge success because it can now comment on its aggregate cash holding without the drudgery hitherto associated with getting to all commercial banks or MDAs with multiple accounts. They concluded by drawn attention to the shock being experienced by the deposit money banks, which has led to downsizing of its personnel, and adopting other cost minimization measures. The adverse effects on lending capacity with resultant effect on operations of the banks and companies which would ultimately result in lower profits and companies’ income tax to the federal government gave the basis for recommending adequate education to elicit buy-in of all stakeholders and building into the policy a transitional window. Eme et al, (2015) discussed an analysis of pros and cons treasury single account policy in Nigeria. They explored the various gamut of TSA and concluded by positing that, for an administration that has an unwritten social contract signed with Nigerians in terms of service delivery; it has the obligation to aggregating states’ resources to provide services and amenities promised to the people. Any step taking in the direction aimed at plugging leakages in revenue generating agencies should be seen as a step in the right direction. Ekubiat and Ime (2016) conducted study on the adoption of treasury single account by State Governments of Nigeria; benefit, challenges and prospects. They adopted descriptive cross-sectional survey design and population for the study consisted of 200 Professional Accountants in Akwa Ibom State. Taro Yamane’s statistical formula was used to select sample size of 133. The data obtained from questionnaire were analyzed using descriptive statistics and t-test statistics. They found that TSA adoption and full implementation by the state governments will be of greatest benefit as showed in the weighted means scores of 4.20 and t-cal of 24.87; there will be challenges in a short-run but the benefits at a long-run will definitely out-weight the challenges. They concluded that State Governments of Nigeria should adopt and fully implement TSA for successful control and accountability of public funds so as to avoid bailout funds always from any source. Odia and Odia (2016) examined e-government and corruption in Nigeria: the case of treasury single account (TSA). They revealed that TSA can help to eliminate leakages and wastages, instill fiscal discipline and prudence, enhance accountability, transparency and effective budget execution and reduce corruption in the Nigerian public sector. They also recommended that to ensure successful and sustainable TSA policy that would make the benefits visible, the federal government must demonstrate the political will to ensure the sustainability of the TSA policy implementation.

**METHODODOLOGY**

This study employed primary source of data by means of administered questionnaire to sample size of one hundred fifty four (154) professional accountants and auditors drawn from both federal and state government establishment within Osun state. A well structured and pre-tested questionnaire helped collecting data on treasury single accounts as an antidote to corruption in Nigeria, using simple random sampling technique. Therefore, responses of the respondents emanated from the questions on Likert scale, ranging from strongly agree (5) to strongly disagree (1). The scale was subjected to item analysis in order to ensure it is valid and reliable. It yielded reliability Cronbach's alpha of 0.84 which is appropriate to measure the data. The adopted method of data analysis in this paper were Descriptive Statistics, Pearson Product Moment Correlation (PPMC) and Multiple Regression Analysis and to be test on 1% and 5% significance level.

4.0 **Model Specification**

The model of the study established the relationship between the dependent and independent variables through the empirical model developed from the work of Asaolu (2004) adopted by Odetayo (2016). The model specification is as stated below:

$$ATC = f(TSA)$$

Where:

$ATC$ represents Antidote to Corruption
TSA represents Treasury Single Accounts

Equation (1) presents the functional relationship between Antidote to Corruption and Treasury Single Account measure by financial accountability and transparency, cash management, elimination of monopoly and discretion, facilitates revenue collection and payments and frauds prevention. The above equation can be re-specified in an explicit form as shown below;

\[ ATC = \beta_0 + \sum_{k=i}^{n} \beta_iFAT+ \beta_2CAM+ \beta_3EMD+ \beta_4FCP + \beta_5FRP + \varepsilon \]  

(2)

Where;

\[ ATC = \text{Antidote to Corruption} \]

\[ TSA = \text{a vector of treasury single account variables which include financial accountability and transparency, cash management, elimination of monopoly and discretion , facilitates revenue collection and payments and frauds prevention} \]

\[ \beta_0 = \text{Constant Parameter} \]

\[ \beta_1, \beta_3 = \text{Coefficient of explanatory variables} \]

\[ FAT = \text{Financial Accountability and Transparency} \]

\[ CAM = \text{Cash management} \]

\[ EMD = \text{Elimination of monopoly and discretion} \]

\[ FCP = \text{Facilitates revenue collection and payments} \]

\[ MIF = \text{Frauds Prevention} \]

\[ \varepsilon = \text{Stochastic Error Term} \]

RESULTS AND DISCUSSION

Table 1: Descriptive Statistics

<table>
<thead>
<tr>
<th>Variables</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Antidote to Corruption</td>
<td>154</td>
<td>4.7857</td>
<td>.41166</td>
</tr>
<tr>
<td>Financial Accountability and transparency</td>
<td>154</td>
<td>4.8182</td>
<td>.43468</td>
</tr>
<tr>
<td>Cash Management</td>
<td>154</td>
<td>4.7143</td>
<td>.56839</td>
</tr>
<tr>
<td>Elimination of Monopoly and Discretion</td>
<td>154</td>
<td>4.6948</td>
<td>.66987</td>
</tr>
<tr>
<td>Facilitates revenue collection and Payments</td>
<td>154</td>
<td>4.7338</td>
<td>.54882</td>
</tr>
<tr>
<td>Fraud Prevention</td>
<td>154</td>
<td>4.7727</td>
<td>.47860</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>154</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: SPSS output, 2018

Table 1 above shows that, antidote to corruption in Nigeria depends on treasury single account proxy as financial accountability and transparency (4.82), cash management (4.71), elimination of monopoly and discretion (4.69), facilitates revenue collection and payments (4.73) and frauds prevention (4.77). This implies that, the use of treasury single account serves as antidote to corruption in Nigeria

Multicollinearity using Correlation Matrix

The results in table 2 present the correlation results. The correlation matrix table was used to estimate the degree of correlation between the various pairs of variables. The term multicollinearity was used to explain the relationship between paired values of the independent variables. Gujarati (2011), note that multicollinearity refers to the level of correlation between any two or more independent variables.
Table 2: Correlation Matrix

<table>
<thead>
<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Antidote to Corruption</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Financial Accountability.</td>
<td>.657**</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Cash Management</td>
<td>.714**</td>
<td>.476**</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Eliminate monopoly</td>
<td>.520**</td>
<td>.302**</td>
<td>.387**</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Facilitate collection</td>
<td>.672**</td>
<td>.453**</td>
<td>.551**</td>
<td>.329**</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>6. Frauds Prevention</td>
<td>.713**</td>
<td>.460**</td>
<td>.505**</td>
<td>.435**</td>
<td>.465**</td>
<td>1.000</td>
</tr>
</tbody>
</table>

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

Source: Authors’ Compilation, 2018

From table 2, it can be observed that the correlation between the independent variables and the dependent variable was high. The interpretation was that, the level of multicollinearity between the independent variable was not very high which meant that, the influence of each variable in the regression model could be isolated easily.

The results from table 2 shown a perfect positive relationship between antidote to corruption and treasury single account measured by financial accountability and transparency, cash management, elimination of monopoly and discretion, facilitates revenue collection and payments and frauds prevention respectively. The correlation was found to be statistically significant as (r = 0.657**; 0.714**, 0.520**, 0.672**, 0.713**), all at 0.01 significant level. From table 2, it is noted that the correlation between antidote to corruption and the various independent variables were above 50%, which was a good indicator of the explanatory power of the independent variables on the variance of the dependent variable.

Table 3: Pooled OLS Regression Results

<table>
<thead>
<tr>
<th>Variables</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>( Constant )</td>
<td>.310</td>
<td>.197</td>
<td>1.574</td>
<td>.118</td>
</tr>
<tr>
<td>Financial Accountability</td>
<td>.248</td>
<td>.043</td>
<td>5.767</td>
<td>.000</td>
</tr>
<tr>
<td>Cash Management</td>
<td>.267</td>
<td>.036</td>
<td>7.417</td>
<td>.000</td>
</tr>
<tr>
<td>Elimination of monopoly</td>
<td>.136</td>
<td>.026</td>
<td>5.231</td>
<td>.002</td>
</tr>
<tr>
<td>Facilitate collection</td>
<td>.228</td>
<td>.036</td>
<td>6.333</td>
<td>.000</td>
</tr>
<tr>
<td>Frauds prevention</td>
<td>.229</td>
<td>.041</td>
<td>5.585</td>
<td>.000</td>
</tr>
<tr>
<td>F-Statistics 112.175</td>
<td></td>
<td></td>
<td></td>
<td>.000²</td>
</tr>
<tr>
<td>P-value</td>
<td></td>
<td></td>
<td></td>
<td>R Square.791</td>
</tr>
</tbody>
</table>

Source: Authors’ Compilation, 2018

The table 3, reveals that financial accountability and transparency, cash management, elimination of monopoly and discretion, facilitates revenue collection and payments and frauds prevention were jointly predicted antidote to corruption in Nigeria ( F (5, 148) = 112.175; P<0.05). Hence, null hypothesis is rejected. This implied that there is a significant relationship between treasury single account and antidote to corruption in Nigeria.

From the estimated model in the table3, it was noticed that 79.1 percent remedy to corruption in Nigeria is influenced by functional treasury single account given the estimated value of the R² of 0.791. The remaining 20.9 percent is caused by variables that are not included in the model, which is accounted for by the stochastic error term. With the adjusted R² of 0.784, this means that the variation in the value of dependent variable of antidote to corruption in Nigeria is explained by 78.4 per cent of the value treasury single account. The unexplained variation is just 21.6 % which makes it highly impressive.
The table above shows for each independent variable, the unstandardised regression weight ($\beta$), the standardised error of estimated (SE$\beta$), the standardized co-efficient, the t-ratio and the level at which the t-ratio was significant. The beta coefficients indicated that how and to what extent that dimensions of independent variables have influence on antidote to corruption in Nigeria. As indicated in the table 3, all the variables independently significant and was found that financial accountability and transparency ($\beta$= 0.248, $t$ = 5.767; P< 0.05), Cash management ($\beta$= 0.267 $t$ = 7.417; P< 0.05), elimination of monopoly and discretion ($\beta$= 0.136, $t$ = 5.231; P< 0.05), facilitates revenue collection and payments ($\beta$= 0.228, $t$ = 6.333; P< 0.05), frauds prevention ($\beta$ = 0.229, $t$ = 5.585; P< 0.05), have the influence on antidote to corruption in Nigeria.

CONCLUSION AND RECOMMENDATIONS
Based on our findings in this study, we could be rightly said that the antidote to corruption in Nigeria depends on the functional treasury single account measured as financial accountability and transparency, cash management, elimination of monopoly and discretion, facilitates revenue collection and payments as well as fraud prevention respectively. The result also shows that the treasury single account serve as antidote to corruption in Nigeria with (R$^2$ = 0.791; P <0.05). The implications of dysfunctional treasury single account would result to incomplete and untimely information about government cash resources, cash management problems, reconciliation of accounts problems invariably affect budget preparation and execution. The following are the policy recommendations suggested. Government should ensure that there are effective procedures for transferring revenues to the TSA and streamlined through the banking system. Financial institutions should similarly be enhanced through an electronic fund transfer system (EFT) as TSA depends on the technology. The federal government should demonstrate the political will to ensure the sustainability of the TSA policy and pursue the implementation of TSA by state and local governments. In addition, the institutions of governance including the police, judiciary, the media and anti-graft agencies must be strengthened to tackle the issues of corruption and ensure transparency, probity and accountability in public finance and expenditure management (Odia & Odia 2016)

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