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EFFECT OF TREASURY SINGLE ACCOUNT (TSA) ON FINANCIAL LEAKAGES IN NIGERIA: A SURVEY OF DELTA STATE OF NIGERIA

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Abstract
The study ascertained the effect of Treasury Single Account (TSA) in curbing financial leakages in Delta State of Nigeria. Descriptive survey research design was adopted for the study. A sample size of 185 was obtained from a population of 343 staff of various directors and Accountants of Ministries, Departments and Agencies (MDAs) in Delta state, Nigeria. Regression analysis was used to test the hypothesis. It was revealed that there is a significant influence between Treasury Single Account and Financial leakage in Delta State, Nigeria. According to the study's results and recommendations, the federal government of Nigeria should strengthen the security of the Treasury Single Account in order to lower money leakage in the country's public sectors.

Keywords: Treasury Single Account, Financial Leakage and Public Sector

INTRODUCTION

Since July 2003, the Nigerian government has taken decisive action to address the main causes of economic inefficiency as well as underlying threats to macroeconomic and fiscal stability. As a result, measures have been put in place to improve economic management and combat corruption and bad governance. Treasury Single Account is one such policy direction (TSA). A Treasury Single Account is a type of public accounting in which all government income, receipts, and revenue are accumulated into one account that is typically kept by the central bank of the nation and through which all payments are made (Pattanayak & Fainboim, 2010; Adeolu, 2015; Ekubiat & Ime, 2016). The main goals are to guarantee government revenue accountability, improve transparency, and prevent improper use of public funds. According to Ekubiat and Ime (2016), a Treasury Single Account (TSA) is adopted and implemented by any government because it primarily serves to ensure accountability of government revenue, improve transparency, and prevent misappropriation of public funds. This is especially true in a declining economy.

The treasury single account (TSA), which unifies the structure of government bank accounts, has also been viewed as a tool for maximizing the use of government financial resources. The government conducts all of its receipts and payments through this bank account, or a group of connected bank accounts, and receives a consolidated picture of its cash situation at any given time (CBN, 2015). Public resources must be utilized in the most effective, efficient, and wise manner possible at a time when nations throughout the world are dealing with heightened pressures on public financial in-balances. Public expenditures must be used to enhance long-term growth prospects and take equity considerations into account because the majority of the resources in the public sector are derived through taxes, which distort resource allocation and hence restrain economic growth. Enhancing the efficiency and effectiveness of public spending not only helps them maintain the fiscal restraint they demand, but it also plays a key role in advancing the current administration's plan for structural reform. Budget restrictions are lessened because it enables getting the same goals with less spending or increases value for money by achieving better results with the same amount of spending.

In order to do this, this research study analyzed the impact of TSA and its efforts to ensure financial responsibility in a number of Nigerian federal ministries. This is an effort to give voice to the numerous arguments, discussions, and disputes that elites, scholars, and government officials have about the TSA and its capacity to advance accountability and openness in the public sector. The payment of government income into several bank accounts run by Ministries, Departments, and Agencies (MDAs) in commercial banks prior to the establishment of TSA in 2015 was obviously in violation of the Nigerian Constitution. Nigeria's public sector is eliminating problems including financial fraud, misuse, and theft of public funds, as well as a lack of accountability and transparency that are affecting government ministries, departments, and agencies. Based on this context, the study determines how the Treasury Single Account (TSA) affects the reduction of financial leakages in Delta State of Nigeria.

Conceptual Framework

Treasury Single Account

The idea of a Treasure Single Account is not new; industrialized nations like the United States, the United Kingdom, and France as well as emerging economies like India and Indonesia have all adopted it throughout the years. The Federal Government of Nigeria's Economic Reform and Governance Programme first advocated the concept in 2004; however, it was abandoned in 2005 as a result of significant pressure from the banking sector. TSA is a part of the Public Financial Management reforms, which are a part of the Vision 20:2020 National Strategy for Public Service Reforms. Reforms in public financial management were implemented in order to remove obstacles to effective and efficient cash management. According to Kanu (2016), TSA is one of the financial policies the federal government of Nigeria implemented to integrate all revenues and treasuries from all ministries, departments, and agencies as well as extraministerial departments in the nation. Under TSA, all collections are paid into money-depositing banks and then trailed to a single account at the central bank of the country (CBN). Therefore, the implementation of TSA was anticipated to lessen the number of bank accounts that were previously kept by various MDAs, thereby ensuring openness and accountability across all governmental organs.

In actuality, TSA is viewed as a framework that streamlines federal bank accounts and provides an integrated or amalgamated view of the government's cash resources (Yusuf & Chiejina, 2015). Tayo (2015) noted that by introducing the TSA, the Federal Government wants to automate direct revenue collection from the current MDAs as part of its autonomous revenue e-collection plan. The Remita e-collection platform and any other electronic payment platforms or channels that the government may occasionally create will be used to deposit all collected funds straight into the Consolidated Revenue Fund (CRF) account at the CBN. Onyekpere (2015) claims that TSA is a unified structure of government bank accounts that enables consolidation and the best use of the government's cash resources. It is a bank account, or group of connected bank accounts, through which the government makes all of its payments and receipts and obtains a comprehensive picture of its financial situation at any one time. The TSA is a procedure and instrument for managing the government's finances, banking, and cash position effectively (Eme, Chukwurah, & Emmanuel, 2015).

The federal government of Nigeria implemented the Treasury Single Account (TSA) financial strategy in 2012 to combine all inflow from the nation's Ministries, Departments, and Agencies (MDAs) by way of deposit into a single account with the Central Bank of Nigeria (CBN). This regulation was put in place to encourage financial accountability among governmental entities and to curtail the growth of MDA-operated bank accounts. The bulk of MDAs are challenging the policy's compliance (Wikipedia, 2015). The institutionalization of TSA aids money-depositing institutions in their widespread and continuous operations. It consists of paying out money, collecting taxes and levies, and compensating civil servants. The constitution's requirement that all revenue be remitted into one account is disregarded by some substantive government agencies, who keep numerous bank accounts for the purpose of collecting and depreciating taxes. A treasury single account is a type of public accounting system in which all government income, receipts, and revenue are accumulated into one account that is typically kept by the central bank of the nation and through which all payments are made. The main goals are to guarantee government revenue accountability, improve transparency, and prevent improper use of public funds (Emeaghalu, 2015).

Many governments throughout the world are already using the Treasury single account as a viable model to establish centralized control over their revenue through efficient cash management. It improves accountability and makes it possible for the government to understand how much money is flowing to it each day. It is anticipated that the introduction of TSA in Nigeria will aid in stemming the flow of corruption. Over the years, the federal government has lost a significant amount of money that typically would have been used to fund the majority of its development projects. The TSA policy was adopted in response to concerns over this development and the need to assure accountability, transparency, and the prevention of money leaks.

A TSA's main goal is to provide efficient overall management over government cash balances. To improve government cash management, cash resources will be combined through a TSA arrangement (Garbade, John, & Paul, 2004). While some agencies maintain idle balances in their bank accounts, it prevents borrowing money and incurring additional interest fees to cover their expenses. Another crucial component of financial and budget management is efficient aggregate cash control. The following are some other goals of a TSA: dependable and efficient budget execution by minimizing transaction costs; monitoring (and consequently controlling the delay in) the remittance of government income (both tax and nontax); efficient 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

Empirical Review

The implications of the Treasury Single Account (TSA) on the liquidity of deposit money banks and the efficient management of government cash resources in Nigeria were evaluated by Oru and Odumusor in 2019. This study used a survey research design and primary sources to get its data. The person's moment coefficient of correlation was employed in the study as a statistical tool for data analysis, along with both descriptive and inferential statistics. According to the report, deposit money banks' liquidity is significantly impacted by policy implementation and its model, and policy execution has not given the government effective control over its cash resources because accountability and transparency have not yet reached their peak levels. Ofurum, Oyibo, and Ahuche (2018) looked at how the TSA has affected the economy's Gross Domestic Product (GDP) and Federally Collected Revenue (FCR). For this study, secondary data were gathered from the Central Bank of Nigeria's statistical bulletin and economic reports. Pre-TSA period (2013 to 2015) and Post-TSA period (2016 to present) were used to divide the data (2015 to 2017). Using SPSS version 20, a pre-post analysis (difference in means test) was performed. Analysis reveals that the TSA's adoption significantly and negatively affects FCR. However, additional research showed that the country's GPD dramatically increased with the implementation of TSA. In a 2017 study, Saratu, Lenka, Levi, and Titus examined the impact of Treasury Single Account (TSA) adoption on Nigeria's banking industry and overall economy. The issue under investigation centers on the non-remittance of revenue from the Ministries, Departments, and Agencies, as well as various money-deposit accounts in commercial banks, where this money is being traded without the consent of the government. The study collected data from both primary and secondary sources. The basic data was gathered through questionnaires. The secondary data came from journals, the internet, and books. To test the proposed hypothesis, the non-parametric chi square distribution was employed. The investigation showed that the management of MDA's income production and collection is not. In their study "Impact of Treasury Single Account on the Performance of the Banking Sector in Nigeria," Ndubuaku (2017) evaluated how the implementation of Treasury Single Account has impacted banks' Credit to the private sector, Deposit Mobilization, and Loans and advances. Descriptive and ex post facto research designs were used in the study. The data were analyzed using correlation analysis and OLS Regression. The study finds that credit to the private sector, deposit mobilization, and loans and advances were all significantly lower after the implementation of the Treasury Single Account. The study advises banks to seek funding from other areas of the economy rather than becoming overly dependent on government funding. In order to determine if the policy is capable of increasing government accountability, Igbekoyi and Agbaje (2017) evaluated the impact of TSA implementation on transparency and accountability in the Nigerian public sector. The study's conclusions demonstrated that the TSA had a considerable positive influence on financial leakages, transparency, and the prevention of financial misuse. Therefore, taking into account the study's conclusions, it is advised that the government maintain the policy's adoption and pass legislation extending it to state and local governments. In his study titled "impact of Treasure Single Account on the Liquidity of the Banks," Kanu (2016) examined the influence of Treasury Single Account on bank liquidity using a sample of 10 Nigerian banks. The study used a cross-sectional research methodology and relied on questionnaire-based primary data collection. Both descriptive and inferential statistics are used in the study to analyze the data. The outcomes showed that Nigeria's banking sector's performance and the liquidity base were significantly impacted by the adoption of Treasury Single Account in the public accounting system. An empirical study was conducted by Udo and Esara (2016) in collaboration to assess the advantages of TSA adoption and full implementation by Nigerian state governments. The study used a descriptive cross-sectional survey design. In Akwa-Ibom State, 200 professional accountants made up the study's sample. Descriptive statistics and t-test statistics were used to assess the data collected from the administration of the questionnaire. The conclusion shows that the state governments' adoption and complete implementation of the TSA will be of the greatest benefit. Aminatu (2016) investigated The Case of Ghana: The Impact of Integrated Financial Management System on Economic Development. The data shows that while some economic sectors have a positive impact on GDP growth, others have a negative impact. The findings of the analysis also indicated that economic growth is not directly influenced by GDP growth. Reviving Jonathan's "Dead" Policy Directives was the title of a study by Tari, Myatafadi, and Kibikiwa (2016) on the Treasury Single Account (TSA) Policy in Nigeria. In light of the declining oil price and the dollar's strength relative to the naira, the paper offered better strategies for making the strategy effective. Accordingly, the study came to the conclusion that TSA in Nigeria will not succeed until rigorous government account monitoring is carried out in all government institutions and harsh punitive measures are taken against defaulters and corrupt employees. A study on the Impact of Treasury Single Account on Base Liquidity and Banking Sector Performance was undertaken by Clementina (2016). The results obtained confirmed that the implementation of Treasury Single Account in the public accounting system impacted negatively on the liquidity base and the performance of banking sector in Nigeria.

METHODOLOGY

The study's research design was a survey. To get the opinions of a large number of people, survey designs use samples. It is a research methodology that examines data gleaned from a subset or percentage of the population. This approach was used for this study because it aims to sample respondents' opinions and derive conclusions from them.

Population of the Study

The population of the study consists of all the staff of Delta State public sector, Asaba. The element of the population comprises of various directors and Accountants of Ministries, Departments and Agencies (MDAs) in the states. The Delta State had 52 directors of finance and 291 accountants over these MDAs in the State. The population of the study then is 343.

Sample Size and Sampling Techniques

A sample size of 185 was obtained from a population of 343 staff of ministries, Asaba using Taro Yamane’s formula as follows:

This sample size $n = \frac{N}{I + N(e)2}$

Where

N = the population size

e= estimated error of 5%

Applying the formula

$$\text{Sample size} = \frac{343}{1 + 343\,(0.05)^2}$$

$$= \frac{343}{1.858}$$

$$= \underline{\mathbf{185}}$$

Data Collection

To obtain reliable information that will help the researcher to ensure the effectiveness of the study in question, data was collected from primary sources. The study used questionnaire to obtain primary data.

The questionnaire was designed in a structured form and made up of general questions of research questions to be answered hypothetically and was restricted with the responses made of strongly agree (SA), agree (A), undecided (U), strongly disagree (SD) and disagreed (D).

Model Specification

The researcher estimated model in the following form:

$FLK_{it} = a_0 + \beta_1 TSA_{it} + \sum_{it}$ ……………………………………………………i

Where:

The independent variable: Treasury Single Account (TSA)

The dependent variable:

FLK= Financial leakage

a_0 = slope of the model

β_I = coefficient of parameters.

i for the financial year ending at year *t*.

Method of Data Analysis

Regression statistical tool was employed to test the formulated hypothesis with the aid of SPSS version 20.0 at 5% level of significance.

Decision Rule:

The decision for the hypothesis is to accept the alternative hypothesis if the p-value of the test statistic is less or equal than the alpha and to reject the alternative hypothesis if the p-value of the test statistic is greater than alpha at 5% significance level.

Data Analysis

Table 1: Data Distribution and Collection

Respondents	**Questionnaires distributed**	**Questionnaires returned**	**Questionnaires unreturned**	**%of returned**
Delta State MDAs	185	144	41	78%
Total	185	144	41	78%

Source: Field Survey, 2020

Table 1 shows that out of 185 copies of questionnaires distributed, 144 were completed and returned. This represents 78%.

Table 2: Summary of the Response on Treasury Single Account and Financial Leakage

S/N	Items on Treasury Single Account & Financial Leakage	SA	A	UN	D	SD
1	Financial leakage is reduced by the introduction of remita	44	50	7	31	12
2	Remita implementation deters financial theft	37	63	8	25	11
3	Remita use results in increased government financial stability	40	50	5	34	5
4	Remita use promote economic growth	38	55	9	31	11
5	Government revenue is increased by the introduction of remita.	49	43	9	33	10
6	TSA prevents financial leaks by demonstrating accountability for the management of public funds.	45	66	2	20	11
7	TSA makes important data accessible for responsible administration of government operations.	38	57	5	32	12
8	TSA identifying the financial leakage and providing the government's financial standing at the end of the fiscal year	40	69	4	21	10
9	TSA offers thorough information on all payments, which helps in understanding the financial effects of programs and enables comparison with alternative policies.	47	62	0	26	9
10	For the sake of openness, TSA records every level of federal government activity involving the receipt, possession, and payment of public monies.	42	58	8	30	6

Source: Field survey, 2022

Test of Hypothesis

H_O: The adoption of Treasury Single Account (TSA) does not significantly affect financial leakages in Delta State of Nigeria.

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.984[a]	.968	.957	20.21531

a. Predictors: (Constant), TSA

Table 4: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	36900.024	1	36900.024	90.295	.002[b]
	Residual	1225.976	3	408.659		
	Total	38126.000	4			

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

Table 5: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	27.057	15.101		1.792	.171
	TSA	.798	.084	.984	9.502	.002

a. Dependent Variable: FLK

Table 4 revealed that the p-value is 0.002 indicates that the hypothesis is statistically significant at level of significance (5%); hence p-value of the test statistic is less than alpha value (0.002<0.05).

In table 5, the regressed result shows that the effect of the explanatory variable treasury single account (TSA) has a positive statistically significant on curbing financial leakage (FLK), hence coefficient value = 0,984 and t-statistics is =9.502 confirmed statistically significant at 5% level of significance.

Decision:
Since p-value of the test statistic is less or equal to alpha, we therefore, reject null hypothesis and uphold alternative hypothesis which states that treasury single account has a significant effect in curbing financial leakage in Delta State of Nigeria.

CONCLUSION

The study ascertained the effect of Treasury Single Account (TSA) in curbing financial leakages in Delta State of Nigeria. Descriptive survey research design was adopted for the study. The results of the test of the hypothesis showed that there is a substantial relationship between the Treasury Single Account and financial leakage in Delta State, Nigeria. This was consistent with the research done by Yusuf (2016). Based on the study's findings, it is determined that, implementation of TSA policy will significantly reduce income generation leakages and increase openness and accountability in the public sector financial system. TSA offers thorough information on all payments, which helps in understanding the financial effects of programs and enables comparison with alternative policies. It would also make it possible for all taxes to be collected on time and paid into the government treasury without the need for the involvement of several financial arrangements.

According to the study's results and recommendations, the federal government of Nigeria should strengthen the security of the Treasury Single Account in order to lower money leakage in the country's public sectors.

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