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## TREASURY SINGLE ACCOUNT AND ACCOUNTABILITY IN SELECTED MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS) IN IBADAN, OYO STATE, NIGERIA.

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### Abstract

Despite the objectives of TSA was to improve the accountability of the Ministries, Departments and Agencies, there have been embezzlement and mismanagement of the funds of the MDAs. This study seeks to investigate TSA and the accountability of MDAs in Ibadan, Oyo state. The population of the study included all management and staff of the MDAs in Ibadan, Oyo state. A sample of 250 staffs across 5 MDAs was selected using purposive sampling technique. A Questionnaire containing five scales were used for data collection. The mean analysis and Pearson product moment correlation statistics were used to answer the research question raised, and test the hypotheses formulated at 0.05 level of significance. The findings revealed that treasury single account encourages good accountability of public funds in the MDAs in Ibadan, Oyo State. Findings also revealed that treasury single account is effective in eliminating operational inefficiency and cost associated with maintaining multiple accounts across MDAs in Ibadan, Oyo state. The study recommended that Government should create further strategies to cooperate with relevant organizations for effective compliance with the policy governing the treasury single account so as to ensure adequate cash flow and revenue generation., among others.

**Keywords:** Treasury Single Account(TSA), Accountability, Ministries, Departments and Agencies (MDAs).

### Introduction

Corruption has become rampant in the Nigeria society and this has meant that the Nigerian government has been intensifying measures and policies to ensure reduction or probably eradication of the act corruption that has eaten so deep into our people. A major challenge faced in an attempt to achieve this, is, ascertaining the measures that will be applied to effectively reduce this plague. One major factor that has ensured that corruption thrives in our society has been linked to the inability of the government in ensuring that it pools all its cash into a single account. Several Ministries, Departments and Agencies have in past times operated several accounts and this has encouraged corruption and the inability of public office holders and civil



servants of becoming accountable. One main challenge to countries in our modern time is the effective allocation of resources and the stabilization of businesses. This has not left Nigeria out as the issue of resource management and allocation has been identified as one of the problems the nation faces on its path to becoming a developed country economically. One important factor that contributes to the effective management and control of government resource especially cash is a unified structure of government banking<sup>1</sup>. This banking structure is designed to ensure that cash generation opportunities are maximized, the cost of government borrowing is reduced, payments are made timely and finally, that cash is made available for carrying out government expenditure. One common feature that has ensured that the aforementioned has not been possible in a country like Nigeria has been the adoption of a fragmented system for handling government receipts and payment. What has happened is that the ministry of finance has lacked the power to maintain a unified and centralized control of the government's cash resources<sup>2</sup>.

## **1.2 Statement of the Problem**

Treasury Single Account can be described 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. The utilization of TSA has ensured that the cash inflow of the federal government has greatly increased. Many studies have investigated on the impact of Treasury Single Account on the Nigeria society and on government revenue remittance in Nigeria. The implication of the adoption of Treasury Single Account on accountability and transparency in the Nigerian public sector; with a view to find out if the policy is capable of promoting government accountability function.

## **Aim and Objective of the Study**

The aim of this study is to investigate Treasury Single Account and accountability of Ministries, Departments and Agencies in Ibadan, Oyo state. The study seeks to achieve the following objectives:

1. To examine the impact of the Treasury Single Account on the accountability of the selected Ministries, Departments and Agencies in Ibadan, Oyo state.
2. To examine the effectiveness of Treasury Single Account in ensuring adequate fund flow in the selected Ministries, Departments and Agencies in Ibadan, Oyo state.
3. To examine the role Treasury Single Account is playing in revenue generation of the selected Ministries, Departments and Agencies in Ibadan, Oyo state.

## **Research Questions**

The study seeks to answer the following research questions:



1. What is the impact of Treasury Single Account on the accountability of the selected Ministries Departments and Agencies in Ibadan, Oyo state?
2. How effective is Treasury Single Account ensure adequate fund flow in the selected Ministries Departments and Agencies in Ibadan, Oyo state?
3. What role is Treasury Single Account playing in revenue generation of the selected Ministries Departments and Agencies in Ibadan, Oyo state?

### **Scope of the Study**

The scope of this study was limited to investigation Treasury Single Account and accountability Ministries Departments and Agencies in Ibadan, Oyo state. The study was also geographically located to Ibadan, Oyo state as the federal Ministries Departments and Agencies will be the main focus of this study. The time frame for this study was limited to the year 2017-2022.

## **Literature Review**

### **Conceptual review**

This focused on the ongoing scholarly conversation around the Treasury Single Account, transparency and accountability in ministries, department and agencies in Nigeria and the relationship it shares with the Treasury Single Account. So also, this chapter reviewed the conceptual and theoretical framework that best suits the study to explain the interactions of the variables.

### **Public Sector**

Public sector is being referred to all organizations, which are not privately owned and operated but which are operated or established by government on behalf of the public. In the author's opinion, public sector consists of organizations where control lies in the hand of the public as opposed to private owners, and whose objectives involve the provision of services, where profit is not a primary objective<sup>1</sup>. Public sector denotes a collectivity of ownership by a group of people, or the general citizenry of a polity, living together in one geopolitical area or society.

### **Public Financial Management in Nigeria**

Public financial management is concerned with the planning, organizing, procurement and utilization of government financial resources as well as the formulation of appropriate policies in order to achieve the aspirations of members of that society. Public financial management is the link between the community's aspirations with resources, and the present with future. It lies at the very heart of the operations and fiscal policy of government.

**Government Accounting and Financial Reporting:** Government accounting and financial reporting is a very important component of the public sector financial management process in Nigeria. Government accounting entails the recording, communicating, summarizing, analyzing and interpreting financial statement in aggregate and in details. Government accounts have the dual purpose of meeting internal management requirements while providing the public with a window on government operations<sup>7</sup>. Government financial reports should be prepared with the



objective in mind of providing full disclosure on a timely basis of all material facts relating to government financial position and operations. Financial reports on their own do not mean accountability but they are an indispensable part of accountability<sup>11</sup>.

### **Accountability in Ministries Departments and Agencies**

Traditionally, accountability has been associated with calling an individual ‘to account’ for their actions to some higher authority, with an emphasis on external scrutiny and the threat of potential sanctions. Although its meaning has since been extended in a number of different directions accountability has been described as having the qualities of a chameleon, most scholars agree on the importance of a two-way relationship between the ‘agent’ and the ‘principal’, whereby the agent is accountable to the principal for its actions. The identity of the principal influences the direction in which accountability is exercised: it may be upwards (to a higher authority), downwards (to citizens or a community), or sideways (as part of a contract that has been agreed for mutual benefit). The definition put forward as regards public accountability see it more as being a direct answerability to the community’ suggests that the ‘principal’ corresponds to the general public<sup>12</sup>.

### **Implications of Treasury Single Account to the Nigerian Economy**

The TSA 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. According to the directive, this measure is specifically to promote transparency and facilitate compliance with sections 80 and 162 of the 1999 Constitution. In a statement by the Senior Special Assistant to the Vice President on? Media and Publicity, all receipts due to the Federal Government or any of its agencies must be paid into TSA or designated accounts maintained and operated in the Central Bank of Nigeria (CBN), except otherwise expressly approved. The presidential directive, in the view of analysts, 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. President Buhari had earlier promised state governors at the inaugural meeting of the National Economic Council (NEC), in June, that all revenues prescribed for lodgment into the federation account will be treated as such under his watch and that he will ensure strict compliance with all relevant laws on accounting, allocation and disbursement<sup>87</sup>.

TSA as a corruption and other allied public sector fraud management tool is aimed at wholly terminating indiscipline in public sector and enhance adequacy of fund flow for economic development. Its implementation has led to blocking leakages that have before now allow public servants in different capacities to defraud the government of funds thereby negatively impacting economic growth and development<sup>88</sup>. TSA has positively affected cash management efficiency via the monitoring of MDAs cash balances thereby leading to improved appropriation control which helps the ministry of finance to fully control the federation funds.



It's also allows the provision of complete and timely information on the financial resources of MDAs thereby guaranteeing management and control which minimizes the occurrence of public sector fraud. The implementation of TSA improves the quality of fiscal data made available by the Federal Ministry of Finance, CBN and other agencies involved in the management of Fiscal and monetary policies thereby eliminating fraud to the least possible minimum without the element of collusion. Lastly, TSA improves operational controls during budget execution thereby limiting the chances of MDAs officials misappropriating budgetary allocations in their ministries, department and or agencies<sup>89</sup>.

## **Theoretical Framework**

### **Accountability Theory**

Certain scholars propounded the accountability theory. Accountability involves the process in which an individual has a possible responsibility to give details of his actions to another person who has the power to give judgment on his actions and to order possible positive or negative penalty in response to them. Accountability theory gives details on how the seeming want explain one's behaviours to another person making one to believe and feel accountable for the procedure by which decision making and verdict have been passed. In turn, this supposed want to account for a decision-making procedure, and result amplifies the likelihood that an individual would consider genuinely and analytically about one's procedural behaviours<sup>138</sup>. TSA is connected with accountability. It involves employing ICT to link all the accounts of MDAs to one central account with the CBN. Accountability theory could be employed to bring the total implementation of TSA Policy. The TSA was installed to accomplished accountability in the operations of government businesses in the public sector<sup>69</sup>.

### **Public Choice Theory (PCT)**

Public Choice Theory involves the use of economic instruments to solve conventional political difficulties. PCT entails the study of political activities. PCT has extraction in the positive analysis. In addition, PCT is used in normative analysis in order to spot challenges or encouragement to use economic analysis for performance enhancement. The reward structure in the public sector is not designed towards advancing performance. However, there are no motivations for elected official and bureaucratic to control expenses<sup>139</sup>.

Modern PCT originates from the papers of Duncan Black in 1958. He is term the founding father of public choice theory. This was affirmed from a series of works from 1948, which culminated in "The Theory of Committees and Elections" 1958. PCT also contended that public institutions are generally sluggish in responding to transformation or change in the society as well as being negligent to service consumers in the public sector. TSA policy is a tools or instruments employed by the government to combat conventional problem specifically corruption in the Nigeria society<sup>71</sup>.



## **The Law of Increasing State Activities by Adolph Wagner**

### **Displacement Theory by Jack Wiseman and Alan Peacock**

The displacement theory as put forth by Jack Wiseman and Alan Peacock in 1961 is another public expenditure theory. The main argument of the theory was that public expenditures do not increase in a straight or continuous manner, but in “Jack or Stepwise” fashion. At times, some social or other disturbance occur which show the need for increase in public expenditures, which the existing level of revenue cannot meet. Sequel to this, both government and the people would attain a new level of “tax tolerance” by reviewing the revenue position and finding solution to the problem of inadequate revenue. Since each major disturbance always leads government to assume a larger proportion of the national economic activities, the net result is the concentration effect. Therefore “concentration effect” is the tendency for the government activities to grow faster than the economy. Government activities growing faster than the economy will spell doom on government in general and federal the MDAs in particular because it is the revenue generated from the economy that is used to carry out government activities<sup>141</sup>. Hence, there is need for revenue (economy) to grow at the same rate with government activities. Therefore, it is imperative to adequately analyze the influence of treasury single account on the accountability of MDAs in Nigeria.

### **Review of Empirical Studies**

Effect of TSA on corruption and public sector financial accountability has gained significant research attention by several scholars. Scholars have investigated the effectiveness of the TSA Policy in combating corruption in Nigerian public sector. The study was carried out in 4 states and data were obtained through questionnaires administered to 264 respondents and analyzed using descriptive statistics and percentages, Pearson Product Moment Correlation Coefficient (PPMCC) and the Mean. Findings revealed that the TSA policy is effective in combating corruption in the public sector of Nigeria and the TSA has resulted in more ineffectiveness in the administration of public sector organizations. TSA policy prevents proliferation of public funds by the MDAs and as such embezzlement of public funds by MDAs is likely to be impossible under TSA<sup>142</sup>.

## **Methodology**

### **Research Design**

This study adopted a Descriptive survey research design. A survey research design centers on individual and their opinion, belief, motivation and behaviour. The design was considered suitable since the study will solicit information from respondents in MDAs in Ibadan, Oyo state.

### **Settings**

This study focused on the investigation TSA and accountability of MDAs in Ibadan, Oyo state. In the course of cross validation in this study, management and non-management staff were included in this study with the aim of investigating how TSA has affected the accountability of



MDAs. This study was situated among the MDAs that are under the control of the federal government in Ibadan, Oyo State.

**Population of the Study**

The population of this study consisted of the entire ministries, departments and agency of the federal government located within the Ibadan metropolis. It has been estimated that a total of about 30 MDAs are located in Ibadan, Oyo state. However, the population pattern focused on both the directors and the staff of these MDAs in Ibadan, Oyo state alone.

**Unit of Analysis and Units of Observation**

A unit of analysis is what or who is to be analyzed. It is the level of social life on which research questions focus. In this case the unit of analysis was the accountability of MDAs in Ibadan, Oyo, State. On the other hand, unit of Observation focused on the data source who included the management and workers of the selected MDAs.

**Sample and Sampling Techniques**

A total of five (5) MDAs were selected for this study from the population using the purposive sampling technique. This was done to select at least one MDA from the various sectors of government. Therefore, Cocoa Research Institute of Nigeria (CRIN), Nigerian Railway Corporation (NRC), Nigeria National Petroleum Corporation (NNPC), ICPC and Federal Mortgage Bank. The sample size was determined using Conroy’s sample size determination tables as obtained from table below: As obtained from the table, using 92.5% confidence level and 7.5% level of significance as margin error, 250 sample size was obtained.

Table 1.1 Sample sizes for prevalence studies

Acceptable margin of error	Size of population					
	Large	5000	2500	1000	500	200
±20%	24	24	24	23	23	22
±15%	43	42	42	41	39	35
±10%	96	94	93	88	81	65
±7.5%	171	165	160	146	127	92
±5%	384	357	333	278	217	132
±3%	1067	880	748	516	341	169

Source: <sup>1</sup>Sample size for percentages or proportions



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## **Description of Research Instrument**

The instrument used for the study was mainly a questionnaire. The questionnaire comprised of two sections which included section A which deal with the demographic information of the respondents while section B will deal with the variable of accountability.

### **SECTION A: Demographic Information**

This section comprised of the following variables, eliciting responses for demographic characteristic of respondents; gender, age, educational qualification, work experience, job position and job status.

### **SECTION B: Effect of TSA on Accountability and Transparency of MDAs**

The section B deals with the effect of TSA on the accountability and transparency of MDAs in Ibadan, Oyo state. This section was developed using the Accountability and transparency scale developed by <sup>ii</sup> and <sup>iii</sup>. These scales measured accountability and transparency of public parastatals in relation to TSA. The questions were structured based on the five likert scale of strongly agree, agree undecided, disagree and strongly disagree.

#### **Validity of Instruments**

The validity of the instrument was carried out via face and content validity methods. For this purpose, the research instruments was scrutinized by the supervisor to ensure the items in the instruments are valid for the purpose of the study.

#### **Reliability of the Instruments**

An instrument is reliable if it measures under the same circumstances consistently what it was designed to measure. The Cronbch Alpha Coefficient used to analyze the result of instrument's reliability, Kuda Richardson was used to ensure reliability of the questionnaire. The scales adopted were found to have the Cronbch Alpha Coefficient of 0.91 for the questionnaire.

#### **Method of Data Collection**

The questionnaire was administered by the researcher with the help of three (3) trained research assistants. The respondents were guided on how to fill the items of the questionnaire. All the questionnaires will be collected immediately

## **Summary of Findings**

Findings from this study revealed that majority of the staff were females and within age range of 31-50 years. Findings also revealed that majority of the staff had tertiary education and were on level six.





Also, findings from the impact of treasury single account on financial accountability of MDAs in Ibadan, Oyo State revealed that the members of staff agreed that treasury single account encourages good accountability of public funds in the country.

Findings examining effectiveness of treasury single account in ensuring adequate cash flow revealed that the members of staff agreed that treasury single account is effective in eliminating operational inefficiency and cost associated with maintaining multiple accounts across multiple financial institutions.

Furthermore, the staff agreed that treasury single account allows complete and timely information on government cash so as to generate revenue.

### **Conclusion**

This study aimed to investigate the treasury single account and the accountability of the MDAs in Ibadan and concludes that the treasury single account has had great impact on accountability of Ministries Departments and Agencies in Ibadan, Oyo State through assertions that the concept encourages good accountability of public funds in the country and that accountability has improved in the Nigerian public sector through treasury single account.

This study further concludes that treasury single account is effective in eliminating operational inefficiency and cost associated with maintaining multiple accounts across multiple financial institutions in its bid to ensuring adequate fund flow in the ministries departments and agencies in Ibadan, Oyo State.

Furthermore, the study concludes that treasury single account allows complete and timely information on government cash which enables efficient cash management in its bid to ensuring revenue generation in the ministries departments and agencies in Ibadan, Oyo State. The members of staff are also satisfied with the advent of treasury single account through the positive opinions they gave about it.

### **Recommendations**

Based on the findings of this study, the following can be recommended:

Awareness of benefits of treasury single account should be intensified among concerned stakeholders in order to help improve financial accountability in the country.

Government should create further strategies to cooperate with relevant organizations for effective compliance with the policy governing the treasury single account so as to ensure adequate cash flow and revenue generation.



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