The treasury single accounts on the economy of nigeria

The main purpose of governance is to protect and promote the well-being of citizens. Authorities work together with non-state actors to steer the rules for exercise of power, and to guide the interactions between the state and citizens, civil society, and the private sector (Kjaer 2004; Kaufmann and Kraal 2007; Brinkerhoff and Bosser 2008) When governance works well, citizens are better able to achieve individual and common purposes. but when governance is poor, even if a country has financial resources and technical assistance, it may fail to achieve developing goals. For governance to work, public organization must have sufficient institutional capacity to design and implement policies in ways that are " effective, transparent, impartial and accountable " A main channel to accomplish this is through reform of the budgeting system. Public financial management (PFM) institutions are integral to governance (Andrews 2010) . It is a public accounting system under which all government revenue, receipt and income are collected into one single account usually maintained by the country's Central Bank and all payments due through the account as well (Adeolu, 2015).

Treasury Single Account can be said to be an accounting system in which all government revenue (income) and payments (expenses) are done through a single account. The main reasons for TSA implementation in Nigeria is to maximize the use of cash resources through concentration and reduction in float costs, this is consistent with government policy to ensure prudence in the management of financial resources. With the TSA, government expects to block all loopholes and leakages of financial resources of the government and also ensure a robust financial management system (Taiwo, 2016; Isa, 2016). As observed by Ocheni (2016), the Federal Ministry of Finance in Nigeria lacks a unified view and centralised control over government cash resources. Consequently, cash lies idle for extended periods in numerous bank accounts held by spending agencies while government continues to borrow to execute its budget Efficient management and control of government's cash resources rely on government banking arrangements. Nigeria, like many low income countries, employed fragmented systems in handling government receipts and payments. Establishing a unified structures as recommended by the IMF, Where all government funds are collected in one account would reduce borrowing costs, extend credit and improve government's fiscal policy among other benefits to government. IMF also commends the establishment of a legal basis to ensure its robustness and stability. The introduction of the Treasury Single Account policy therefore was vital in reducing the proliferation of banks accounts operated by ministries, departments and agencies (MDAs) towards promoting financial accountability among governmental organs. The companies of the policy in Nigeria created challenges for majority of the MDAs. Commercial banks in Nigeria remitted over 2 trillion naira worth of idle and active governments deposits with fill implementation of this policy in 2016. Meanwhile, the bankers committee of the country has declared their support for the policy. Through Remita, integrated electronic payments and collections platform developed by a company called system specs. com. ng system specs, the TSA initiative has enabled the federal government of Nigeria to take full control of over 3 trillion naira ($15 billion) of its cash assets as at the end of the first quarter of 2016.

The major Factors of the treasury single accounts on the economy of Nigeria.

- It allows complete and timely information on government cash resources; incontries with advanced payment and settlement systems and an integrated financial management information system (IFMIS) with adequate interfaces with the banking system, this informtion will be available in real time. As minimum, complete updated balances should be available daily.
- It improves appropriation control; The TSA ensures that the fill control over budget allocations, and strengthens the authority of the budget appropriation. When separate bank accounts are maintained, the results is often a fragmented system, where funds provided for budgetary appropriations are augmented by additional cash resources that become available through various creative, often extra-budgetary, measures.
- TSA improves operational control during budget execution: When the treasury has full information about cash resources, it can be plan and implemented budget exception in an efficient, transparent and reliable manner. The existence of the uncertainty regarding whether the treasury will be sufficient funds to finance programmed expenditures may lead to sub optimal behaviour by budget entities, such as exaggerating their estimates for cash needs or channeling expenditure through off-budget arrangement.
- It enables efficient cash management: A TSA facilitates regular monitoring of government cash balances. It also enables higher quality cash out-turn analysis to be undertaken (e. g identifying causal factors

of variances and distinguishing causal factors from randomm varieties in cash balances).

- Reduces bank fees and transaction cost: Reducing the number of bank accounts results in lower administrative cost for the government for maintaining these accounts, including the cost associated with the bank reconciliation and reduced banking fees.
- Facilities efficient payment mechanism: A TSA ensures that there is know ambiguity regarding the volume or the location of the government funds, and makes it possible to monitor payment mechanism precisely. It can result in substantially lower transaction cost because of economics of scale in processing payments. The establishment of a TSA is usually combined with elimination of the ‘ float’ in the banking and the payment services.
- Improves bank reconciliation and quality of fiscal data: A TSA allows for effective reconciliation between the government accounting systems and cash flow statements from the bank system. This reduces the risk of errors in reconciliation processes and improves the timeliness and quality of the fiscal accounts.
- Lower liquidity reserve needs: A TSA reduces the volatility of cash flows through the treasury, this allowing it to maintain a lower cash reserve/buffer to meet unexpected fiscal volatility.

National Fiscal Policy Responsibility is introduced in Nigerian to strengthen its economy, fast track the tempo of socioeconomic development and ensure value for all resources deployed into physical and intrinsic development: the nigerian government has enacted various laws by setting up various legally backed commissions. Fiscal Responsibility Act, 2007 was enacted as a means of providing for prudent management of the nation's resources, ensuring long term macroeconomic stability of national economy and securing greater accountability and transparency.

Fiscal Responsibility Commission

- This Commission was established by the Fiscal Responsibility Act, 2007 to carry out the following functions, among others:
- Monitoring and enforcing the provisions of the Act, thereby promoting the economic objectives of the Nation.
- Disseminating standard national and international practices that will ensure greater efficiency in the allocation and management of public expenditure, revenue collection, debt control and transparency in fiscal matters.
- Undertaking fiscal and financial studies, analysis and diagnosis and disseminating the result to the general public.

Function Of the fiscal Responsibility Commissio

The Act empowers the commission to, among other matters, to

- Formulate and provide general policy guidelines for the discharge of the commission's functions;
- Superintend the implementation of such policy guidelines;
- Appoint employees to ensure proper and efficientt performance of its function; and
- Determine the conditions of service of employees and fix their remuneration allowances and benefits

The theme of this study is to evaluate how single treasury account (STA) reform in Nigeria has changed institutions or decision-making practices in the office of the Accountant General of the Federation, and whether the reform goals were achieved fiscal disciple in public sector.

STATEMENT OF THE PROBLEM

Setion 80 (1) 1999 Constitution of the Federal Republic of Nigeria as amended provides all revenues or other moneys raised or received by the Federation (not being revenues of other money's payable under this constitution or any Act of the National Assembly into any other public fund of the federation) " However successive governments have operated numerous accounts used to collect and spend public funds in flagrant disregard to this provision of the constitution in the Nigerian Law.

The operation of the Treasury Single Account in Nigeria has not been without controversies. On Tuesday, 10 November 2015, a Nigerian senator representing koi west, raised a motion that the operation of the Treasury Single Account(TSA) be investigated for possible corruption. He claimed that " the appointment of REMITA, an e-collaaboration agent, is a gross violation of section 162 (1) of the Nigerian constitution and the banks and other financial Institution Act". He claimed the constitution only recognised a banking institution to be collector of government funds, that remit was not a bank " according to the senator, the total inflow of 1% commission charged and received by systemSpecs for all revenue collected on behalf of the government from the various ministries, department and agencies to be 25 billion naira as of November, 2015 was fraud and must be returned to the account of the Central Bank of Nigeria. The senate consequently ordered its committee on finance and public accounts to “ commence an investigation into the use of Remita (which is erroneously described as an e-collection agent) since the inception of the TSA policy.

The CBN in an attempt to justify their position released a letter to the press titled “ Commencement of Federal Government Independent revenue collection under the Treasury Single Account (TSA) initiative”, in the letter, the CBN debunked all the allegations made by the senator as being misleading. At the height of the controversy, the Centrak Bank of Nigeria (CBN), instructed SystemSpecs obeyed without delay as a “ business decision “

Andrews (2004) suggests that the failure in reform implementation on fiscal prudence are due in part to reformers focusing too much on technical aspects trying to “ copy whatever is “ best practice” in resource based reforms” and reproduce initiatives from other settings- a strategy which he feels is “ almost guaranteed to fail.” Andrews believes that the adaption of reforms to context is essential: reformers must focus on expanding reform space by increasing appropriate authority to collect and use performance information, increasing acceptance of reform gaol by political officials and managers (including alignment of incentives for reform adoption), and increasing organisational capacity or ability to complete TSA reforms such as the development of personnel, data and accounting systems, and other structural supports (Andrews 2004).

OBJECTIVES OF THE STUDY

The main purpose of this study is to report the empirical findings Treasury single account reform implementation progress. While the specific objectives are:

- To measure single treasury account (TSA) reform progress in Nigeria on Fiscal prudence
- To describe reform progress in Nigeria public sector
- To explore factors affecting reform progress

RESEARCH QUESTIONS

- Does Single Treasury Account (STA) reform in Nigeria improve fiscal prudence?
- How is the reform progress in Nigeria public sector
- What are the factors affecting reform progress?

SIGNIFICANCE OF THE STUDY

The study is significant important to the voter's or citizen group to enable them assess the operational efficiency of single treasury account on fiscal prudence of the nation resource. To the policy implementers, it will serve as the basis for judging the extent of STA reform. Similarly, to the government to enable them evaluate the impacts and factors affecting the reform progress in Nigeria.