

CONSEQUENCES OF THE TREASURY SINGLE ACCOUNT POLICY ON THE WEALTH OF AFRICA

Kyriazis p

Department of Accountancy, university of Cameroon.

Abstract: This study ascertained the relationship between Treasury Single Account and Accountability in Nigeria Public Sector with a focus on South-East and South-South Nigeria. This study adopted field survey research design. The population was 1250 staff of the five Federal Universities Teaching Hospitals and five Federal Medical Centers in South-East and South-South Nigeria drawn from Account Departments. Taro Yamane formula was employed to determine the sample size of 303. Of the 303 copies of administered questionnaire, 218 copies were collected. Validity and reliability of the instrument were tested. Inferential statistics using Spearman's Correlation, Paired T-Test and Cronbach Alpha were employed to test the hypotheses with the aid of SPSS version 23. The specific findings revealed that there is a significant positive relationship between Transactions Workflow Management and Accountability; there is a significant positive relationship between Chart of Accounts Management and Accountability; there is a significant positive relationship between Treasury Management and Accountability; there is a significant positive relationship between Transactions Monitoring and Accountability. This study recommended inter alia that Government should enforce the adoption of Treasury Single Account and make it mandatory for all the Ministries, Departments, Agencies and parastatals to adhere to since the adoption of Treasury Single Account has significantly improved the accountability of federal government ministries, departments and agencies in Nigeria.

Keywords: Transactions Workflow Management; Chart of Accounts Management; Treasury Management Transactions Monitoring.

Introduction

TSA came into the picture as a system of combating corrupt practices, eliminating financial indiscipline in public finance and ensuring adequate fund flow that will be channelled to critical sectors of the economy to catalyze development. The movement from a multi treasury to a single treasury account brought fear of job losses; The lack of free money for MDAs staff; Cash squeeze in credit market (deposit money banks) resulting in less profit; That the TSA created unemployment or has change work pattern because new technology is introduced; it produced a pool of huge TSA sums. This created attraction and encouragement of cyber-crime. Some civil servants and bank workers are attracted to hack the internet to steal money from accounts; This slows down quick processing of funds demands MDAs; TSA makes it difficult to maintain regular and up to date internal accounting books for all sources of revenue. It was noted however from the empirical literature that TSA is a field where investigation is ongoing and many authors such as, Ofor, Omaliko and Okoli (2017); Nwaorgu, Ezenwaka and Onuorah (2018), Ganyam (2019) had argued that the TSA adoption has caused significant improvement in the financial system of the economy while others argued that the adoption of TSA has no significant effect on performance of federal government MDAs. For instance, Yahaya, Abdullahi and

Erunke (2019). Furthermore, Olayinka, Ehalaiye, Maimako & Fasua (2018) reported that TSA has a negative effect on Nigeria federal government MDAs. and there are fewer and scanty literature to buttress the issue. This as a result makes the empirical evidences on effect of TSA on performance of MDAs inconclusive and inconsistent. But more importantly, no study has been done on the effect of TSA on accountability of federal government MDAs with reference to South-East and South-South. It is against this background that this study is triggered to assess the relationship between treasury single account and accountability in the Nigeria public sector.

Objectives of the Study

The main objective of this study is to ascertain the effect of Treasury Single Account on Accountability in Nigeria public sector. The specific objectives are to:

- i. Determine the effect of Transactions Workflow Management on Transparency in South-East and South-South Public Sector of Nigeria.
- ii. Ascertain the effect of Chart of Accounts Management on Transparency in South-East and South-South Public Sector of Nigeria.
- iii. Evaluate the effect of Treasury Management on Transparency in South-East and South-South Public Sector of Nigeria.
- iv. Assess the effect of Transactions Monitoring on Transparency in South-East and South-South Public Sector of Nigeria.

Research Hypotheses

The research hypotheses formulated for this study are:

H₀₁: Transactions Workflow Management has no significant effect on Transparency in South-East and South-South Public Sector of Nigeria.

H₀₂: Chart of Accounts Management has no significant effect on Transparency in South-East and South-South Public Sector of Nigeria.

H₀₃: Treasury Management has no significant effect on Transparency in South-East and South-South Public Sector of Nigeria.

H₀₄: Transactions Monitoring has no significant effect on Transparency in South-East and South-South Public Sector of Nigeria.

Conceptual Review

Treasury Single Account

The Treasury Single Account (TSA) initiative is the operation of a unified structure of Government Bank Accounts, in a single account or a set of linked accounts for all government payments and receipts. The TSA is primarily designed to bring all Government funds in bank accounts within the effective control and operational purview of the Treasury, in order to: Enthrone centralised, transparent and accountable revenue management; Facilitate effective cash management; Ensure cash availability; Promote efficient management of domestic borrowing at minimal cost; Allow optimal investment of idle cash; Block loopholes in revenue management; Establish an efficient disbursement and collection mechanism for Government funds; Improve liquidity reserve; and Eliminate operational inefficiency and costs associated with maintaining multiple accounts across multiple financial institutions (Nwaorgu & Ezenwaka, 2017).

Transactions Workflow Management

A workflow consists of an orchestrated and repeatable pattern of activity, enabled by the systematic organization of resources into processes that transform materials, provide services, or process information. It can be depicted as a sequence of operations, the work of a person or group, the work of an organization of staff, or one or more simple or complex mechanisms. Workflows may be viewed as one fundamental building block to be combined with other parts of an organization's structure such as information technology, teams, projects and hierarchies (Kyriazis, 2018). A transaction workflow management system is a software system for setting up, performing, and monitoring of a defined sequence of processes and tasks, with the broad goals of increasing productivity, reducing costs, becoming more agile, and improving information exchange within an organization.

Charts of Accounts Management

A chart of accounts (COA) is a created list of the accounts used by an organization to define each class of items for which money or its equivalent is spent or received. It is used to organize the entity's finances and segregate expenditures, revenue, assets and liabilities in order to give interested parties a better understanding of the entity's financial health. Accounts are typically defined by an identifier (account number) and a caption or header and are coded by account type (Clarke, 2012). The chart of accounts is a listing of all accounts used in the general ledger of an organization. The chart is used by the accounting software to aggregate information into an entity's financial statements. The chart is usually sorted in order by account number, to ease the task of locating specific accounts.

Treasury Management

Treasury management (or treasury operations) includes management of an enterprise's holdings, with the ultimate goal of managing the firm's liquidity and mitigating its operational, financial and reputational risk. Treasury Management includes a firm's collections, disbursements, concentration, investment and funding activities. In larger firms, it may also include trading in bonds, currencies, financial derivatives and the associated financial risk management. Treasury management can be understood as the planning, organizing and controlling holding, funds and working capital of the enterprise in order to make the best possible use of the funds, maintain firm's liquidity, reduce the overall cost of funds, and mitigate operational and financial risk (Degenhart, 2018).

Transactions Monitoring

Transaction monitoring refers to the monitoring of customer transactions, including assessing historical/current customer information and interactions to provide a complete picture of customer activity. This can include transfers, deposits, and withdrawals (Bistow, 2019). Transaction monitoring is the process of reviewing, analyzing and administering the transactions processed on a business application or information system. It is an IT management and security process that evaluates each or selected transactions performed on a given application or system. The transaction monitoring system (TMS) typically use information from know your customer (KYC) processes to account for the client risk.

Accountability

Accountability is a process where a person or group of people is required to present an account of their activities and the way in which they have or have not discharged their duties. By inference, a person is held accountable for not only his/her actions but also inactions. The concept of accountability connotes the obligation of the administrators to give a satisfactory account of their performance and the manner in which they have exercised powers conferred on them (Kenton, 2019). Yusuf and Mohammed (2016) maintain that public accountability is the requirement that those who hold public trust should account for the use of that trust to citizens or their representatives. Accountability is all about being answerable to those who have invested their trust, faith and resources to someone.

Transparency

Transparency entails lack of hidden agenda and conditions, accompanied by the availability of full information required for collaboration, cooperation, and collective decision making; minimum degree of disclosure to which agreements, dealings, practices, and transactions are open to all for verification; essential condition for a free and open exchange whereby the rules and reasons behind regulatory measures are fair and clear to all participants. The transparency of a process, situation, or statement is its quality of being easily understood or recognized, for example because there are no secrets connected with it, or because it is expressed in a clear way. Transparent leadership is the key to fostering a culture of trust between leaders and their employees. Employees who are kept in the loop and understand their role in the overarching purpose and goals of the company are, understandably, more likely to put their trust in their employer (Plescia, 2019)

Theoretical Framework

Stakeholder Theory

Stakeholder Theory is a theory of management that concerns itself with matters related to morals and ethics in running a business. Stakeholder theory was first described by Dr. F. Edward Freeman, a professor at the University of Virginia, in his landmark book, "Strategic Management: A Stakeholder Approach" in 1984. It suggests that shareholders are merely one of many stakeholders in a company. Stakeholder theory suggests that the purpose of a business is to create as much value as possible for stakeholders. In order to succeed and be sustainable over time, executives must keep the interests of customers, suppliers, employees, communities and shareholders, citizens aligned and going in the same direction. The theory assumed that adoption of Treasury Single Account by the federal government is as a result of the pressure from stakeholders/citizens majorly against corruption. It suggested that the government will respond to the concerns and expectations of powerful stakeholders/citizens and some of the responses will be in the form of strategic opinions. Stakeholders' theory provides rich insights into the factors that motivate government in relation to the adoption and implementation of Treasury Single Account.

Methodology

Research Design

This study adopted a descriptive survey research design.

Population of the Study

The population of this study consists of 1250 staff of the five Federal Universities Teaching Hospitals and five Federal Medical Centers in South-East and South-South drawn from Account Departments.

Sample Size Determination

The sample size for this study is statistically determined using Taro Yamane formula for a finite population. The formula is given as:

$$n = \frac{N}{1 + N(e)^2}$$

Where: n= the sample size

N = the finite population size e = level of significance (at 0.05 or 5% level of significance)

$$N = 1250, e = 0.05$$

$$n = \frac{1250}{1 + 1250(0.05)^2}$$

$$n = \frac{1250}{1 + 3.125} = 303$$

n = 303. Therefore, the sample size is 303

Source of Data

The study basically made use of primary data. The primary data were obtained from the respondents through the administration of questionnaire. The questionnaire was divided into two parts. Part A focuses on the sociodemographic characteristics of the respondents. The part B was designed into 5 (five) point Likert scale related to the objectives of the study.

Reliability of the Instrument

To ensure reliability, this research used Cronbach alpha coefficient to test reliability.

Model Specification

In order to test the relationship between treasury single account and accountability, the model used in this study is as follows:

$$Y = \beta_0 + \beta_1 X_1 + \mu$$

Where:

β_0 = Constant (Intercept)

β_i = Coefficients of the independent variable Y = Dependent variable (accountability)

X = Independent Variable (treasury single account) μ = Error term

Explicitly, the above equation can be defined as:

Accountability = $f(\text{treasury single account}) + \mu$

Representing the equation with the variables of the construct, hence the equations below are formulated:

Transparency = $f(\text{transactions workflow management}) + \mu$ - - **H01**

Transparency = $f(\text{chart of accounts management}) + \mu$ - - **H02**

Transparency = $f(\text{treasury management}) + \mu$ - - **H03**

Transparency = $f(\text{transactions monitoring}) + \mu$ - - **H04**

Presentation of Data

The questionnaire in Appendix 1 was administered to three hundred and three (303) respondents during the field survey by the researcher. However 213 (60%) were returned and 19 (40%) were not returned.

Table 1: Analysis of Questionnaire

Description	Numbers	Percentage (%)
No. of questionnaire administered	303	100
No. of questionnaires retrieved	218	72
No. of questionnaires not retrieved	85	28

Source : Field Survey, 2019

Response Rate = $\frac{\text{Number of research tools retrieved}}{\text{Number of research tools distributed}} \times 100$

$$= \frac{218}{303} \times 100 = 72\%$$

Analysis of Data

Reliability Test of Research Instrument

This was done using Cronbach Alpha at 5% level of significant. Cronbach' alpha is the most common measure of internal consistency ("reliability"). It is most commonly used when you have multiple Likert questions in a survey/questionnaire that form a scale and one wish to determine if the scale is reliable.

Reliability Test of Research Tool using Cronbach's Alpha

Table 2: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No of Items
.939	.966	12

Source: Researcher's computation using SPSS version 23, 2022

Cronbach's alpha is 0.939, which indicates a high level of internal consistency for the scale.

Table 3 Spearman's Correlation Matrix

Correlations

	transparency	transactions workflow management	chart of accounts management	treasury management	transactions monitoring

Transparency transactions workflow management Spearman's Chart of rho accounts Treasury management N	Correlation Coefficient	1.000	.233**	.113**	.150**	.183**
	Sig. (2-tailed)	.000	.000	.000	.000	.000
	N	218	218	218	218	218
	Correlation Coefficient	.233**	1.000	.388**	.636**	.655**
	Sig. (2-tailed)	.000	.000	.000	.000	.000
	N	218	218	218	218	218
	Correlation Coefficient	.113**	.388**	1.000	.362**	.384**
	Sig. (2-tailed)	.000	.000	.000	.000	.000
	N	218	218	218	218	218
	Correlation Coefficient	.150**	.636**	.362**	1.000	.379**
monitoring	Sig. (2-tailed)	.000	.000	.000	.000	.000
	N	218	218	218	218	218
	Correlation Coefficient	.183**	.655**	.384**	.379**	1.000
	Sig. (2-tailed)	.000	.000	.000	.000	.000
N	Correlation Coefficient	.000	.000	.000	.000	.000
	Sig. (2-tailed)	.000	.000	.000	.000	.000
	N	218	218	218	218	218
	Correlation Coefficient	.000	.000	.000	.000	.000

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

Source: Researcher's computation using SPSS version 23, 2022

Interpretation of Spearman's Correlation Matrix

The relationship between transactions workflow management, charts of accounts management, treasury management, transactions monitoring and transparency is positively correlated with a coefficient value of 0.233,

0.113, 0.150 and 0.183 respectively.

Test of Hypotheses

Hypothesis I

H₀: Transactions Workflow Management has no significant effect on Transparency in South-East and South-South Public Sector of Nigeria.

H₁: Transactions Workflow Management has significant effect on Transparency in South-East and South-South Public Sector of Nigeria.

Table 4 Paired Samples Test

	Paired Differences				t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference			
				Lower			

Pair 1	Transactions workflow management has no significant effect on Transparency in South-East and South-South Public Sector of Nigeria	.34000	.07359	.09736	-.15318	.53318	4.411	212	0.000
--------	---	--------	--------	--------	---------	--------	-------	-----	-------

Source: Researcher's computation using SPSS version 23, 2022

Interpretation

The paired sample test seals up the relationship between transactions workflow management and transparency in South-East and South-South Public Sector of Nigeria as indicated by the t-value = 4.411 and probability value = 0.000 as shown in table 4. This implies that transactions workflow management has significant effect on transparency in South-East and South-South Public Sector of Nigeria

Test of Hypothesis II

H₀₂: Chart of Accounts Management has no significant effect on Transparency in South-East and SouthSouth Public Sector of Nigeria.

H₂: Chart of Accounts Management has significant effect on Transparency in South-East and South-South Public Sector of Nigeria.

Table 5 Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 2	Chart of Accounts Management has no significant effect on Transparency in South-East and South-South Public Sector of Nigeria	.4023	.0094	.0758	-.11782	.37119	3.675	212	0.003

Source: Researcher's computation using SPSS version 23, 2022

Interpretation

Paired T-test which is appropriate for testing the mean difference between paired observations revealed that there is a significant influence of chart of accounts management on transparency as revealed in the t-value = 3.675 and associated p-value of 0.003 in table 5, therefore, the null hypothesis is rejected.

Test of Hypothesis III

H₀₃: Treasury Management has no significant effect on Transparency in South-East and South-South Public Sector of Nigeria.

H₃: Treasury Management has significant effect on Transparency in South-East and South-South Public Sector of Nigeria.

Table 6 Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 3	Treasury management has no significant effect on transparency in South-East and South-South public sector of Nigeria	.3633	.0101	.1326	-.1192	.3824	2.640	212	0.025

Source: Researcher's computation using SPSS version 23, 2022

Interpretation

The result of the paired sample test showed that treasury management has significant relationship with transparency. Table 6 indicates that the t-value is 2.640 and the p-value = 0.025. This implies that treasury management positively affects transparency, therefore the alternative hypothesis is accepted and the null hypothesis rejected.

Test of Hypothesis IV

H₀₄: Transactions Monitoring has no significant effect on Transparency in South-East and South-South Public Sector of Nigeria.

H₄: Transactions Monitoring has significant effect on Transparency in South-East and South-South Public Sector of Nigeria.

Table 7 Paired Samples Test

		Paired Differences					t	df	Sig. (2tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 4	Transactions monitoring has no significant effect on transparency in South-East and South-South public sector of Nigeria	.3871	.0034	.1224	-.1177	.6011	4.212	212	0.000

Source: Researcher's computation using SPSS version 23, 2022

Interpretation

The paired sample test seals up the relationship between transactions monitoring and transparency as indicated by the t -value = 4.212 and probability value = 0.000 as shown in table 7. This implies that transactions monitoring has significant effect on transparency.

Findings, Conclusion and Recommendations

Summary of Findings

Based on the analysis of this study, the following findings were deduced:

- i. Transactions Workflow Management has significant effect on Transparency in South-East and SouthSouth Public Sector of Nigeria.
- ii. Chart of Accounts Management has significant effect on Transparency in South-East and SouthSouth Public Sector of Nigeria.
- iii. Treasury Management has significant effect on Transparency in South-East and South-South Public Sector of Nigeria.
- iv. Transactions Monitoring has significant effect on Transparency in South-East and South-South Public Sector of Nigeria.

Conclusion

This study assessed the nexus between treasury single account and transparency in Nigeria with a focus on SouthSouth and South-West, Nigeria. The independent variable (treasury single account) was proxied by transactions workflow management, chart of accounts management, treasury management and transactions monitoring while accountability which was measured with transparency served as the dependent variable. This study utilised primary data basically, which were extracted from the questionnaire distributed to 218 accounting officers in the sampled institutions. With the aid of Statistical Package for Social Sciences (SPSS) version 23, inferential statistics using Spearman's correlation and Paired sample T-Test were employed. This study revealed that transactions workflow management, chart of accounts management, treasury management and transactions monitoring have a significant positive effect on transparency at 5% level of significance.

Recommendations

In view of the findings of the study, it is recommended that:

- i. Government should enforce the adoption of TSA and make it mandatory for all the MDAs and parastatals to adhere to since transactions workflow management adoption has significantly improved the accountability of federal government ministries, departments and agencies in Nigeria.
- ii. The political will of government in enforcing fully operational treasury single account with the application of chart of accounts management should be sustained to better harness enormous benefits accruing from it.
- iii. The CBN and the Federal Ministry of Finance should put in place sound treasury management systems and processes to deliver TSA and treasury reforms as one integrated package.
- iv. Government should harness every aspect of the TSA policy, through technological improvement in the transaction monitoring process in order to help sustain the effectiveness of the TSA policy in the country.

References

- Akujuru, C., & Enyioko, N. (2017). *Effects of treasury single account policy on corruption in Nigeria*. Retrieved from SSRN: <https://ssrn.com/abstract=2940695>
- Bristow, C. (2019). *What is transaction monitoring in AML?* https://www.sas.com/en_gb/insights/articles/risk-fraud/what-is-transaction-monitoring-in-aml.html.
- Clarke, E.A. (2012). *Accounting: An introduction to principles and practice, 7th Edition*. Cengage Learning Australia Pty Ltd. 106–109.
- Ganyam, A. (2019). *Effect of treasury single account (TSA) on financial accountability, corruption and financial discipline in the Nigerian public sector*. https://www.researchgate.net/publication/326986103_Effect_of_Treasury_Single_Account_TSA_on

Financial Accountability Corruption and Financial Discipline in the Nigerian Public Sector.
Retrieved 03/08/2019.

- Ganyam, A. (2019). *Effect of treasury single account (TSA) on financial accountability, corruption and financial discipline in the Nigerian public sector.* https://www.researchgate.net/publication/326986103_Effect_of_Treasury_Single_Account_TSA_on_Financial_Accountability_Corruption_and_Financial_Discipline_in_the_Nigerian_Public_Sector.
- Kenton, W. (2019). *Accountability*. <https://www.investopedia.com/terms/a/accountability.asp>.
- Kyriazis, D. (2018). An innovative workflow mapping mechanism for grids in the frame of quality of service. *Future Generation Computer Systems*, 24 (6), 498–511.
- Nwaorgu, I.A., Ezenwaka, F.A., & Onuorah, J. (2018). Treasury single accounting (TSA) and public sector accountability in Nigeria. *Journal of Economics, Management and Trade*, 19(4), 1-8.
- for, N.T., Omaliko, L.E., & Okoli, F.C. (2017). Effect of treasury single accounts on the performance of ministries, departments and agencies in Nigeria. *Trends Economics and Management*. 29(2), 59–67.
- Olayinka, M., Ehalaiye, D., Maimako, S., & Fasua, K. (2018). Consequences of the treasury single account policy on the wealth of Nigerian commercial banks' shareholders. *Journal of Emerging Markets Finance and Trade*, 54(9), 2078-2092.
- Olayinka, M., Ehalaiye, D., Maimako, S., & Fasua, K. (2018). Consequences of the treasury single account policy on the wealth of Nigerian commercial banks' shareholders. *Journal of Emerging Markets Finance and Trade*, 54(9), 2078-2092.
- Olorilanto, R.H. (2018). Contingency factors affecting the adoption of accrual accounting in Malagasy municipalities. *International Journal on Governmental Financial Management*, 8(1), 37-50.
- Plescia, J. (2019). Judicial accountability and immunity in Roman law. *American Journal of Legal History*, 45(1), 51–70.
- Salman, R.T., & Adeseye, M.A. (2017). Treasury single account and fund management in Nigeria: A perception of accounting practitioners in Ado-Ekiti metropolis. *Kampala International University Journal of Humanities*, 2(1), 19–32.
- Yahaya, Y., Abdullahi, N.L., & Erunke, C.E. (2019). Treasury single account and the challenges of revenue mobilization in Nigeria. *International Journal of Current Innovations in Advanced Research*, 2(4), 52-57.