

# Treasury Single Account and the Challenges of Revenue Mobilization in Nigeria

**Yahaya Yakubu, Prof. Abdullahi N. Liman and Dr. Canice E. Erunke**

Political Science and International Relations, Nile University of Nigeria, Nasarawa State  
University, Keffi-Nigeria

E-mail: yahayayakubu@nileuniversity.edu.ng; likitafirst@gmail.com

**Received:** April 6, 2019; **Accepted:** April 13, 2019; **Published:** April 17, 2019

**Abstract:** The study examines the interplay between Treasury Single Account (TSA) and challenges of revenue mobilization in Nigeria. Upon reviewing relevant literature, it is the views of the study that pre-existing public finance management structures were largely ineffective, thus sustaining a regime of pervasive fiscal misconducts and leakages in the public sector. Adopting e-governance as a framework for analysis, it goes on to argue that implementation of Information Communication Technology (ICT) enabled TSA policy has injected efficiency in the area of revenue pooling and fostered efficient fiscal oversight mechanism. However, reluctance of certain institutions to implement the policy, secrecy shrouding the operation of the scheme and shortage in e-infrastructure are identified as some of the notable challenges bewildering public finance management in Nigeria. While the TSA policy has improved the revenue pooling capacity of the Nigerian state, the need for complimentary fiscal policy cannot be downplayed. Moving on, the study reiterates the need for the FG to establish and set up the necessary e-infrastructure that will promote and enable the widespread application.

**Keywords:** Treasury Single Account, E-governance, Revenue Mobilization, Public Finance Management and Information Communication Technology.

**Citation:** Yahaya Yakubu, Abdullahi N. Liman and Canice E. Erunke. 2019. Treasury Single Account and the Challenges of Revenue Mobilization in Nigeria. International Journal of Current Innovations in Advanced Research, 2(4): 52-57.

**Copyright:** This is an open-access article distributed under the terms of the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited. **Copyright©2019;** Yahaya Yakubu, Abdullahi N. Liman and Canice E. Erunke.

## Introduction

Globally it remains the responsibility of government to provide for the basic needs of her citizens, more so in the areas of education, health, infrastructure, welfare, power, and housing to highlight but a few. To effectively undertake the overburdening responsibility of catering for the needs of citizens, governments must devise means to pool or mobilize much needed resources. In lieu, the effectiveness and efficiency of revenue mobilizing framework cannot be over emphasized, as their ability to carry out their statutory functions hinges on their ability to mobilize resources. Resultantly, governments have devised a myriad of ways to mobilize revenue, which this study groups into mainly internal and external sources. Internal measures denote the numerous means through which a government mobilizes revenue from citizens through taxation, levy, charges and the likes. While the external include rents from

exported natural resources, foreign trade import tax, custom duty, grants, external loans amongst others.

Revenue mobilization as a structured means of pooling or extracting resources has never been an easy endeavor to undertake. From identification of viable sources to collection, management, disbursement and subsequent appropriation, revenue generation requires a coherent, consistent and effective sector accounting framework. Until very recently, Nigeria's reliance on oil rents as major revenue source means a better part of government finances are externally sourced, hence less attention was paid to internal revenue mobilization framework and apparatus. This has over the years affected negatively the capacity of the Nigerian government to effectively identify, mobilize and disburse revenue internally. This view is shared by Yakubu (2018, p. 11) who opines successive governments ran disjointed public finance management approach, according revenue imperative agencies the avenue to defraud the state by converting public funds to private use. The inability of the state to wield effective revenue mobilizing aptitude has multifaceted consequences, notable amongst which includes mismanagement, diversion of public funds, others is the inability to generate revenue for capital intensive projects and un-implemented budget.

In lieu of the challenges rocking revenue mobilization rocking Nigeria; this research set out to examine the nature of pre-existing revenue mobilization with a view to ascertaining the plausible existence of a positive correlation between Treasury Single Account (TSA) and improved revenue mobilization. TSA been an electronic platform upholds the use of ICT in governance to foster efficiency. Accordingly, the study adopts e-governance as a framework upon which analysis will be made.

### Conceptual Clarification

By way of completing the introductory section of the study, this segment is committed to the clarifying and operationalizing the concepts of revenue mobilization and TSA. Besides providing clarity on the aforementioned concepts, the section will also attempt to contextually operationalize the the concepts as applied in this context.

### Revenue Mobilization

Drummond, Daal, Srivastava and Oliveira (2012) argue that given the limited resources available for implementation of the vast infrastructural amongst other needs of a better part of sub-Saharan African countries, mobilizing more remains central to the development of the region. These countries have enormous development agendas that they have to implement, and weak revenue mobilization remains one of the central determinants of fiscal imbalances that several of the countries in the region experience. Regrettably, like a handful of states in region, Nigeria is notorious for its patchy and jumbled public finance management approach. The consequence of such fiscal regulations are multifaceted; as they consistently mitigate economic growth, enthrone fraud and other fiscal misconducts, and planning and budget implementation to mention but a few. As pointed out by a former Finance Minister, who claims that no one quiet knew the number of workers employed in the public and civil service, and that included government agencies and parastatal. This she argues is as a result of non-existent verifiable data base of personnel headcount, for the payment of salary and other government expenditure (Okonjo-Iweala, 2018). In their attempt to underpin the significance of revenue mobilization, studies such as that of Tanzi and Davoodi (1997) examine the prominence of institutional factors like quality of institutions and governance in addition to traditional measures, in determining the ability of these countries to raise revenue. These factors are believed to have some form of effect on tax revenue through their

contribution to the level of tax evasion, improper tax exemptions, and weak tax administration. In Nigeria for instance, under the previous revenue regimes relevant stakeholders lacked any form of interface that will enable them effectively monitor revenue mobilization. Regrettably, the government could not authoritatively state how much it had in its coffers owing to the disjointed and traditional approach towards mobilizing revenue. In buttressing the study's position Yakubu (2018, p. 87) upholds that successive governments operated multiple bank accounts with commercial banks for receipt and expenditure of government revenue. This act he thought is in line with the analogue practice that defines public administration in less advanced societies.

Accordingly, the study defines revenue mobilization as a formally structured mechanism through which government pool fiscal resources from viable sources to accomplish specified goals, policies and objectives. Until 2015 Nigeria's revenue pooling apparatus remained largely traditional. In the sense that the Federal Government (FG) lodged monthly allocation of federating units or government organs directly into Money Deposit Banks (MDBs) in a display of astute disregard for constitutional provisions. According to Section 8 (20) of the 1999 constitution as amended, the remittance of all government revenues to a single or allied set of accounts domiciled with the Central Bank of Nigeria (CBN). Regrettably, corrupt government officials connive with MDBs to short change the national coffers. Furthermore, pre-existing revenue mobilization structure played a significant role in aiding revenue related fraud in the public sector. However, with the implementation of the technology enabled TSA, fraud as obtained in the public sector is thought to be in decline.

### Treasury Single Account (TSA)

Treasury single account is a consolidated government banking arrangement that hinges and thrives on the application and inculcation of Information and Communication Technology (ICT) in the public sector, in other words e-governance and New Public Management (NPM). As a public finance management system, TSA can operate in both centralized and decentralized manner, the objectives however largely remains the same, which is to enhance proficiency in the areas of collection, management and disbursement of government cash resources Yakubu (2018, p. 13). Based on the principle of a congruent and consistent cash resources and the treasury management, IMF (2010) defines TSA as bank account or set of linked accounts through the totality of government receipts and expenditure are carried out. Adeolu (2016) added that, the implementation of TSA policy will warranty apt cash management by reducing instances of idle funds left with commercial banks, as well as reconciliation of revenue collection and payment.

With recourse to revenue mobilization it is the opinion of the World Bank (2013:1) that TSA is one of the proven practices in recuperating the payment and revenue collection system, and carrying out consistent oversight of public expenditure through a consolidated government bank accounts. Kanu (2016) on the other hand argues TSA as one of the financial policies implemented by the FG to incorporate all revenues and treasuries from MDAs, held with the apex bank. Tayo (2015) point out the implementation of TSA is aimed at strengthening revenue e-collection initiative, which reduces the likelihood of fiscal fraud against the state. In lieu of the on-going debate, it will suffice to claim that the implementation of TSA revolutionized revenue mobilization in Nigeria through the use of ICT. In other words, the e-revenue mobilization in place has made a strong case for implementation of e-governance across government organs in Nigeria. Amongst other notable benefits, TSA as an e-governance initiative will likely address the incidence of fraudulent or proxy accounts operated by government MDAs for collection and management of government revenues. It

will strengthen oversight and monitoring capacity of government revenue receipts and expenditures. It is also thought that the TSA policy will address the high incidence of leakages and idle cash in bank accounts held by spending MDAs, while government starved for or borrowed funds to implement policies.

### **Analytical Framework**

The study adopts e-governance as the framework upon which analysis will be made, in abstract terms entails the adoption of ICT driven initiatives in the public sector with a view to driving efficiency and effectiveness. Yakubu (2018, p. 87) claims a lot has been said with recourse to the benefits of adopting e-governance in the areas of public policy and service delivery in the public sector. Nonetheless, it remains largely under implemented and in extreme cases frowned at. While the concept of e-governance has been in use for some time and has attracted considerable amount of attention both in the academic and policy realm, it remains particularly under-utilized in Nigeria and other parts of the developing world. Within this context, it categorically denotes the application of ICT enabled policies and frameworks with a view to enhancing efficiency in the areas of delivering public services and goods. For Yakubu (2019) e-governance as a digital revolution driven initiative, attained eminence as a result of the excesses and inefficiencies that characterizes conventional public administration models. Accordingly, Verdegem and Verleye (2009) define e-governance as the use of ICT with emphasis on the internet, as medium for achieving and fostering proficiency in the delivery of public goods and services. While the Organization for Economic Cooperation and Development (2008) defines it as the use of ICT to enable efficient and effective governance, increase convenience in accessing government services, advance culpability and pellucidity in governance.

Prior to the TSA, revenue mobilization in Nigeria was carried out manually; revenue imperative agencies opened and operated multiple accounts with commercial banks for the purpose of collation of government revenue. This particular revenue regime was particularly ineffective, more so as relevant stakeholders were unable to wield proficient oversight mechanism. Accordingly, the central bank, federal ministry of finance and the federation's accountant general are of the key stakeholders harnessed with the responsibility of enforcing fiscal regulations in Nigeria. Paradoxically, the above stated institutions are unable to effectively control, management and oversee a functional regime of public finance in Nigeria. The absence of an integrated cum electronic interface mitigates the ability of the under listed institutions to efficiently administer over the fiscal sector in Nigeria. In assent to the above claims, it is argued that the finance ministry had no overview of the myriad of government's accounts that were domiciled in foreign and indigenous existed commercial banks. In her opinion the then finance minister saw this as a euphemism for malfeasance-and fraud accommodating, corruption and siphoning away public monies Okonjo-Iweala (2018). In a palpable display of ardent fiscal delinquency, a federal high court sitting in Lagos ruled seven commercial banks in the country to in the interim forfeit a total of \$793 million purportedly concealed with them in infringement of government financial regulations. As obtained in court documents filed by counsel for the Attorney General of the Federation, a total of \$367.4m was unlawfully stashed by certain government agencies with United Bank of Africa, while a sum of \$14m was kept away in Skye Bank Punch Editorial (March 11, 2015).

The implementation of TSA an e-governance initiative in the form of a pilot scheme in 2012 over selected ministries is thought to have blocked revenue leakages in the said government agencies. The said scheme covered a total 217 government agencies, and is thought to have saved the FG a whopping N500 billion in wasteful spending. Nonetheless, the policy was

hurriedly abandoned after the successful pilot scheme. Of the justifications proffered, tertiary institutions, teaching hospitals, state government and extensive lobbyist consisting executives of MDBs top the list of institutions that hindered the full implementation of the policy. In corroboration, it is argued that the management of Federal University of Agriculture Abeokuta argues the TSA to be an impediment to research in universities, owing to their inability to access their grants in a timely manner Collins (2016). For Yakubu (2018) the resistance across different quarters substantiates claims that certain elements were beneficiaries of the incoherencies under previous public finance regime in Nigeria, under which fraud is thought to be a major challenge of the public sector. Furthermore, in one of numerous studies conducted on TSA, that of Yusuf set out to inquire the degree at which TSA blocks illicit financial leakages and foster transparency and accountability validates the existence of a positive relationship between TSA and fraud detection and prevention, and increased levels of accountability and transparency. Of the findings of the study, it claims the TSA blocks leakages associated with government revenue and fosters fiscal accountability and transparency Yusuf (2017). Relatedly, the study by Ekubiat and Edet (2016) studied the implementation of the TSA policy by state governments, with a view to ascertaining plausible benefits, prospects and resultant challenges therewith. The respondents to the study comprises of a total 200 professional accountant, drawn across different sectors in Akwa-Ibom state. The findings of their study dictate that enactment of the policy by state governments will enormously affect the proficiency levels of public finance management in Nigeria.

In Nigeria for instance it is not uncommon for public officials to abuse public office by engaging in gross fiscal misappropriations and misconduct. The use of e-government driven fiscal policies has not only enhanced oversight capacity of government it also results in increased result generation and real time information of available fiscal resources. Furthermore, it has also addressed significantly the ease at which government resources were converted to private use. Subsequently, the adoption of e-governance initiative accorded the government the medium through which it consolidated all its transaction and receipts to a set of linked bank account. However, the remains the tendency to place overburdening emphasis on the ability of the TSA policy to address fraud in the public sector, within this context these conceptions remains largely untrue. This is thought to be so because, beyond effective pooling of resources, TSA does little or nothing in ensuring that disbursed resources are effectively managed. This underlying claim does not in any font attempt to discredit the gains of the TSA, rather it aims to address a widespread misconception on the functions of the scheme.

### Conclusion

Against the backdrop of the on-going discussion, the study applauds efforts of the FG in mandating implementation of the TSA policy across all its organs. While a better part of MDAs and other government bodies have since adopted the scheme, a host of others remain reluctant. Hence, there lies to need for institutional driven sensitization on the benefits of implementing the TSA and unwavering political will to ensure that all government institutions ascribe to the fiscal policy. Furthermore, it remains the position of the underlying literary endeavor that while TSA as an e-governance initiative has achieved presupposed outcomes, prerequisites such as mass sensitization, human and capital resources and sustainability be taken into cognizance prior to implementing policies with such outreach. Conclusively, while the policy has largely addressed revenue pooling challenges in the public sector, the need for enactment of accompanying policies driven by e-governance initiatives to address the numerous challenges that define PFM in Nigeria cannot be downplayed.

---

**References**

1. Adeolu, I. 2016, March 16. Understanding the Treasury Single Account System: Things you should know . Daily Trust Editorial, 23 p.
2. Collins, N. 2016, October 24. Treasury Single Account, Pains and Gains . Nation Newspaper, 11 p.
3. Development, O.F. 2008. The E-government Imperative. New York: Online at [www.oecd.org/database/60/60/2502539.pdf](http://www.oecd.org/database/60/60/2502539.pdf).2008.
4. Drummond, P.D. 2012. Mobilizing Revenue in Sub-Saharan Africa: Empirical Norms and Key Determinants. International Monetary Fund.
5. Ekubiat, E.E. 2016. Adoption of Treasury Single Account by State Governments in Nigeria: Benefits, Challenges and Benefits. Journal of Finance and Accounting, 4(3): 126-130.
6. Fund, I.M. 2010. Treasury Single Account: Concept, Design and Implementation Issues. New York: International Monetary Fund Publication.
7. International Monetary Fund. 2010. Treasury Single Account: Concept, Design and Implementation Issues. New York: International Monetary Fund Publication.
8. Kanu, C. 2016. Impact of Treasury Single Account on Liquidity. ABC Journal of Advance Research, 5(1): 43-52.
9. Okonjo-Iweala, N. 2018. Fighting Corruption is Dangerous: The Story Behind the Headlines. London: MIT Press.
10. Tanzi, V.A. 1997. Corruption, Public Investment and Growth. New York: Working Paper 97/139, International Monetary Fund.
11. Tayo, M. 2015. Recent Innovations in Treasury Cash Management. Current Issues in Economics and Finance, 10(12): 46-62.
12. Verdegem, P. and Verleye, G. 2009. User-centered E-Government in practice: A comprehensive model for measuring user satisfaction. Government information quarterly, 26(3): 487-497.
13. Yakubu, Y. 2018. E-Governance and Public Policy Efficiency in Nigeria: An Appraisal of the Treasury Single Policy . International Journal of Research and Innovation in Social Science, Vol. 2(6): 86-89.
14. Yakubu, Y. 2018. Limitations of Public Sector Reforms in Nigeria: Assessing the Impact of Treasury Single Account in Fraud Detection and Prevention. International Research Journal of Social Sciences, 7(12): 11-15.
15. Yusuf, A. 2017, August 3. Agency Probes Senators \$34.5m Deal with Nigerian Ports Authority. The Nation Newspaper, 1 p.