

Treasury Single Account and the Anti-Corruption Drive in Nigeria: Implications for Efficient Public Service

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Abstract: *This article assesses Nigeria's Treasury Single Account (TSA) system in light of the Buhari administration's anti-corruption campaign. It aims to determine how much the policy has improved Nigeria's efforts to combat corruption and manage income, as well as how that has affected the effectiveness of the public sector. While the TSA has some benefits in fighting corruption in Nigeria, the evidence is fragmentary and subjective. Furthermore, the TSA's possibilities for public sector efficiency are hampered by issues such as the country's epidemic of corruption, the vagueness of specific regulatory laws, and lack of thoroughness. As a result, the TSA's policy and legal frameworks must be re-evaluated to strengthen its comprehensiveness and remittance by government ministries, departments, and agencies.*

Keyword: Treasury Single Account, Corruption, Public Service Efficiency, Buhari, Administration

Introduction

The success and durability of any nation's socio-economic development depend on how effectively run its public sector is. The seamless operation of all economic sectors is made possible by an effective public sector, which provides the institutional and regulatory frameworks, desired macroeconomic climate, and financial infusions required. It creates the conditions for previously unheard-of growth and development. However, corruption is a significant issue that undermines the effectiveness of the public sector, particularly in developing or emerging economies.

Corruption, an intentional compromise of the arm's-length principle to achieve personal gains or benefits for related parties (Tanzi, 1995), is a constant feature in most developing societies. It connotes deviation from the right doings due to inducement of material or non-material gains. Ugur and Dasgupta (2011) opined that it is the most significant obstacle for long-run economic development, especially in developing countries, particularly when it becomes glaring and alarming. It affects a country's economic growth and development and damages its institutional quality.

Over the past decades, Nigeria has been in the global spotlight for corruption. Despite returning to civilian rule in 1999, the country has not made remarkable progress in its anti-corruption crusade. Incidences of corruption abound every quarter, making the country's reputation for corruption quite pronounced globally. While the private sector in the country has had its fair episodes of corruption, those of the public sector remain un-exaggeratingly alarming, especially those orchestrated by elected government officials. On the Transparency International (TI) Corruption Perception Index (CPI), a globally recognized public sector corruption perception survey, Nigeria has consistently scored between 24 and 28 on a scale of 0-100 (highly corrupt-very clean). Transparency International (TI) reports that Nigeria slipped five spots in the 2021 Corruption Perceptions Index (CPI).

The country received a 2021 index score of 24 out of 100, dropping 149 places from the 2020 index and holding 154th out of 180 nations in the 2021 Corruption Perceptions Index.

A critical channel that has lubricated the wheels of corruption in Nigeria has been the area of management of public funds. With more than 10,000 bank accounts operated by various Ministries, Departments, and Agencies (MDAs) of government prior to the adoption of TSA, the effective monitoring of public funds had become unwieldy; as the country continually experienced leakages in government revenue to the tune of billions of naira. In order to stem this tide, the Treasury Single Account (TSA) Framework was initiated, which was adopted and implemented by the Mohammadu Buhari-led administration in 2015.

The TSA architecture was created to improve efficient aggregated control over government cash holdings (Pattanayak & Fainboim, 2010). CBN (2016) noted that the TSA was to ensure that all funds accruing to the government come within the purview of the Treasury in order to: enhance revenue management transparency and efficiency, ensure cash availability, enable efficient and cost-effective management of internal borrowing, as well as seal loopholes in revenue management; among others. In 2018, Shehu Garba, a Senior Special Assistant to the President on Media and Publicity, identified the TSA as one of the instruments put in place by the Presidency, which has "extraordinarily and unprecedentedly reduced corruption and corrupt practices" (Rogers, 2018). As observed

by Odewole (2016), the TSA ensured that all cash should be in one account, well spent, and monitored religiously, while Adaramola (2016) thought that the TSA would curtail financial recklessness.

With over five years since the TSA policy's implementation in Nigeria, some scholars have positively appraised the TSA. For example, Nweze (2019) emphasized that the TSA has enhanced accountability and transparency in government revenue management and the fight against corruption. Similarly, Ahmed (2019) asserted that the TSA had curbed excessive spending by MDAs to the tune of N30 trillion since its inception. Given these claims, there arise the following questions: To what extent has the TSA enhanced the anti-corruption drive in Nigeria? Has the TSA improved revenue management in Nigeria? What are the implications of the TSA framework on the efficiency of the public service in Nigeria?

What Treasury Single Account Entails

Treasury Single Account (TSA) is a unified system of government treasury management in which all revenues accruable to the government are paid into a single account or set of linked accounts (CBN, 2016). In the view of Pattanayak and Fainboim (2010), TSA is a bank account or set of linked accounts through which government receipts and payments are transacted. Also, as opined by Yusuf (2017), it is a legitimate arrangement or system of collecting and spending federal government revenue directly from a central account, where the fund is managed and controlled. Thus, the TSA is centralizing government cash resources to ensure more efficient management.

The TSA has many variants, but it has some essential features. As emphasized by Pattanayak and Fainboim (2010), there are three primary features of a full-fledged TSA: unification, central management, and comprehensiveness. First, all government banking arrangements are put into a single treasury. As a result, no other ministry, department, or government agency can operate any other bank account outside of the central account. It allows for instant evaluation of access to government cash resources. It also significantly reduces transactions and other costs associated with multiple banking arrangements. Second, the TSA is overseen by the government treasury, which provides the framework for accessing such an account. For example, the Central Bank of Nigeria (CBN) manages the TSA in Nigeria. Third, the TSA comprehensively covers all cash resources accruable to the government (both budgetary and extra-budgetary).

The underlying objective for adopting the TSA framework is to ensure more effective control and management of aggregated government cash resources. Most lower-income countries, like Nigeria, operate segmented accounts in their public sectors. Thus, the International Monetary Fund (IMF) recommended a single treasury account to block leakages, reduce borrowing costs, reduce the proliferation of bank accounts used by various government agencies, and enhance the management of public cash resources. As enumerated by CBN (2016), the objectives of the TSA include: ensuring centralized, transparent, and accountable revenue management; facilitating effective cash management; ensuring cash availability; promoting efficient management of domestic borrowing at minimal cost; ensuring an optimal investment of idle cash; blocking loopholes in revenue management; establishing efficient disbursement and collection mechanism for government funds; improving liquidity reserve; and eliminating operational inefficiency and costs associated with maintaining multiple accounts across multiple financial institutions. Deriving from these objectives, the TSA offers certain benefits, including increased efficiency in public financial management, quick access to government cash resources, and reduction in revenue leakages – which reduces corruption, among others.

Corruption and Unsuccessful Attempts to Curtail it in Nigeria

The concept of corruption has gained more attention in the literature. Various scholars have conceived it from different perspectives, but the consensus is that corruption is an immoral act. Obuah (2010) argued that corruption is an act of public figures that is morally reprehensible. The ICPC Act of the Federal Republic of Nigeria (FRN, 2000) sees corruption as bribery, fraud, and other related offenses. Akan (2020) conceives corruption as morally illegal, dishonest acts and a departure from what is correct due to inducement. It is a symptom and outcome of institutional deficiencies with adverse economic effects.

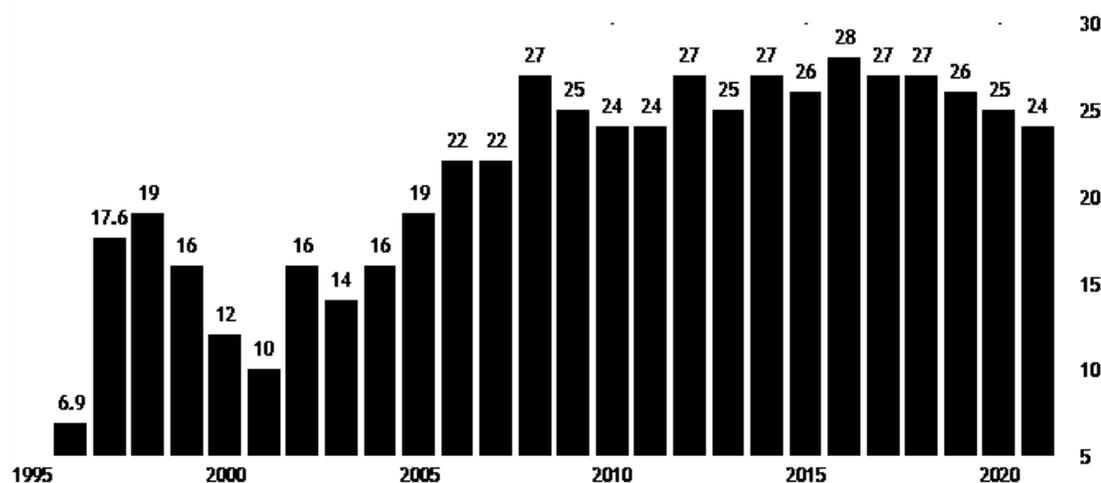
However, Tanzi's (1995) definition of corruption is "the intentional non-compliance with the arm's-length principle aimed at deriving some advantage for oneself or related individuals from this behavior." In the view of Begovic (2005), two conditions qualify as bias towards the arm's length principle termed corruption: intentionality and prospective advantage for an individual. In this sense, a person is corrupt when he makes an intentional compromise to gain some advantage, whether monetary or material. In some cases, such advantage may not be for self but related persons, such as family members, tribe, or political party.

Corruption exists in many forms. Begovic (2005) identified three types of corruption. The first, which the author terms "fast-tracking," seeks to speed up the materialization of a person's entitlement to which there is no legal barrier, such as jumping turn to get a service or speeding up the issue of one's passport usually initiated by the beneficiary or receiver of such entitlement. This form of corruption usually involves no theft of public or private resources. The second type is administrative corruption, in which public

or private administrators use their offices to violate legal rules or enforce them with some bias. It is prevalent among civil servants, who seize the opportunity of occupying certain offices to enrich themselves at the expense of the people they were supposed to serve. Common parlance for such corruption in Nigeria is "getting one's share of the national cake." Finally, there is the "state capture," which refers to influencing legislation and public policies by influential business owners in favor of their interests.

Corruption manifests itself in giving and taking bribes, manipulating others to do things in an immoral way, inducement, mismanagement and diversion of funds, and fraud, amongst others. Lambsdorff (2006) asserts that the Transparency International (TI) Corruption Perception Index (CPI) – one of the most highly rated, has shown in various quarters that Nigeria is indeed a corrupt country. A report by the Corruption Perception Index (CPI, 2017) shows that Nigeria has deliberately failed to improve its anti-corruption practices. Onyekpere (2019) also emphasized that Nigeria's score of 27 out of 100 in 2018 shows that Nigeria has not changed in corruption practices.

Figure 1: Nigeria's Corruption Perception Index (1995-2020)



Source: (Transparency International & Trading Economics, 2021)

Before the inception of TSA in Nigeria, several attempts have tackled corruption, but most have failed. In the pre-independence and the First Republic eras, an attempt was made to tackle corruption using commissions of inquiry, indicting some frontline politicians. For example, in 1957 and 1962, Dr. Nnamdi Azikiwe and Chief Obafemi Awolowo were indicted on charges of abuse of office by the Justices Stafford Forster-Sutton and GB Coker Commission of Enquiry (Nwaobi, 2004). Thus, both government leaders were forced to transfer their business interests to their respective regional governments. These attempts were quite laudable as they did not seem to respect personalities and offices.

Anti-corruption enforcement during the military era was relatively passive as they were more interested in looting the government treasury themselves; an exception was the Buhari/Idiagbon Administration. Buhari introduced special military tribunals to recover public properties from unscrupulous politicians from past governments (Nwaodu, Adam & Okereke, 2014). Under his regime, those found guilty were also given long-term imprisonment. The major criticism against the Buhari anti-corruption crusade and most other military regimes was the failure to institute a clear-cut legal framework for prosecuting those suspected of corrupt practices. The fight against corruption was opined to have worsened with Generals Babangida and Abacha. However, the latter instituted the War Against Indiscipline and Corruption (WAIC) and the National Orientation Agency (NOA), as well as many probe panels against some government agencies and parastatals (Hope, 1998; Nwaodu, Adam & Okereke, 2014).

The crusade against anti-corruption in the democratic era (1999-Date) was most remarkable during the Olusegun Obasanjo Administration. Obasanjo established renowned anti-corruption organizations like the Economic and Financial Crimes Commission (EFCC), Independent Corrupt Practices and other related offenses Commission (ICPC), and the Code of Conduct Tribunal, in addition to creating numerous panels of inquiry to examine the actions of former and current public officials and presenting an anti-corruption bill to the National Assembly (Nwaodu, Adam & Okereke, 2014). While these anti-corruption agencies have endured even to the present, their major drawback has been selective prosecution of alleged corrupt public officers. Thus, they were used as witch-hunting machines against those who were somewhat disloyal to the government in force. With the birth of the TSA, it is still uncertain how it can effectively curb corruption in the country.

The Idea of Public Service Efficiency

Efficiency is often described by comparing outputs achieved to inputs used. According to Mihaiu, Opreana, & Cristescu (2010), efficiency is when the results of an action are maximized to the resources expended. In other words, the greater the outcomes achieved compared to the resources employed, the more efficient a process is. Efficiency may be described in terms of technical or allocative efficiency. While technical efficiency usually applies to production processes in describing the number of outputs produced from a given input, allocative efficiency describes the cost-benefit relationship, which suffices in the light of the present paper.

On the other hand, public service encompasses the civil service and all organs, structures, or institutions wholly or principally owned by the government (Marshall & Murtala, 2015). Thus, the aggregation of institutions, structures, or organs is created for the public interest. The term "public service" is often used interchangeably with "public sector," which is also the case in this paper.

It is acknowledged that input and output resources are more difficult to quantify in the public than in the private sector. Although such connotations can be applied to processes with monetary or off-balance-sheet values, such analytics have been made more accessible, especially with the instrumentality of the government budget. Therefore efficiency, in this context, shall describe the utilization of government cash resources (the most quantifiable input) in actualizing desired socio-economic objectives. However, most of such outcomes transcend monetary quantification. With government at the head of the public service, its overall essence is the maximization of social and economic benefits for the generality of the populace.

TSA, the Anti-corruption Drive and Public Sector Efficiency in Nigeria

The TSA, which the Federal Government of Nigeria first proposed under the administration of President Goodluck Jonathan in 2012, was implemented during the Muhammadu Buhari-led administration, which began in 2015. Abodunrin and Omole (2017) opined that TSA's implementation in Nigeria could enhance efficiency and effectiveness in Nigeria's public financial management system. However, it is still unclear whether or not the TSA has enhanced the fight against corruption in Nigeria. Many of its virtues have been extolled, but issues still need to be addressed. Though some favor the TSA's strides in the anti-corruption campaign in Nigeria, the evidence is somewhat fragmented and subjective.

First, the TSA has helped in eliminating clustered accounts by MDAs. Adekunle (2016), quoting the Accountant General of the Federation, Mr. Idris, asserted that implementing the TSA has offered good gains since the government has successfully eradicated clustered accounts and harmonized over 10,000 bank accounts with deposit money banks. Before the TSA was introduced in Nigeria, various MDAs had distinct bank accounts through which their transactions were consummated. This development contributed to many inefficiencies in the public sector, as there was little or no control over the financial transactions of MDAs, mainly due to their independent control of funds in their custody. Thus, with the TSA in full swing, all government cash resources are aggregated; and can be ascertained and accessed at any time.

There has also been improved monitoring of MDAs, especially regarding their financial transactions. Adekunle (2016) also opined that the framework has helped monitor the MDAs and other agencies and has stopped fraudulent acts with attendant leakages and reckless diversion to the tune of N4.7billion monthly, which has reduced indiscriminate borrowing and also helped in the elimination of over 40,000 ghost workers. Rogers (2018) also asserts that the TSA had saved the government almost N9 trillion since its complete adoption in 2015, as well as a monthly cost of N24billion – hitherto spent on operating multiple accounts. In addition, by the end of the first quarter of 2016, the Nigerian government had recouped cash assets of about 3trillion (\$ 15 billion), a pointer to the significant milestone achieved through the TSA.

Apart from the merits mentioned above, some inconsistencies have been noted about the TSA. First, the Nigerian TSA policy failed to adequately cover some significant revenue-generating agencies, while some MDAs are exempted from remitting their revenues. As discussed earlier, one of the features of a full-fledged TSA is aggregating all government cash resources into a single treasury. However, the present TSA framework in Nigeria exempts certain MDAs from remitting their revenues, some of which have been quite notable for corrupt practices. Rogers (2018) notes that the Nigerian National Petroleum Corporation (NNPC) and the Nigerian Immigration Service (NIS) still divert funds outside the Treasury while foreign earnings are yet to be channeled through the Treasury. These defeat the principle of comprehensiveness and raise questions regarding Nigeria's objectivity of the TSA policy framework.

Another issue of worry is the huge amount the government claims to spend on servicing the TSA. According to Ahmed Idris, the Accountant-General of the Federation, the TSA had been serviced by N16 billion between 2016 and 2018 (Rogers, 2018). Such claims seem rather outrageous as most persons who make payments into the TSA Remita platforms are charged for their transactions. Moreover, Rogers (2018) alleged that the government has consistently failed to honor its contractual obligations to SystemSpecs. He stressed that the Federal Government has a backlog of outstanding debt accruing to SystemSpecs due to the 1% transaction cost agreed upon between the remitting agency and the government.

On the 10th of November, 2015, Dino Melaye, a Senator representing Kogi West, argued that the appointment of REMITA and an e-collection agent was a gross violation of section 162(1) of the Nigerian constitution, which only recognized banks as collectors of government funds. Furthermore, the 1% commission to be collected by SystemSpecs, which yielded N25 billion as of the end of 2015, was fraudulent – though John Obaro and SystemSpecs believed that Dino Melaye and his cohorts raised a false alarm (Ibekwe, 2015). Melaye was later arraigned before a Federal High Court in Abuja by the Attorney General of the Federation on various charges of false alarm.

Despite the perceived gains of the TSA, there seems to be no remarkable change in Nigeria's CPI, especially since Buhari's assumption of office in 2015. The TI's corruption perception under the Buhari Administration averages 26.5 points. However, the reduction in the TI CPI from 27 to 25 points between 2018 and 2020 is applaudable. It could be a credit to such initiatives as the TSA, although empirical evidence of this effect is still quite lacking.

Conclusion and Recommendations

In contemporary Nigerian society, corruption has been a bane of its socio-economic and political development. The activities of politicians and government establishment managers have in little measure ruined the goals and essence of governance. These government functionaries' corrupt practices have undermined fundamental human rights, created unemployment and poverty, and inhibited growth and development in all spheres of life. Despite efforts from all nooks and crannies to fight corruption and hold it to a standstill, there is still siphoning and other corrupt offenses like fraud, embezzlement, bribery, mismanagement, and inducement going on. Even though there are packages like IPPIS, TSA, and GIFMIS aimed at regulating and controlling corruption, there have limitations that make them ineffective. These challenges still open up conduit pipes for corrupt practices to thrive. "Law without adequate punishment, they say, is advice." This assertion is true that most corrupt offenders are treated with levity, which has encouraged and motivated more prospective offenders to indulge in the acts.

In order to enhance the efficiency of the public service in Nigeria, the TSA policy framework should be re-evaluated to make it more comprehensive by including all the government MDAs. More so, the legal frameworks of the TSA should also be reviewed, such as provisions involving remittances to the TSA by MDAs. Such laws should specify an appropriate proportion of revenues that MDAs should remit to the TSA. Lastly, private forensic auditors should be encouraged to enhance the efficacy of audits on the various MDAs, which should be carried out from time to time to ensure accountability. It will significantly help in the fight against corruption in Nigeria.

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