

THE NIGERIAN POLITICS OF UNDERSTANDING THE TREASURY SINGLE ACCOUNT (TSA)

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Abstract: This paper is an attempt to proffer a political economy reflection on the federal government of Nigeria policy on treasury single account (TSA). By way of qualitative analysis of relevant secondary source predicated on the maximum political economy approach, the paper posits that it is the most potent corruption weapon, a critical step towards curbing corruption in public finance by eliminating indiscipline and ensuring adequate fund flow to be channelled to critical sector of economy to catalyse development. Any government, given that it is double edged sword that would not only cut lose all the fingers of corruption in government, but is also an ingenious policy that will fumigate the banking sector that continues to wreck us of filth and rot. The thrust of the paper is to analyse the argument for and against the policy. However, the Academic Staff Union of Universities (ASUU) and academic Staff Unions of Polytechnics (ASUP) see it as a bottleneck in the smooth running of the Nigerian university system if hurriedly implemented. This paper recommends that the concern of this intervention should be to excavate the ancillary social political imperatives of forgoing unity in diversity through the TSA regime that could easily be applied to the question of discrimination and marginalization against Nigerians in their own country on grounds of religion and tribe already outlined by the constitution of the Federal Republic of Nigeria.

Key words: Treasury, Single Account, Corruption

1.1 INTRODUCTION

The Treasury Single Account (TSA) is a process and tool for effective management of government's finance, banking and cash position. In accordance with the name, it pools and unifies government accounts through a single treasury account. The advantages and benefits of the TSA are legion. Its existence and operation means the non-existence of hundreds of clandestine accounts hidden in several banks, it therefore becomes impossible to launder money as there will be no platform to do so. The billions of dollars in revenue from major Ministries, Departments and Agencies (MDAs) such as the Nigerian Port Authority (NPA), the Nigerian National Petroleum Corporation (NNPC), the Federal Inland Revenue Service (FIRS), Customs, Immigration, Central bank of Nigeria (CBN etc are moved in a single file to a single account with out the usual to many cooks, dipping their hands into the booth. The first casualties are the First Bank and United Bank for Africa (UBA) "CBN fines First Bank, UBA 4.82 billion for concealing NNPC funds Daily Trust Newspaper" (27th Oct., 2015) Treasury Single Account (TSA) is a network of subsidiary account all linked to a main account such that, transactions are effected in the subsidiary account but closing balances on these subsidiary account are transferred to the main account, at the end of each business day. With the implementation of the Treasury Single Account, Ministries, Agencies and Departments (MDAs) will maintain their individual account with the commercial banks, but dully funding of their disbursement are made from the central or main account, which is resident with the Central Bank, just as their closing balances at the end of day are transferred to their main account.

The TSA is principally a cash management tool for effective, efficient management of the Government's Cash position prior to the implementation of the TSA, government was incurring finance cost on debit balances in same (MDA's account while it was earning close to nothing on credit balances of other MDA's. With the introduction of TSA the net balances on all the account will now reside with the Central Bank; hence, the government will avoid incurring interest costs when it has positive net position.

The immediate past government of President Jonathan actually initiated and commenced the implementation of the TSA but was pressured by the Chief executives of Nigerian Banks hence they were the major beneficiaries

of the old system. It is not correct to suggest that the previous administration ignore the TSA. He had ordered that all account be closed by the end of February 2015 but it appeared the distraction of the election did not allow the administration to follow through to ensure that all MDAs complied with the order.

This paper posits that Jonathan's Administration has run the TSA at the Pilot stage as it claimed to have saved some money in the mid-term report of the Transformation Agenda; This fact is supported by the concluding observation of Nigeria 2013 and 2014 International Monetary Fund's article IV consultations, where the TSA was listed as part of the reforms the government has embarked upon.

What has added value is the body language of the current President Buhari, less than three months ago, certain policies could hardly be obeyed or carried out by the Nigerian bureaucracy.

But now, public servants carry them out with deformed gusto. The change mantra of President Buhari administration ushered in on May 29, 2015 account for this difference.

As laudable as the TSA appear, it is the considered opinion of this paper that that the Administration go the whole hog of chanting the cause of a united and corrupt free Nigeria state. A solid foundation in the social and political realm in terms of giving everyone his due irrespective of political, ethnic and religious orientation and affiliation as he is trying to do with the TSA will be very helpful. The 1999 Constitution of the Federal Republic of Nigeria, defective as it is forbids any form of discrimination against anybody on the ground of religion, sex, age or tribe.

This paper has raised a number of questions as whether it is better for department and agencies to wait for yearly budget approval, what would likely be the challenges in the implementation stage, who are the likely victims. How effective will it be about revenue drive, transparency and fight corruption. These and many other shall constitute the statement of our problem, the research question, our conclusion and recommendations.

Though, the government is yet to fully unveil its economic agenda, leading institutions are keyed to the Administration's resolve to move the country forward. In fact, it was the Economic and Financial Crime Commission (EFCC), which spearheaded the flurry of action, then followed by Ministries, Departments and Agencies (MDAs) and now the Treasury Single Account (TSA) policy compliance, introduced last years to block revenue generation leakages by former President Goodluck Jonathan which was not affected even after the deadline was set for MDAs for February, 2015.

What is new is the rolling out act of enforcement not just mere pronouncement at public functions. Some of these enforcement acts include the integrated Personnel and Payroll Information System (IPPIS) on the public introduced to block ghost workers syndrome that were resisted by some MDAs and CBN.

2.0 ANALYTICAL COMPASS CUM POINT OF DEPARTURE

According to the directive measure it is specifically to promote transparency and facilitate compliance with sections 80 and 162 of the 1999 Constitution.

In a statement issued by Laolu Akande, 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 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.

It would be recalled that President Muhammadu 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.

Since then the presidency has worked with relevant agencies of the federal government to evolve this policy directive.

Our Research reviewed that 1,500 staff of a new generation bank were also laid off about a fortnight ago for the same reasons. The source stated further that most of the staffs laid off were those on temporary appointments. He said, "The problem is that, if you lay off permanent staff at once, you also have to pay them

all their entitlements otherwise they will take you to court. Yes, majority of the people we truly do not need are unfortunately the permanent staff, but because of the confusion and litigation that will follow, we decided to relief those with temporary appointments. It is a painful decision, but we have to do it in order to save the banks.

"We have prepared their disengagement letters and most of them will be communicated next week. I tell you, not only here all the banks will follow this line. That is the situation. "

Confirming the sack, a staff of one of the highly rated new generation banks with branches in each state capital and reputable for excellent services, who simply gave his name as Eunice said, "I got my letter of disengagement last week. Naturally, I was devastated, but at the same time I knew it will get to this point, because most of the commercial banks in Nigeria have very fat accounts of government agencies and ministries that run into billions of naira.

"Some of these funds are not withdrawn for six months or even more and banks trade with them and make profits. So once you shut that angle of business certainly the banks will bleed, so if, other people did not expect sacks, then they must be day dreaming."

2.1 HOW CBN REINFORCED NEED FOR TSA

It would be recalled that the Central Bank of Nigeria (CBN) had in November 2013 called for an urgent implementation of the Treasury Single Account (TSA) in order to properly manage the country's revenue.

The CBN stated this in a communiqué at the end of its 235th Monetary Policy Committee (MPC) meeting where it noted that "a TSA is an essential tool for consolidating and managing governments' cash resources. In countries with fragmented government banking arrangement, the establishment of a TSA receives priority in the public financial management reform agenda."

The CBN lamented that the "erosion of the fiscal buffers through the depletion of the Excess Crude Account (ECA) has further exposed the economy to vulnerabilities while the fall in oil revenue has left capital inflows as the only source of external reserves accretion."

"With the TSA implementation now extended to all federal MDAs, the Nigerian banking industry, on an aggregate basis, would be affected in terms of deposits and funding cost structure"

With the benefit of hindsight, the adverse implication of the TSA is already unfolding. Investigation by *The Nation* revealed that already there has been a gale of sack in some banks, especially majority of those banks where public funds are being warehoused.

The Nation gathered that commercial banks in Nigeria have commenced laying off some of their staff, following the federal government directive to ministries and agencies for a Treasury Single Account.

Some of the banks, it was learnt, can no longer afford to keep their staff, as ministries and agencies of government have commenced withdrawal of their deposits in commercial banks, in compliance with the federal government directive.

A highly placed source who is a top management staff of one of the first generation banks confided in *The Nation* that his bank has since sacked over 1,000 of its staff. He added that the mostly affected in the downsizing exercise are desk officers.

Pressed further, the source said, this sad development was due in part to closure of government accounts with commercial banks.

The source expressed concerns, that the TSA policy, although designed to ensure accountability and transparency, it is equally going to ground a lot of the commercial banks.

He said, "As I speak with you now, about one thousand of our staffs are already on their way out, because we can no longer accommodate them, but what we have done is to lay off more of the desk officers."

Justifying the retrenchment of the desk officers, the source said, "If you lay off those who go out to look for deposits you will worsen the situation, so we have to look at the survival of the bank first, the consequence of allowing desk officers to stay and sacking those who bring deposits will be higher, so we took the safer option of letting desk officers go."

"The truth of the matter is that some of these deposits, especially fixed deposits help the banks a lot, now, there is a directive that government funds be withdrawn, on one hand it will ensure accountability, but on the other hand the banks will also have to reduce their staff strength or be ready to recapitalize," he stressed.

3.0 CONCEPTUALISING AND CONTEXTUALISING NIGERIAN (TSA) DEVELOPMENT

Treasury Single Account is the unveiling of President Muhammadu Buhari of Nigeria's economic blueprint to be marshaled by a minister to be called to order, tighter laws running alongside stricter regulations and a more discipline fiscal and monetary regime in its attempt to address corruption.

It has employed the e-collection platform which is a technology platform deployed to support the collection and remittance of all government revenue to a consolidated account domiciled with the Central Bank of Nigeria (CBN). Earlier in February, 2015, the Central Bank of Nigeria issued a circular directing all deposit money to banks to implement the Remittance e-collection platform.

This paper argues that the conduct is a constitutional provision. Section 80(1) of the 1999 Constitution of Nigeria as amended states "All revenues or other moneys raised or received by the federation (not being revenue or other moneys payable under the constitution or any act of the National Assembly into any other public fund of the federation established for a specific purpose) shall be paid into and from one consolidated revenue fund of the federation" successive governments have continued to operate multiple account for the collection and spending of government revenue in flagrant disregard to the provision of the constitution which requires that all government revenue be remitted into a single account.

The implementation of this Constitutional Provision has re-defined the concept and text as anti-corruption tools and mechanism.

In Nigeria under the Administration of President Mohammedu Buhari and Pilot scheme became a trigger and wisdom of the Administration in fighting corruption.

It was not until 2012 that government ran a pilot scheme for a single account using 213 ministries, department and agencies as a test case. The pilot scheme saved the country about N500 billion in frivolous spending. The success of the pilot scheme motivated the government to fully implement TSA, leading to the directive to banks in Nigeria to implement the technology platform that will help accommodate all MDA's in the TSA scheme. This paper posits that recent directives by President Mohammedu Buhari to all government revenue should be remitted to a Treasury Single Account is in consonance with this programme and in compliance with the provision of the 1999 constitution.

Uhembe Ahar Clement is a doctorate degree candidate in the Department of Political science at the University of Jos specializing in Political Economy & Development Studies, he argues that the Federal Government move to trap its earnings into the Single Treasury Account domiciled at the Central Bank of Nigeria (CBN) bodes well for transparency, ethics and accountability and would in the long run strengthen not just the Naira but excavate the ancillary, social political imperatives of forgoing unity in diversity that could easily be applied to the question of discrimination and marginalization against Nigerians on their own country on grounds of religion and tribe.

The TSA is bound to improve transparency and accountability in the public finance management. First, it will remove that organizational and bureaucratic bottlenecks/MDA secrecy around the management of public finance.

The reason is simple, most bureaucrat in Nigeria have no accounting knowledge and created various sub-heads for various sums meant for different projects for the fear accountants attached tot hem teaching them. As soon as that was addressed, they the bureaucrats settled wont o see how they can enrich themselves from these various accounts. The discretionary aspect of accounting officers and politicians collaborating to do all manner of business with government finance before executing projects thereby causing delays on negotiating interest rate with Banks for private gains because of the order of the day.

This paper argues that beyond transparency and accountability the TSA revenue generating agencies that have been depriving the TSA of due revenue through a Plethora of Bank account under their purview will no longer be able to defraud the revenue since all funds will be swept into TSA our argument is how useful is this practice in global world situation and what happens in the realm of technology when such an account is hacked.

4.0 THE POLITICAL DIMENSION OF TSA

The pro-transparency group cautioned against the hasty implementation of the TSA created by Federal agencies because of the inevitable mass retrenchment of bank workers that follow the pull out of huge public funded deposit in most of the Commercial Banks of Nigeria for onward transfer to the Central bank of Nigeria.

Another political argument is the subterranean tendencies to precipitate the collapse of the banks and we see the alleged top sided ownership of the banking institutions in Nigeria by persons perceived to be southerners. They argue that with President Buhari a Northern the game was set to bring policies that will pull down owners of Nigerian Banks who are mostly southerners.

The Human Right Writers Association of Nigeria (HURINA) 2015 cried out that the TSA policy of President Buhari administration saying that it lays well plotted landmines aimed at crippling the banking sector because of perceived dominance of investors from southern Nigeria in the ownership hierarchy of the banks". HURIWA said unemployment that will soon sweep across the banking horizon has no regional immunity as any family would be affected thereby rubbing the real evil intentions which actually guided the TSA policy in the first instance. HURIWA added that "This p[olicy is like throwing a stone in a market place without knowing whether it will actually harm the mother of the stone thrower".

The political development of this debate took a regional dimension when the HURIWA accused the Arewa Consultative Forum (ACF) (A northern forum and a one time Governor of CBN another) former Central Bank Governor Sanusi Lamido Sanusi (now Emir of Kano) for plotting to undermine the economy by successfully convincing President Muhammadu Buhari to flow along with their plot by introducing single account for all Federal agencies to be domiciled in the CBN.

HURIWA in a statement by the national coordinator Comrade Emmanuel Onmbiko and the National Media Affairs Director Miss Zainab Yusuf said it "has it on good authority that this current irrational and impulsive policy of single account formed a fulcrum of the economic blueprint allegedly handed over to the now President upon assumption of office by some regional banks from the Northern Nigerian, based Arewa Consultative Forum who now has its erstwhile General Secretary Colonel Hamidi Ali (rtd.), as the Controller-General of Nigeria Customs Service.

With this policy, the ability of bank to create money would be hampered or limited. When banks have excess of funds, ideally they use it to trade. The moment you more the reserved deposit money from money deposit bank to Central Bank, you create sterilization and the ability to create more money or credit is hampered, meaning that the cost of borrowing naturally shoots up. Banks would not only have liquidity problem, it would stifle growth because they would not be able to create credit. That means that depending on the seventy, the economy may go into a new phase of recession. There are already job loses of about 10,000 since the introduction of TSA in Nigeria Banking Sector mostly Desk Officers because most of the banking process has been reduced substantially.

Most political economist argued that it is literally impossible to operate a unified account. It is not that it is not visible, but the intention. The major problem that will be there with revenue collection is not whether you assemble it in distributable pool account but the financial instrument governing revenue mobilization which has a setback. Here the nature of the parastatal matters if it is essentially a spending parastatal, it may be easy to domicile all their expenses and account with the central bank or understand banking.

5.0 IMPACT OF TSA ON NIGERIA ECONOMY

The full implementation of TSA will certainly reduce the banks net liquidity position and hence constrain the ability to create credits. This will invariably affect their profitability.

The policy will further expand the frontiers of social crimes and vices of youth prostitution and violent criminal activities since the idle mind is the devil's workshop. Lending rates will be high because of scarcity of funds from which to lend to small, medium scale and large scale entrepreneurs in Nigeria and this would stifle the manufacturing and job sector.

The Local economy will be ambushed through TSA and it has an inability of stabilization in the event of such an attack because the Nigerian Local Economy is not autonomous.

Companies would experience crunch occasioned by the drop in demand for products. The freebies that come from the saturation of the market by illegally acquired money would dry up.

The argument in simple language is making the money first then you send the budget of what you want to do with the money. Budget plan would call it zero-sum budget but developing nations of the world do not find favour with such budgeting policies, what brings development is strategic long term planning and budgeting.

6.0 IMPACT ON NIGERIAN NATIONAL PETROLEUM CORPORATION (NNPC)

When the centre has hands that are not clean, they do not have the moral authority to give instructions to other people. This paper argues that there were strong powerful individuals who held that presidency to ransom in the past. This situation made the cost of running Nigerian National Petroleum Corporation (NNPC) more than that of running the National Assembly.

The NNPC is a big corporation in Nigeria with big tickets and challenges and issues that need responses on day-to-day bases. The rules and guidelines of the operation governing the TSA will definitely negatively impact on the speed of operation in the NNPC should it be implemented. It may be imperative to work out special rules and conditions to guarantee the operations of the NNPC. If this does not happen, the operations may suffer major setback in its operations.

7.0 IMPACT ON NIGERIAN UNIVERSITIES

The President of (ASUU) Dr. Nasir Isa Fagge has criticized President Muhammadu Buhari Treasury Single Account (TSA) policy barely a month after the Academic Staff Union of Polytechnics (ASUP) expressed similar concern.

According to ASUU, the TSA could constitute bottleneck in the smooth running of the Nigerian University system if hurriedly implemented.

Speaking during one of the National Executive Council (NEC) meeting of the Union held in Owerri ASUU National President Dr. Nasir Isa Fagge, said the Federal Government must deliberate overt he policy with University representatives to make the policy work.

Their argument is that universities in Nigeria cannot function without the financial autonomy that the TSA takes away from them.

“There is no way any university can operate freely without having financial autonomy and the union will fight against any plan to deny us such”.

According to him the autonomy enables universities to make long and short term plans and taking it away will have consequences.

This paper posits that the tertiary sub-sector is purely service-oriented and its revenue is specifically ties to the daily running of the institutions and for the provision of consumables needed for teaching and learning.

A good example is the case of federal University of Lafia in North central Nigeria. For four years running since inception, the university has not gone on break as long as the current one. The university Senate proposed resumption date four times and four times it was put off because of lack of funds associated with the implementation of TSA. For the first time, the university had a break longer than its semester courtesy of TSA policy.

8.0 RECOMMENDATIONS

This paper recommends that Buhari administration should leverage the success of the TSA to issue periodic directives to the MDAs and the state governments to follow the constitution of existing laws in relating with Nigerians from different ethnic and religious backgrounds to encourage the citizens to support the government in place and its programmes for the over-all-well-being of all Nigerians. You cannot be calling for cooperation

and support of government policies and programmes and be perpetrating all manners of discrimination forbidden by the constitution of the land.

The Buhari government should go the whole hog in charting the cause of a united and corruption free Nigerian state. It is my considered opinion that if President Muhammadu Buhari is able to lay a solid foundation in the social and political realm in terms of giving everyone his due irrespective of political, ethnic and religious orientation and affiliation, as he is trying to do with the TSA; that is, if devious people with sinister motives in the corridor of power would not truncate it, the clamour for devolution of power might simmer down considerably, even though it might not obliterate it completely.

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