

A Critical Analysis of Treasury Single Account Policy in Nigeria

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Abstracts: One of the major objectives of establishing Treasury Single Account (TSA) scheme is anchored on the fact; it will wipe out corruption that is prevalent at the MDAs and instill accountability and internal control which is necessary for effective conduct of the monetary and fiscal policy surfeit. However, this objective has not been fully realized as corruption has become cancerous worm that has eaten deep into the fabric of the Nigeria society, and cannot be wiping out by a single policy. However, we cannot deny the fact that TSA has to some extent ameliorates corruption in the public establishments.

Despite the above observed rigidities, some key economic metrics have shown that the policy has created positive impacts on the fiscal and monetary policies: TSA makes it easier for tax collections through technology which confers seamless generation and expenditure of the public revenue. While it has aided the CBN in the management of the monetary policy such as reducing liquidity in the inter-bank market, through seamless management of market liquidity, ensuring monetary and price stability and more importantly reduces the use of Open Market Operation (OMO) and the consequent cost.

This paper will take a critical look on the TSA by analyzing the different theories posited by many financial thinkers, the positive impacts on the economy and the challenges that may prevent in realizing such economic advantages will be analyzed, and, positive recommendations will be proffered.

I. INTRODUCTION

Prior to the introduction of Treasury Single Account (TSA) the earning by the Government such as; fees and earning, debt, fines, regulatory and general taxes are held in fragmented accounts with Deposit Money Banks (DMBs) and deposited in the Federation account called Consolidated Revenue Fund (CRF) with the Central Bank of Nigeria (CBN). It should be noted that Ministries, Departments and Agencies (MDAs) operate its accounts as it deemed fit with little or no control from the central authorities. These generated a lot of sharp practices and wanton abuses by the operators of the various accounts, made it impossible for accountability, instead it legalized fraudulent activities in the operations of the accounts.

In 2011, Federal Government of Nigeria (FGN) under President Goodluck Jonathan mandated the commencement of the TSA initiative in Nigeria, it did not take off immediately due to bureaucratic rigidities and the need to examine its negative effects on the DMBs as many of the banks depended on the government funds for survival and to stay afloat. However, in 2015, under President Mohammed Buhari, the

full implementation of TSA across all Federal Government's MDAs was mandated to takeoff.

Before the introduction of the TSA, revenue and payment receipts are fragmented that transfer from the Contingency Reserve Fund (CRF) (as authorized by warrants) are also received through the Ministries, Departments, Agencies (MDAs) accounts with DMBs and their expenditures are transacted through these accounts. Thus from the treasury the government funds are distributed to several DMBs accounts, with some MDAs having multiple DMB accounts for overheads, personnel, capital and sometimes term deposits. However, by these arrangement government revenues and payments transactions exist in silos without a unified government banking arrangements for efficient resource management, therefore there was no centralized controlled system of the government revenue and expenditure and there is noway Ministry of Finance can have a clear view of the revenue as noted by Occasional Paper CBN (2017).

Simple put before the introduction of the STA scheme, the government accounts were in various accounts in the DMBs and fragmented. Wikipedia (2020) pointed out "Nigeria, like many low income countries, employed fragmented banking arrangements in handling receipts and payments" Predictably, the establishment of unified system where all the moneys of the government funds will be put together becomes imperative to cut down corruption, reduce borrowing by the government, and more importantly improve fiscal policy and stop proliferation of banks accounts as operated by MDAs.

It needs not to be emphasized that solid and in-depth analysis has shown that establishing a unified structure of government bank accounts will help to resolve the problems caused by the fragmented system accounts and improve the cash planning, management and control, thus the introduction of Treasury Single Account (TSA). Accordingly, "is an arrangement to optimize government cash management by entering into a framework agreement with all DMBs and linking them with the Contingency Reserve Fund (CRF) in the CBN. CBN (2017) Occasional Paper. However, this is in accordance of the Section 80 (1) of the 1999 constitution of Nigeria which states "All revenue or order money to be received by federation (not being revenue other money payable under constitution Act of National assemble into any other of the federation established for specific purpose shall be paid into consolidated account".

TSA is highly recommended by World Bank to instill accountability and transparency at the MDAs as it ensures that all accounts are linked to same accounts while ensuring that all government revenues and payments collection are managed through single account.

According to Onyekpere (2015) a TSA is a unified structure of government bank accounts enabling consolidation and optimal utilization of government cash resources. It is bank account or a set of linked bank accounts through which government transacts all its receipts and payments and gets consolidated view of the cash position at any given time. It has to be pointed out that the main objective of the TSA is to ensure that all revenue generated by the government agencies are received into the consolidated account and payment are made through it.

Chijioke et.al defined TSA “is the federal Government autonomous revenue collection platform, it can be defined as a public accounting system under which all government revenue, receipt, and income are collected into one single account, usually maintained by the country’s Central Bank and all payment done through the accounts well. While Chukwu (2015) posits that Treasury Single Account is a network of subsidiary accounts that are linked to a main account such that, transaction is effected in the subsidiary accounts that are linked to a main account such that, closing balances on these subsidiaries accounts are transferred to the main account, at the end of each business day.

In view of the above solid arguments supporting the TSA as financial framework for protecting and safeguarding the resources and curbing corruption, in November 2013, the Central Bank of Nigeria (CBN) called for an urgent implementation of the TSA to manage the country’s resources properly. The CBN stated this in communique at the of its 235th Monetary Policy committee (MPC) meeting where it noted. As posited by Kingsley 2016 “TSA is essential tool for consolidating and managing government’s cash resources. In a countries with fragmented, the establishment of TSA receives priority in the public financial management reform agenda”

II. THEORETICAL FRAMEWORK FOR TSA:

a. *Unity of Cash Principles*: it is based on theory of the frugality of money, the theory states that any unity of currency (money) is a substitutes for another for instance, in the analysis of consumer choice, frugality implies that consumption decision are based on consumer’s total wealth, while the composition of the wealth is irrelevant (Grunberg and Modigliani (1954). It follows therefore, that government banking arrangement should be structured and unified to ensure the frugality of the government’s cash resources. It has to mentioned this position is taken by most economists.

b. *Unity of Treasury Principle*: this principle states that the treasury has consolidated control of all funds available to DMBs for efficient management and accountability (World Bank 2009) in other words, no other government agency should be allowed to operate bank account without the overnight of the Treasury (Pattannayak and Fainboim 2010)

Conceptually, a TSA serves as a pool of government cash resources in one account or number of accounts which are linked into a main account. Its objectives are the same in all jurisdictions. The primary objectives are to ensure effective aggregate control over government cash balances. According to {CBN Occasional Paper 2017} consolidation of cash resources through a TSA arrangement facilitates government cash management by minimizing borrowing costs. Other objectives include: minimizing banking transaction costs, expediting remittance of revenue collected through DMBs to the treasury ; prompt payment for approved government procurement, facilitating reconciliation between banking and accounting data; efficient control and monitoring of funds allocated to various government agencies, and facilitating better coordination of fiscal programs with monetary policy which eliminates sudden fiscal surprises for the monetary authority (Pattannayak and fainbaim 2010).(Chijioke, Promise, Queeneth 2018) noted three Theoretical Framework.

c. *Stakeholder Theory*: this theory is conceptualized on the assumption that the adoption of TSA by the FGN was as a result of pressure mounted on the government by the stakeholders for the eradication of corruption. This theory was proposed by Freeman, R.E. 1984. Freeman asserts that managers must satisfy a variety of constituents (e.g. investors and shareholders, employees, customers, suppliers, governments, local communities and organizations). Based on this theory, the researcher argues that emerging of TSA was as a result of government response to the yearnings, demand, and aspirations of critical stakeholders by way of developing strategic options towards eliminating corruption. The stakeholder’s theory therefore explains the motivating factors that made the government to adopt and implement the TSA

d. *Public Finance Management Theory*: This theory assumes that the government to prudently manage her expenditures to the benefit of citizenry. The theory also stresses that government’s revenue should be well mobilized to disallow the looting of such into private pockets (Udo and Esara, 2016). These consist of resources prioritization, the budgetary process, efficient management of resources etc.

e. *Modern Monetary Theory*: this theory deals with how sovereign government should act, operate, especially in terms of the management of finances and the impact of her action on the Economy. This theory advocates for the

concurrent existence of the TSA and the CBN being the apex bank is allowed to be in charge and in control of the TSA.

III. ADVANTAGES OF TREASURY SINGLE ACCOUNT.

1. *It improves the utilization of ideal funds by the MDA:* Prior to the introduction of TSA, MDA were allowed to open various accounts with the DMBs, the MDA only sought approval to spend it when the need arises. Remarkably, the introduction of the TSA effectively eliminated the decentralization of the Government fiscal operations. Predictably the decentralized system of government operation does not allow government to have a holistic view of what volume of cash balances existed at any particular time and where they were located therefore, they were many cash balances the government would have utilized judiciously but cannot apply as they were scattered at various accounts with the DMBs. The TSA ensures that ideal funds are effectively utilized in the operation of government fiscal policy and reduces the tendencies to borrow to fund government needs. "Establishing a unified structure as recommended by IMF, where all government funds are collected in one account would reduce borrowing costs, extend credit and improves government's fiscal policy among other benefits to government" Wikipedia 2020. Accordingly, the IMF recommends the establishment of a legal basis to ensure its robustness and stability. Sailend Pattannayak and Israel Fainboim (2015)
2. *It provides a snapshot of government cash balances:* An important aspect of government fiscal policy is to ensure effective management of government cash resources. TSA ensures that such information is made available to government. "Establishment of TSA entails putting in place advance payments and settlement system, and an integrated Financial Management Information System with adequate interfaces with banking institutions to ensure information about the cash position of government are updated and made available on real time to the government cash managers (the Treasury) "CBN Occasional Paper (2017). With the complete information about the sources, location and the status of cash resources, government is able to better managed its fiscal operations. With this comes better cash management practices since the treasurer can at all times have an overall view of government cash position, as against the fragmented position of different MDAs, which need to laboriously pooled together to get overall picture at a given time. The then Nigeria Minister of finance, Dr. Ngozi Okonjo-Iweala, had tasked the office of the Account-General of the federation on seeking effective inter agency interaction to bring all government revenue and expenditure under its safety net and cut wastages. And the office account-general will play a central and strategic role in reforming the public financial management

currently plagued with problems of corruptions, high cost of governance, inadequate legislation, non-compliance with due process mechanism, poor motivation and emerging public performance reporting system.

3. *It has a positive implication on monetary policy:* the establishment of TSA for the management of government's fiscal cash system will surely reduce liquidity in the inter-bank market, but improve the effectiveness of the government's fiscal operation. It has a serious implication on the monetary policy, the CBN will facilitate the framework being one of its core mandate has the sole responsibility to conduct of monetary policy. "ensure monetary and price stability" CBN Act amended (2007). It is expected that TSA will reduce market volatility as it will trigger the minimizing the effect of the withdrawal of all government funds that were hitherto at the disposal of DMBs will now be none existent. "The incidence of huge injections and withdrawals which characterized money market over the years, resulting in liquidity cycles (fluctuations) would be smoothed out and reduced. Consequently, the CBN ability to manage market liquidity will improve significantly" CBN Occasional Paper (2017). The elimination of the fluctuations in periodic government deposits provides a stable environment for the conduct of monetary policy to achieve its desired outcomes.

Another significant implication for monetary policy is the existence of system liquidity surfeit when government deposits are placed in DMBs or such deposits are used to purchase government treasury bills and bonds which at maturity are repaid and deposited in the banking system. The CBN then conducts open market operation OMO to minimize the liquidity implication for monetary policy. The TSA will minimize the CBN's use of OMO operations thus the huge cost of the monetary management. Even the demand pressure at the foreign market will greatly reduce, if the TSA is unable to smoothen the cash balances completely will show a downward trend. More importantly, CBN therefore will benefit from the improved flow of forecast information from the treasury on future changes in the TSA.

Federal Government deposits also have a sever implications for the CBN commitment to maintain exchange rate stability. DMBs deploy such deposits to trade at the foreign exchange market and often engage in speculation purchases that increases the demand pressure in the foreign market. The resultant effects are the depreciation of Naira exchange rate, widening spread between the official rate and bureau- de- change (BDC) segments of the exchange rate market and the exchange rate premium. There will be a profound effect on the domestic goods and services and thus, exacerbating inflationary pressures. Therefore, the TSA minimizes the

DMBs demand pressure and speculative attacks at the foreign exchange market.

4. *Improves operational control during budget execution:* Another important benefit of TSA is that it strengthens budget execution, as government full information about the status of their cash position. For instance, budget execution could be delayed due to lack of fund to back-up program and project implementation. The TSA will eliminate the absence of information about the true status of government finances and facilitate timely and effective implementation of projects and programs. It also improves adequate control of resources and expenditure during budget execution. The above is noted by CBN in Occasional Paper (2016). Nigeria CIBN with the theme “The financial Services Industries Agenda for New Nigeria” accordingly the TSA “We believe that the TSA will help to cut down the several inconsistencies that have marred public sector fund management in the recent past. Under this initiative, banks would have to leave their comfort zones caused by dependence on government funds to now source for long term and sustainable deposits at cheaper costs, as it is the practice in modern economies around the world”
5. *Efficient payment system:* One of the core function of CBN as noted CBN ACT of 2007 as amended is “promote a sound financial system in Nigeria” which by implication inclusive of efficient payment system which facilitated the introduction of banking technology and other processes that leads to easy, save, and convenient means of payment. Therefore, TSA helps in bridging information asymmetry on the position of government cash resources, the TSA ensures that there is no ambiguity regarding the volume or the location of government funds due to aggregate of all accounts into one account with CBN. Thus, TSA makes it possible to monitor payment transactions promptly and engender economies of scale by lowering costs in processing government payments scattered in various banks with different fees and charges on government deposits and transactions. With the introduction TSA all the revenues of the government are aggregated into one account with the CBN, this makes it easier to monitor accounts for payment/expenditures. As posited by CBN occasional Paper (2016) that the introduction of the treasury Single Account policy therefore is vital in reducing the proliferation of bank accounts operated by the MDAs towards promoting financial accountability among government organs.
6. *Improves account reconciliation and quality of fiscal data:* None reconciliation of accounts between banks and MDA has given way to massive frauds and sometimes made it possible for both internal and external auditing of accounts very difficult. In view of the fact that robust internal control is a key to accountability and provides a

strategic weapon for effective reconciliations. The introduction of TSA becomes a game changer as, account reconciliation between government accounts and cash flow statements from the banking system is enhanced. When government accounts are spread in various banks without any centrally coordinated account reconciliation format, it leads to massive errors in reconciliation processes and increases the risks of government loss of funds. The establishment of TSA eliminates this anomaly and reduces risks of errors in accounting reconciliations between banks and government treasury managers. Another important benefit from this exercise is that quality of fiscal data that are generated are essential tools for analysis of government fiscal operations.

7. *Enhances Efficient liquidity management in the system:* Effective Liquidity management is an essential aspect of monetary policy implementation in Nigeria and effective vehicle for the Monetary authorities to design liquidity management strategies fiscal behavior of government. When government needs funds to finance budget short-falls, it requires monetary authorities to issue debt instruments to fill the fiscal gap. However, if the government is unaware of the size of their cash balances, such inflow may increase the size of cash in the banking system as well as system liquidity. High system liquidity has the potentiality of undermining macroeconomic stability. The TSA, therefore, reduces the volatility of cash flows through the treasury thus, allowing it to maintain a lower cash reserve/buffer to meet unexpected fiscal need instead of borrowing from the public to fill such fiscal need and the gaps. With this comes better cash management practices since the treasury can at all times have an overall view of government cash position, as against the fragmented position of different MDAs, which need to laboriously pooled together to get overall picture at a given time.
8. *Improve Appropriation and internal control:* Internal control is the heart of financial management and this is exactly what TSA inputted into the accounts of the MDAs, thereby encourages budget appropriation in a given year which is often dependent on whether the spending unit was able to exhaust the appropriated resources in the previous year. The TSA ensures that the appropriation authorities have full control over the budget allocations when they have single account. When separated bank accounts are maintained, the result is often a fragmented system, where funds made available for budgetary appropriate are augmented by additional cash resources that became available through extra budgetary cash resources that became available through extra budgetary measures. In the final analysis TSA encourages robust internal control that instills accountability in the fiscal management.

9. *Minimize costs of borrowing by government:* lack of consolidation of government cash resources gives the impression that government does not have enough cash to run the affairs because the true picture of government's cash position is not clearly known. Effective consolidation of government cash resources will play important roles in ensuring monetary and fiscal coordination by enhancing appropriate balancing of government borrowing requirements with liquidity strategies of monetary authorities. Such coordination will minimize cost or even eliminate cost entirely on situation when government does not need to borrow money from the public to service its debts as there are enough cash balances to adequately fund government programs and projects. "Establishing a unified structure as recommended by IMF, where all government funds are collected in one account would reduce bowing costs, extend credit and improves government's fiscal policy among other benefits to government" Wikipedia 2020. The cardinal objective of the TSA is to facilitate implementation of the Federal Government's Cash Management Policy, and to achieve greater accountability for public expenditure. This would ensue that sufficient cash was available as and when needed to meet commitments. It will control aggregate cash flow, improve the management of government domestic borrowing program, enhance efficiency and enable investment of idle funds or excess cash.

10. *Enhances the use of technology in cash management:* Another important objectives of the government in adopting TSA is that it aids effective management of government cash balances by the use of technology. The use of appropriate computer software to manage government financial transactions can be enhanced through the integration of government accounts in MDAs and government treasury managers. Adopting technology for effective management of government cash resources would have been impossible without the implementation of TSA. TSA enhances proper coordination of all agencies involved in the cash management process such as ministry of finances, treasury managers, revenue collecting agencies and banks. TSA was online and in real time, meaning that it could be done from anywhere in the world. once fully operational, transaction can be completed within 10 minutes, even if the individuals responsible are scattered across the world

11. *To minimize corrupt practices in government treasury management:* Corruption has been the bane to the development of Nigeria, it is deep-rooted in every facet of the society and one of the major problem, the introduction of TSA will address by reducing to a great extent the endemic corruption in Nigeria. Accordingly, CBN in Occasional Paper 2016 noted "Some of the institutional weakness that undermine transparent management of government cash resources such as ghost

worker's syndrome, fixing government money in banks at ridiculously low interest rate and borrowing from the same bank at high interest rate, including delayed release of government funds for use in budget implementation by the banks are expected to be addressed by the implementation of TSA in Nigeria." It went further to state that in addition, TSA also has as one of the subsidiary objectives, the need to facilitate reconciliation between banks and accounting institutions while ensuring effective control and monitoring of funds allocated to various government agencies. The policy was introduced to reduce the proliferation of bank accounts operated by MDAs and also to promote transparency and accountability among all organs of the government to ascertain the amount that is accruing to its accounts on a daily basis. It is a financial tool that unifies all government accounts in a single pool for effective means of managing government and create a more resilient fraud resistant environment. The policy was introduced to reduce the proliferation of bank accounts operated by MDA and also to promote transparency and accountability among all organs of the government to ascertain the amount that is accruing to its accounts on a daily basis. It is a financial tool that unifies all government accounts in a single pool for effective means of managing government. The Lagos Chamber of Commerce and Industry (LCCI) posited that the introduction of the TSA scheme by the federal Government of Nigeria will check leakages, create transparency and improve free flow of revenue for the government. It will also encourage integrity in the management of public funds by the government and her agencies.

12. *Maximize Government interest earnings:* Government deposits in banks have not been adequately remunerated in the past, often at low interest rate. It has been observed that when the MDA accounts were fragmented in various banks, they could fix the deposits at incredible low interest rate and borrow the money at a high interest rate thereby making the government to lose a huge sum of money. Besides, banks hold on to tax revenues in their custody for a long time without paying interest before remitting them. The TSA eliminates these implicit subsidies or floats the banks have benefited from by remitting such revenues on daily basis. Also, whatever surplus balances is left in the TSA after all payment obligations are met, the CBN or Treasury could invest such surpluses to earn interest income for the government which inevitable increases the revenue of the government. With TSA, government can easily quarantine its revenue, with intended consequences including forcing interest rates to naturally nose-dive, since no serious business should be ready to borrow at such double digit rates when the economy is struggling at between 4 and 5 percent. TSA is forcing the banks to leave their comfort zone caused by dependence on government money to become as creative and inventive as it is the case in modern economies around the world, which is to seek

private deposits though investing in the real sector of the economy.

Challenges of Tsa:

1. They are certain institution they included in the operation of the TSA which must be excluded for the smooth operation of such originations considering their peculiar establishment such as CBN, University and Nigeria National Petroleum Company, maritime sector recently has even requested the government for exemption bearing in mind the nature of their operation. etc. It has been observed to include them will cause financial rigidity in the receipt and dispensation of finance. The Committee of Vice Chancellors of Federal University has urged the government to exclude the universities from the TSA. Accordingly, to them it should be regarded as peculiar establishments, which should not be treated as purely public organization in function or categorized as revenue generating agencies as government revenue are hardly enough to cater for the needs of the institutions
2. Some financial analysts are of the view withdrawing of the government accounts from the banks may lead to a massive run down on the banks which may cause systematic banking crises in banking industry and lead to economic problem bearing in mind the banks are the bedrock of the economy. President Goodluck Jonathan would have fully implemented the policy of TSA, but they were studying its negative effects on the banking industry and how it will be ameliorated and cushion its effects on the economy. They noted that it may affect the ability of the banks to lend to the real sector of the economy or rather may be forced to lend at high interest rate, which will inevitably affect the growth and the development of the economy. The banks may be incapable of lending to the real sector of the economy for its growth. This will have a negative impact on the liquidity level of the banking system more especially if the NNPC withdraws its deposit from the banking sector to the TSA in the CBN in compliance to government directives. Some banks are delaying the operation of the TSA because of the negative effects on their liquidity position. It becomes necessary to determine the inclusion of all the above mentioned MDAs, if for the overall interest of the economy. Prior to the implementation of TSA, public sector deposit accounted for 75 percent of total deposit of DMBs. With full implementation of the policy, the banking sector is projected to record a net debit of N1 trillion, as noted by Kingsley Imandojemu (2016), he went further to argue that though the implementation of the TSA as targeted at federal agencies, it will also affect both Naira and Dollar deposit levels and balance sheets of banks, as the deposits/assets have to be transferred from banks to the CBN. The withdrawal of these massive funds hitherto held in commercial banks, may cause to downsize in a bid to survive.
3. It must be mentioned that the operation of the TSA has generated and elicited many controversies on the possible demerit of the scheme, according to Dino Melaye, a Nigerian Senator representing Kogi West, raised a motion that the operation of the TSA be investigated for possible corruption. He claimed that "the appointment of REMITA, an e-collection agent, is a violation of section 162 (1) of Nigeria Constitution and the banks and other financial institution Act. "He claimed the constitution only recognized a banking institution to be collector of government funds, that the REMITA was not a bank. The provision of the constitution cited by Dino Melaye states "the federation shall maintain a special account to be called the federation account into which all revenues collected by the government of the federation except the proceeds from personal income tax of the personnel of the Armed Forces of the Federation, the Nigeria Police Force, the ministry or department of government charged with foreign affairs and the federal capital, Abuja" According to Melaye, the total inflow of 1% commission charged and received by System Specs fall all revenue collected on behalf of the government from the various ministries, departments, and agencies to be 25 billion as of November, 2015 was fraud and must be returned to the account of the CBN. One of the major objectives of management of public finance is ensure accountability. Melaye argued that it will exacerbate the corruption which is the main objectives of establishing TSA. The aim to curtail corruption in the fiscal interface may pose some serious problems if not handled with caution and determination. Therefore, all efforts must be made for the scheme of TSA to install accountability and internal control if all objectives are to be achieved.
4. The existence of weak capacities in operating and maintain TSA infrastructures constitute a problem and must be checked and corrected if the main objectives of the TSA will be achieved.
5. Problems associated with the banking interface with TSA infrastructure, such as bank statement, changing transaction status, among others have been seen to constitute a major problem and efforts must be taken to resolve them for the TSA to take off effortlessly and seamlessly.
6. The objective of the government to put all the funds in one consolidated may even constitute some problems and affects negatively operation of some organizations and prevents them from achieving their objectives. This was posited by Soludo (2015) by noting that TSA is a great initiative, however, we do not have to return to the past by having every penny of government largely redundant in the Central bank of Nigeria is not a sound economics.

7. One of the main objectives of establishing TSA is to curb corruption that has been endemic and cancerous to the development of Nigeria, however, it has not entirely succeeded in fighting corruption and installing accountability and transparency as it was envisaged. It can be argued that it has actually put an end for MDA accountants having multiple accounts or placing government money at ridiculous interest rate while borrowing at very high interest rate at the same bank. But however, it has increased the instance of over invoicing, taken of bribing before contract are awarded and executed, the chief executive cornering the juice contract for himself and his cronies these are the corrupt practices that made it impossible for accountability and abate to foster a positive operation of fiscal policy.

IV. RECOMENDATIONS

1. As a major tool for public sector cash management and the potential for minimizing corruption and providing adequate information on cash plans and management, as well as borrowing needs, the federal Government should expedite action to ensure the full implementation of TSA in Nigeria. It must also check over invoicing that now characterized the public purchasing and other related practicing that may impinge accountability and transparency.
2. In terms of risk profile of banks, available data indicates that the value of private sector deposits is six times the value of public sector deposits. Therefore, all statistical measures for evaluating banks risks profile such as liquidity, interest income and profit indicated that total withdrawal of the public sector deposits do not constitute any significant threat to DMBs. Besides, not all DMBs hold a significant parts of government deposits. The government through the CBN must fashion out other fiscal and monetary policy to assist the banking sector with adequate liquidity in order to prevent systematic banking crises which will spell doom to the banking industries and be transmitted to the real economy. Without enough liquidity in the banking industry many banks will find it difficult to lend money to the real sector or they lend at high interest rate which will surely affect investment and economic growth.
3. With specific references to interest income and profit risk, only DMBs holding high government deposits may temporarily suffer from these shocks, the phased implementation of TSA provides ample time and opportunity to DMBAs to provocatively undertake deposits mobilization drive that could neutralize these effects; it is advisable for the DMBs to sharpen their market strategies in order to mobilize enough deposit to stay afloat and make profit, the era of arm chair banking has gone, therefore banks must be risk takers within their risk appetite.

4. The Federal government should ensure that the design of TSA infrastructure includes all autonomous agencies that receive revenue allocation and grants; in order words the TSA must be inclusive and comprehensive of all MDAs if the objectives must be achieved. It will not be restricted to those that get grants from the government even those MDAs who generate their own funds must be included to make the scheme comprehensive enough to check wasteful expenditure.
5. TSA requires building capacities in operating computer based financial management controls and maintaining TSA infrastructure for effective utilization system. Every interface design between the TSA infrastructure and the MDA should be exercised to ensure that it is fit for the purpose. It means there should be training and retraining of the staff to handle effectively the communication technology for the banking processing.
6. The full implementation of TSA would be highly beneficial to monetary authority in terms of eliminating the problems of liquidity cycles, high cost of mopping excess liquidity and ensuring policy design and implementation for achieving and sustain the objective of monetary cash management and fiscal cash management. The Government must ensure those objectives of the TSA are achieved by putting the necessary strategies that will stipulate a sustainable objectives of the TSA.

V. CONCLUSION

TSA is an effective and efficient key financial metric employed in the management of government funds, this is possibly by the ability of the scheme to aggregate the government's accounts into one big account kept with the CBN. It facilitates the ability of the financial managers to have timeless snapshot of the government revenue in the operation of the fiscal policy.

However, TSA is believed to confer some gamut of advantages inclusive of improving the utilization of the ideal funds, which undoubtable minimize the cost of borrowing, efficient payment system, and efficient liquidity management in the financial system, which leads to internal control and accountability, in addition it minimizes the corrupt practices which is very endemic at the MDAs, increases the use of banking technology and Information Communication Technology which will make it possible for the employment of banking platforms for the best international practice. It must be mentioned; in spite of the above it also has positive impacts on monetary policy.

Predictably, some critics pinpointed some challenges facing the implementation of TSA, some of them argued that it has not wipe out corruption and instill financial control and accountability as it was envisaged. As rightly pointed out by Professor Charles Soludo that is not economically tenable to aggregate all accounts in one omnibus account with the CBN,

that some MDAs will operate at their optimum level if they are financial independent more especially those MDAs that generates their own funds and pay themselves out or break-even. Some critics express their concern that new financial framework may even trigger systemic banking failure which will negatively affect the really sector thus investment and economic growth.

Nevertheless, the TSA operation was boldly spelt out in the constitution of Nigeria as noted above and the advanced countries are practicing the TSA model in management of their revenues, it becomes necessary that Nigeria must adopt the TSA scheme because of the obvious advantages it confers in the management of the fiscal and monetary policy. In conclusion TSA scheme is a value-focused policy by the government which confers more advantages than the supposed challenges and if well managed will trigger the leap-frogging of the economy.

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