Impact of Treasury Single Account Practice and Organizational Performance in Federal Medical Center Jalingo Taraba State

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Abstract

Corruption has been the bane of our society. Many governments worldwide have devised ways to curb corruption and its related societal vices. Treasury Single Account is believed to be one of such governmental strategies adopted to reduce or eliminate corruption in Nigeria. The study attempts to examine Treasury Single Account Practice and Organizational Performance in Federal Medical Center, Jalingo, Taraba State. Yamane Sample Formula was used to purposively select 191 respondents from the target population of 368 non-clinical staff. Descriptive statistic and inferential statistics such as e-view were used in the analyses of data and test of hypothesis. The result revealed that central control of revenue, less transaction cost and timely information on cash, all positively and significantly affect financial performance of Federal Medical Center, Jalingo. Based on the findings of this research it is concluded that Treasury Single Account is the last solution that may curb misappropriation of fund in government ministries and parastatals. The study therefore recommends that Government should sensitize the people about the importance of Treasury Single Account policy at all levels and enforce its adoption in both government and private organizations.

Keywords*: Treasury Single Account, Practice, Organizational Performance, Federal Medical Center*

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Background to the Study

The introduction of Treasury Single Account practice by the Federal Government apparently has a huge implication for the Nigerian public. The Federal Government over the years has lost a great deal of revenue which ordinarily should have been used effectively to execute most of its developmental projects but as a result of numerous corrupt practices that exists in Nigerian public service, many of these purposeful projects could not see the light of the day. (Kanu, 2016). It is as a result of this development and the need to ensure proper enhancement of central control of revenue, reduction of transaction cost, paving way for timely information on cash as well as capturing of all revenue going into the government treasury, that the Federal Government of Nigeria embraced the Treasury Single Account Policy and ordered it to be used in all Federal Government ministries and parastatals in accordance with the Executive Order No. 55 (2011) The introduction of Treasury Single Account practice by the Federal Government apparently has a huge implication for the Nigerian public. The Federal Government over the years has lost a great deal of revenue which ordinarily should have been used effectively to execute most of its developmental projects but as a result of numerous corrupt practices that exists in Nigerian public service, many of these purposeful projects could not see the light of the day.

The Nigerian public and concerned members of the international community have cried out about the level of corruption in the country. Centralized control of revenue has been the solution to corruption in many developed nations of the world. Corruption is the cause of underdevelopment in Nigeria. The military had been at most time blamed for the high level of corruption and underdevelopment in the country for more than three decades after independence in 1960. Successive democratic governments from 1999 have had to initiate actions by way of amendments to the 1999 constitution in an effort to strengthen section 80(1) which clearly spells out the payment of all monies of government into a Consolidated Revenue Fund (CRF). The policy though difficult and painful as it was, is an approach adopted by most developed and developing nations of the world as a control measure to deliver on some prearranged macro-economic objectives. Sailendra and Israel (2016) pointed out that idle cash of different Ministries, Departments and Agencies left in commercial banks often fall short to earn market-related remuneration, and because government is not in full control, it may end up borrowing from the pool of its own money thereby paying interest to such banks. Therefore, the choice of this research is predicated upon the idea that Treasury Single Account can be an effective tool in reducing transaction cost, giving timely information on cash to the government and having total control of the revenue of the various MDAs in Nigeria.

Despite government effort to enable proper monitoring of its revenue and expenses, check the culture of remittal loss, and misappropriation of fund, there is still needs to enforce sufficient control mechanism on revenue generation and budget implementation using daily return from account balances of various Ministries, Departments and Agencies. Against this background the main objective of this study is to examine the TSA practice and organizational performance in Federal medical center Jalingo Taraba state. Sub objectives include;

i. Examine the effect of less transaction cost on organizational performance of Federal Medical Center Jalingo, Taraba State.
ii. Assess the relationship between timely information on cash and organizational performance of Federal Medical Center Jalingo, Taraba State.

Research Questions
To successfully carry out this research, the following research questions will be address.
i. What effect does less transaction cost have on organizational performance in Federal Medical Center Jalingo, Taraba State?
ii. Is there any relationship between timely information on cash and organizational performance of Federal Medical Center Jalingo, Taraba State?

Research Hypotheses
Ho1:   Less transaction cost has no significant effect on organizational performance at the Jalingo Federal Medical Center in Taraba State.
H02:   There is no significant correlation between timely information on cash and organizational performance at the Federal Medical Center.

Review of Related Literature
Treasury Single Account is a general accounting system in which all government revenues are collected and paid through a single account, with the primary objective of ensuring accountability and transparency in public funds. The maintenance of this account confirms that unused funds are often cancelled with many commercial banks, ensures good cash management and improves reconciliation of revenue collection and electronic payment (Adeolu, 2015). TSA is a joint government account that allows better integration and use of funds. It's a bank account linked to another bank account that the government uses to do business and get information about its cash position at any time (Onyekpere, 2015). The International Monetary Fund (2010) defines the TSA as a unified structure for a government bank account that provides a secure view of the government's cash resources. Olufemi and David (2017), A Treasury Single Account is a bank account or group of accounts linked by the Government where all its receipts and payments are processed. In Eme and Chukurah (2015), The Treasury Single Account is a tool for the effective regulation of government funds that give the Government a photocopied location of their funds, which combines and integrates all government accounts. Chukwu (2015) sees TSA as a Built-in structure for all associated sub accounts, where the business is executed in sub-accounts, but the balance is closed in these accounts, the sub-account is converted to the master account. Spark (2015) defines the Treasury Single Account as a bank account, or a group of unprofitable bank accounts associated with the government with all receipts and payments.

On the basis of the foregoing, the Treasury Single Account is an individual government account that centrally controls all funds from parastatal, ministries and agencies. With this, the government hopes to curb corruption and other leaks that could occur if there is no centralized control.

The concept of Timely information on cash

According to Andormimye (2017), Treasury Single Account allows complete and timely information on government revenue in countries with advanced payment and settlement systems and an Integrated Financial Management Information System (IFMIS) with adequate interfaces with the banking system, this information will be available in real time. As a minimum, required and updated balances should be available daily.

The concept of Less Transaction Cost

Reducing the number of bank accounts results in a lower administrative cost for the government for maintaining these accounts, including the cost associated with bank reconciliation, and reduced banking fees. Treasury Single Account ensures that there is no ambiguity regarding the volume or the location of the government funds and makes it possible to monitor payment mechanisms precisely. It can result in substantially lower transaction costs because of economies of scale in processing settlements. In establishment of a Treasury Single Account, it is combined with the elimination of the "float" in the banking and the payment systems, and the introduction of transparent fee and penalty structures for payment services. Many governments have achieved substantial reductions in their real cost of banking services by introducing a Treasury Single Account. (Andormimye, 2017).

The Concept of Organizational Performance

Organizational performance according to Criveanu, (2016), is confounded with notion such as productivity, efficiency, effectiveness, competitiveness etc. it is therefore increasingly insisted on a clear unambiguous definition of the concept of performance according to Kane (1996) Performance is something that a person leaves behind and which exist outside the said purpose. It is perceived as an understanding of the achieved result. Bernadin (1995) points out that performance is the sum of the effects of work, because they provide the strongest relationship with the organization's strategic objectives, the customers' satisfaction and the economic contributions.

Theoretical Framework

A number of different theories of socioeconomic accounting have been used to form a solid foundation for the validation of the practice of the Treasury Single Account in Nigeria.

Modern Money Theory

Modern money theory was developed by Warren Mosler in 1970 is the macroeconomic theory that describes and analyzes modern economies in which the natural currency is known as "credit funds" and is created through the government. It is a theory of how independent governments operate financially with their impact on the economy. It shows that it is applicable to the integration of the central bank and the treasury into the government sector that finances itself through the establishment of cash, so that the fiscal position of the Treasury and the Central Bank are so closely linked that they both continue to call to make monetary policy work smoothly (nakedcapitaism.com 2013).

The Stakeholder's Theory

Stakeholder theory emerged in 1984 developed by R Edward Freeman. The main idea behind Freeman's approach was to build a framework that was within the reach of managers who faced an unprecedented level of disturbance and environmental change. Stakeholder theory is the conceptual framework of business ethics and organizational management that addresses ethical values in the management of a company or other organization (Freeman 2010). It indicates that the Government will respond to the concerns and expectations of influential stakeholders/populations and some responses will be informed of strategic views. The theory provides a correct view of the factors that motivate the government with regard to the realization of the unified treasury account (Ekubiat & Ime, 2016).

Methodology

Survey design was adopted. The study received preliminary data from the management and staff of the accounting and administrative department of Jalingo Federal Medical Center, through a well-organized questionnaire. 368 non-clinical staff serve as the target population of the study from the Federal Medical Center, Taraba State. Taro Yamane's statistical formula was used to select sample size of 191. The study used non-probability sampling techniques where purposive sampling was used. Purposive sampling is relatively cheaper and easier and only the elements relevant to the investigation are allowed to be included. The data were collected through the primary source which is questionnaire. Data collected for the study were analyzed using descriptive statistics and inferential statistics, such as percentages, frequency and multiple regression analysis were used to analyze data and test hypotheses.

Data Analysis and Findings
Descriptive Statistic

The result from Table 1 item 1 reveals that 29% which represent the respondents strongly agreed 28% of the respondents agreed, 15% are undecided, 20% disagreed and 7% of the respondents strongly disagreed that TSA reduces bank fee transactions. Also, from item 2 19% of the respondent strongly agreed, 41% of the respondent agreed, 27% of the respondents are undecided, 4% disagreed and 10% of the respondents strongly disagreed that TSA lowers liquidity reserve needs. More so, from item 3, 21% of the respondents strongly agreed, 43% of the respondents agreed, 21% are undecided, 11% disagreed and 4% strongly disagreed that TSA reduces government debt services. 30% strongly agreed, 58% of the respondents agreed, 6% are undecided, 5% disagree and 1% strongly disagreed that TSA helps to eliminate idle fund left with different banks. Also from item 4, 22% of the respondents strongly agreed, 40% of the respondents agreed 6% are undecided, 5% disagreed and 1% strongly agreed that TSA reduces the rate of government borrowing. This implies that TSA reduces bank fees, lowers liquidity reserve needs, reduces federal government debt services, eliminates idle funds and reduces the rate of borrowing.

Table 1: Perception of Respondents on the Effect of Less Transaction Cost on organizational Performance

S/No	Item	SA fx(%)	A fx(%)	U fx(%)	D fx(%)	SD fx(%)	Total
1.	TSA reduces bank fee and transaction cost.	55(29)	54(28)	28(15)	37(20)	13(7)	187(100)
2.	TSA lowers liquidity reserve needs.	36(19)	76(41)	50(27)	7(4)	18(10)	187(100)
3.	TSA reduces government debt service.	59(21)	80(43)	37(21)	21(11)	8(4)	187(100)
4.	TSA helps in eliminating idle funds left with different banks.	56(30)	108(58)	12(6)	9(5)	2(1)	187(100)
5.	TSA reduces the rate of government borrowing.	41(22)	75(40)	12(6)	39(21)	20(11)	187(100)

Fx= frequency; SA= Strongly Agreed; A= Agreed; U= Undecided; D= Disagreed; SD= Strongly Disagreed.
Source: Field Survey, 2018

The result from Table 2 item 1 reveals that 43% of the respondents strongly agreed, 47% of the respondents agreed, 9% are undecided, 1% disagreed and 0% strongly disagreed that TSA allows complete and timely information on government cash. Also, item 2 has 34% of the respondents strongly agreed, 60% agreed, 5% are undecided, 2% disagreed and 0% strongly disagreed that TSA enables efficient cash management. Also item 3 have 37% of respondents who strongly agreed, 52% of the respondents agreed 9% are undecided, 2% disagreed, and 0% strongly disagreed that TSA improves the quality of fiscal control. Likewise, from item 4, 39% of the respondents strongly agreed, 53% agreed, 5% are undecided, 1% disagreed and 0% strongly disagreed that TSA gives government treasury oversight of all government cash flow. More so, from item 5 35% strongly agreed, 58% agreed, 3% are undecided, 3% disagreed and 1% strongly disagreed that TSA paves way for timely capture and payment of all revenue to government coffers. This implies TSA paves way for a timely capture and payment of all revenue to government coffer which improves the quality fiscal control.

Table 2: Perception of Respondents on the Relationship between Timely Information and organizational Performance

S/No	Items	SA	A	U	D	SD	Total
		fx(%)	fx(%)	fx(%)	fx(%)	fx(%)	
1.	TSA allows complete and timely information on government cash.	80(43)	88(47)	12(9)	2(1)	0	187(100)
2.	TSA enables efficient cash management	63(34)	112(60)	9(5)	3(2)	0	187(100)
3.	TSA improves the quality of fiscal control	69(37)	98(52)	12(9)	3(2)	0	187(100)
4.	TSA gives government treasury oversight of all government cash flow.	73(39)	99(53)	10(5)	1(0.5)	0	187(100)
5.	TSA paves way for timely capture and payment of all revenue to government coffers.	65(35)	108(58)	6(3)	6(3)	2(1)	187(100)

Fx= frequency; SA= Strongly Agreed; A= Agreed; U= Undecided; D= Disagreed; SD= Strongly Disagreed
Source: Field Survey, 2018

Table 3: Multiple Regression Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.166853	2.389011	0.488425	0.6306
X1	0.000627	0.154625	0.004057	0.9968
X2	0.325234	0.137378	2.367439	0.0150
R-squared	0.919329	Mean dependent var		21.20000
Adjusted R-squared	0.903194	S.D. dependent var		20.47356
F-statistic	56.97985	Durbin-Watson stat		1.351148
Prob(F-statistic)	0.000000			

X1   Less Transaction Cost
X2   Timely Information on Cash

Table 3 contains multiple regression results for the treasury single account practice and organizational performance of Federal medical center Jalingo, Taraba State. Treasury single account practice was proxied by less transaction cost (X1) and timely information on cash (X2). The coefficient of timely information on cash (X2) was statistically significant at 5 per cent significance level as indicated by the probability value of 0.0150. The constant and the coefficient of less transaction cost (X1) were found to be statistically insignificant as indicated by their high probability values of 0.6306 and 0.9968 respectively.

This result, therefore, implies that as less transaction cost (X1) and timely information on cash (X2) increases by 1-unit, organizational performance of federal medical center Jalingo will increase by 0.0006 and 0.3252 respectively. The result is consistent with the

theoretical expectation of this study. In summary, therefore, it implies that treasury single account impacted positively and significantly on the organizational performance of federal medical center Jalingo. The F-statistics 56.9799, which measured the joint significance of the parameter estimates, was also found statistically significant at 1 per cent level as indicated by the corresponding probability value of 0.0000. This implies that all the parameters of the model were statistically significant impacting on organizational performance of federal medical center Jalingo, Taraba State.

The R^2 value of 0.9193 (91.93%) implies that 91.93per cent total variation in organizational performance of federal medical center Jalingo was explained by less transaction cost and timely information on cash. This further indicates that organizational performance of federal medical center Jalingo was significantly explained by treasury single account proxy by less transaction cost and timely information on cash. Coincidently, the goodness of fit of the regression remained very high after adjusting for the degree of freedom as indicated by the adjusted R^2 (R^2 = 0.9032 or 90.32%). The Durbin-Watson statistic 1.3512 in table 3 was observed to be higher than R^2 0.9193 indicating that the model is non-spurious (meaningful).

The Durbin-Watson statistics 1.3512 shows that there was some serial correlation among the error value thus making it possible to conduct serial correlation test.

Table 4: Breusch-Godfrey Serial Correlation LM Test

F-statistic	1.418125	Prob. F(2,18)	0.2680
Obs*R-squared	3.403024	Prob. Chi-Square(2)	0.1824

Serial correlation LM test revealed that there is no serial correlation or autocorrelation in the model of this study because the null hypothesis of no serial correlation is accepted. This is indicated by the high probability value of the Chi-Square and the F-statistic of 0.1824 and 0.2680 respectively in Table 4

Table 5: Variance Inflation Factors

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	5.707373	3.516323	NA
X1	0.023909	9.40310	3.530548
X2	0.038958	5.01205	3.81365

Table 5 contains variance inflation factor for the test of multicollinearity. This test is conducted because R-Square is observed to greater than 0.9. The rule of thumb shows that when VIF is greater than 10 there is multicollinearity, less than 10 no multicollinearity. The result in table 3 revealed that all the variables of the model have VIF less than 10, implying that there is no multicollinearity among the independent variables of the model.

Hypotheses Testing
The hypotheses of this study are tested through the use of t-statistics and f-statistics at 5% significant level. T-statistics was used in testing significance of the parameters individually while f-statistics was used in testing significance of the parameters jointly.

Hypothesis one
Given the t-statistic value of less transaction cost of 0.004057 and the corresponding probability value of 0.9968; it implies that the null hypothesis that less transaction cost does not significantly affect organizational performance in Federal Medical Center, Jalingo was accepted. Therefore, the study concluded that less transaction cost does not significantly affect organizational performance in Federal Medical Center, Jalingo.

Hypothesis two
Given the t-statistic value of timely information on cash of 2.367439 and the corresponding probability value of 0.0150; it implies that the null hypothesis that timely information on cash does not significantly affect organizational performance in Federal Medical Center, Jalingo was rejected. Therefore, the study concluded that timely information on cash significantly affect organizational performance in Federal Medical Center, Jalingo.

Finally, the f-statistic value of 56.97985 and the corresponding probability value of 0.000000 imply that all the parameters of the model jointly, statistically and significantly affect organizational performance in Federal Medical Center, Jalingo. In summary therefore, the study found that treasury single account practice affects the organizational performance in Federal Medical Center, Jalingo positive and significantly.

Major Findings
The study found out that there is positive but insignificant impact of less transaction cost on organizational performance of federal medical center Jalingo, Taraba State. This implies that reduction in transaction cost will improve organizational performance.

There is positive and significant impact of timely information on cash on organizational performance of federal medical center Jalingo, Taraba State. This implies that as prompt and early information is received organizational performance in Federal Medical Center improves.

This study also revealed a positive and insignificant effect on less transaction cost on organizational performance in Federal Medical center Jalingo, through the reduction of bank fee and transaction cost, lowering of liquidity reserve needs, reduction in government debt service, elimination of idle funds left with different banks, reduction in the rate of borrowing, given the result from the tested hypothesis it revealed that less t-statistic value of Less transaction cost of 0.004057 and the corresponding probability value of 0.9968. However, the study agrees with the earlier findings of Adebisi and Okike (2016) which revealed that Treasury Single Account will serve as a means of reducing government overhead cost, idle fund and make fund available to meet government immediate needs.

This study also revealed that Treasury Single Account allows complete and timely information on government cash, enables efficient cash management, improves the quality of fiscal control, and gives government treasury oversight of all government cash flow, and it paves way for timely capture and payment of all revenue to government coffers in Federal Medical center Jalingo. The result from the tested hypothesis indicates that there is positive and significant impact of timely information on cash on organizational performance given the t-statistic value of less transaction cost of 0.004057 and the corresponding probability value of 0.9968. This also is in line with the findings of Bashir (2016) and Oyedokun (2016) on the 'Effect of Treasury Single Account on public finance management in Nigeria.' and 'imperative of Treasury Single Account in Nigeria' which revealed that Treasury Single Account will pave way for a timely capture of all revenue going into the government treasury with no intermediation of multiple banking arrangement and enable government at a glance know and account for all its money.

Likewise this study revealed that Treasury Single Account has helped in eliminating indiscipline in government and ensuring adequate fund flow to sectors of the economy, provides mechanism for monitoring of receipts and expenditure, and as such, facilitates regular monitoring of government cash balances and has facilitated infrastructural development by making fund available for investment it has stimulated the growth of employment opportunities by making funds available for economic development and has enhanced timely and prompt payment of staff salaries the study therefore revealed that treasury single account practice impacted positively and significantly on organizational performance of federal medical center. This is in line with Solanke (2018) who wrote on 'Opinion and perspective of Treasury Single Account implementation in Nigeria' which revealed that Treasury Single Account will significantly improve revenue accruing to federation account, and also will enhance effective and efficient financial management. Also Ahmed (2017), Treasury Single Account; A viable tool for repositioning government MDAs for sustainable development in Nigeria revealed that the policy enhanced regular monitoring of government cash balances which will help in economic development in the country.

Conclusion
Based on the findings of this study, Treasury Single Account practice, if properly monitored, will provide knowledge to the government on cash on a daily basis. It will reduce transaction cost paid to numerous banks thereby eliminating idle funds left alone in different banks. This will also bring about government having timely and prompt information on cash for economic development.

Recommendations
Based on the findings of this study, the following recommendations were made:
1. The management of Federal Medical center should sensitize its staff about the importance of Treasury Single Account policy at all levels.
2. Emphasis should be placed on the settlements of debts incurred in Federal Medical Center as the policy is meant to eliminate idle funds (from various

collection centers of different department within the center) left with different banks; as such funds will be available for the management to utilize.

3. The policy should be reviewed on a regular basis in order to forestall excesses and maintain prudence in financial management of the Federal Medical center by the management.

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