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Effect of Treasury Single Account (TSA) on Government Capital Expenditure in Nigeria

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Abstract

Research Objective: The study examined the effect of Treasury Single Account (TSA) on government capital expenditure in Nigeria, specifically focusing on administration, economic services, and social and community services.

Methodology: An ex-post-facto research design was adopted, covering the period from 2008 to 2022. Secondary data were extracted from the Central Bank of Nigeria Statistical Bulletin (2022). The study employed purposive sampling and utilised a paired t-test for hypothesis testing.

Findings: The results revealed that TSA implementation significantly increased government capital expenditure on administration (two-tailed probability of 0.0008, t-value of 6.58645), economic services (two-tailed probability of 0.00069, t-value of 6.6626), and social and community services (two-tailed probability of 0.00004, t-value of 7.69995).

Conclusion: TSA implementation in Nigeria has significantly enhanced government capital expenditure across various sectors, representing a major milestone in financial reform, improving efficiency, transparency, and resource allocation.

Recommendations: Policymakers are advised to adopt cost-saving measures within administrative functions, leverage TSA benefits for economic development projects, sustain and improve investments in social and community services, and refine transfer programs to effectively target vulnerable populations. These steps will optimise the positive impacts of TSA on government capital expenditure and socio-economic development.

Key words: Treasury Single Account (TSA), Government capital expenditure, Administration, Economic services, Social and community services.

1. INTRODUCTION

The Treasury Single Account (TSA), currently being implemented in Nigeria, is a consolidated bank account through which the government conducts all its financial transactions. It provides a centralised view of the government's cash position, ensuring accountability and optimal utilisation of cash resources (Eme & Chukwurah, 2015). Under the TSA, all government revenue, receipts, and income are collected into a single account maintained by the country's Central Bank, with payments also made through the account (Adeolu, 2015).

The primary objective of implementing the TSA in Nigeria is to maximise the use of cash resources by consolidating accounts and reducing float costs, aligning with the government's commitment to prudent financial management (Taiwo, 2016). By implementing the TSA, the government aims to eliminate loopholes and financial leakages, and establish a robust financial management system (Isa, 2016). Currently, the Federal Ministry of Finance lacks a unified and centralised control over government cash resources, resulting in idle cash in multiple bank accounts held by spending agencies while the government continues to borrow funds for budget execution (Ocheni, 2016). Thus, in line with global trends in government accounting, Nigeria initiated and implemented the TSA to enhance the management of its economy.

The federal government believes that the TSA enables the national treasury to dissociate from transaction-level cash control. It is argued that the TSA provides a mechanism for monitoring government receipts and expenditures and is expected to block the financial leakages that have hindered the country's economic growth (Olanipekun, et al. 2015). However, opinions and perceptions regarding the merits or demerits of TSA implementation vary across the country and among professionals. While some hold positive opinions about the TSA, others express negative opinions. In this study, positive opinions refer to the acceptance of TSA implementation, while negative opinions reflect non-acceptance.

The economic impact of the TSA implementation is not readily evident as Nigerians continue to face hardships, and the living standards of citizens have not significantly improved. The state of public schools and hospitals remains critical, and the country experiences an alarming increase in the death toll from road accidents and acts of terrorism. As a result, questions arise regarding the effectiveness and necessity of the Treasury Single Account.

The lack of basic infrastructure, such as good roads, access to clean water, reliable electricity, and well-equipped hospitals and schools, undermines the potential impact of the Treasury Single Account on the economy. These deficiencies hinder the overall development of the country and impede the transformative effects that the TSA could have on government capital expenditure and public service delivery.

Therefore, this study aims to evaluate government capital expenditure before and after the implementation of the Treasury Single Account in Nigeria. The objective is to assess the specific impact of the TSA on government spending related to administration, economic services, social community services, and transfers. By analysing these areas, the study seeks to provide valuable insights into the effectiveness and implications of the Treasury Single

Account in driving government capital expenditure and improving essential services and infrastructure in Nigeria.

2. REVIEW OF RELATED LITERATURES

2.1 Conceptual Review

2.1.1 Treasury Single Account (TSA)

The Treasury Single Account (TSA) is a unified banking arrangement designed to centralise all government revenues into a single account at the Central Bank of Nigeria (CBN). This system consolidates transactions from various subsidiary accounts into the main account at the end of each business day. As Chukwu (2015) explains, the TSA ensures that all government revenue is channelled into the federal government's consolidated revenue fund account, which is managed through the Remita e-collection payment system, as noted by Akande (2016). Yusuf (2015) highlights that the TSA is intended to optimise government cash management and reduce corruption. Although initially proposed by President Goodluck Jonathan, the TSA faced implementation challenges due to lack of political will. However, under President Muhammadu Buhari, compliance became mandatory for all revenue-generating MDAs, requiring them to deposit their earnings with the CBN. This policy addresses the constitutional violations previously associated with maintaining multiple commercial bank accounts for government funds, as outlined in Sections 80 and 162 of the Nigerian Constitution. The TSA, recommended by the Federal Government's Economic Reform and Governance Programme in 2004 and revived in 2017, aligns with public financial management reforms under the National Strategy for Public Service Reforms towards Vision 20:2020 (Okerekeoti & Okoye, 2017).

2.1.2 Government Capital Expenditure

Government capital expenditure involves investments in long-term assets that will benefit the economy beyond the current fiscal year, including fixed assets such as buildings, machinery, and infrastructure. This type of expenditure is generally seen as an investment that drives potential economic benefits, though its immediate impact on economic growth is debated. According to economic theory, government expenditure can enhance growth by providing public goods and services that are otherwise difficult for the private sector to supply, such as infrastructure and national defence. Hobbesian perspectives suggest that effective government functions, including property protection and dispute resolution, support economic growth by creating a stable environment conducive to market operations. Investments in infrastructure, like roads and public services, are crucial for facilitating economic activity and development (CBN Report, 2019).

2.1.3 Government Capital Expenditure on Administration

Capital expenditures on administration cover costs associated with the government's operational functions, including:

- **General Administration:** This includes expenses for administrative staff salaries, office supplies, equipment, and maintenance of government buildings.
- **Defence:** Expenditures for military and national security, covering personnel salaries, equipment procurement, and infrastructure investments.
- **Internal Security:** Costs associated with law enforcement, including police salaries, equipment upgrades, and crime prevention initiatives.
- **National Assembly:** Funding for legislative activities, including salaries of lawmakers, administrative staff, and maintenance of legislative buildings (CBN Report, 2019).
  These expenditures support effective governance, national security, and public service delivery, ensuring the smooth operation of various government functions and contributing to overall stability and efficiency.

2.1.4 Government Capital Expenditure on Social and Community Services

Expenditures on social and community services are vital for enhancing public well-being and supporting sustainable development. This includes:

- **Education:** Investments in educational infrastructure, teacher salaries, and scholarships, which foster human capital development and economic progress.
- **Health:** Funding for healthcare services, including hospital infrastructure, medical staff, and disease prevention, which improves public health and productivity.
- **Electricity and Infrastructure:** Investments in power generation and infrastructure development that support economic activities and improve living standards.
- **Social and Community Services:** Funding for social welfare programs, housing, and community development initiatives, which address societal needs and promote social cohesion (CBN Report, 2019).These investments aim to improve quality of life, support human capital development, and achieve inclusive growth by addressing educational, health, and infrastructure needs.

2.1.5 Government Capital Expenditure on Economic Services

Expenditures on economic services are crucial for stimulating economic growth and enhancing productivity. This includes:

- **Agriculture:** Investments in agricultural research, irrigation systems, and farm equipment to boost productivity and rural development.
- **Construction:** Funding for infrastructure projects such as roads, bridges, and public buildings to improve connectivity and stimulate economic activity.

- **Transportation and Communication:** Investments in transportation and communication infrastructure to enhance connectivity and reduce costs.
- **Economic Services:** Spending on sectors such as finance, insurance, and tourism to foster entrepreneurship and attract investment (CBN Report, 2019). These expenditures support key economic sectors, enhance infrastructure, and create job opportunities, contributing to overall economic development and competitiveness.

2.2 Theoretical Framework

This work is underpinned by Stakeholder Theory, Management Theory, and Public Finance Management Theory.

2.2.1 Stakeholder Theory

Stakeholder theory, introduced by Freeman in 1984, asserts that organisations have a duty to consider the interests and concerns of various stakeholders, not just shareholders. According to Freeman (1984), managers are responsible for balancing the needs of investors, employees, customers, suppliers, government entities, and local communities. This theory is pertinent in analysing the adoption of the Treasury Single Account (TSA) by the Federal Government of Nigeria (FGN). The TSA was developed in response to stakeholder pressures, particularly those aimed at combating corruption. As noted by Freeman (1984), stakeholders, including citizens, civil society organisations, and advocacy groups, influence government decisions and policies. The TSA represents the government's strategic response to these demands for greater transparency and accountability. This perspective highlights how the government's decision to implement the TSA was driven by the need to address stakeholder concerns and improve financial management practices (Freeman, 1984; Akande, 2016).

2.2.2 Management Theory (Frederick Taylor, 1911)

Frederick Taylor's "The Principles of Scientific Management," published in 1911, laid the groundwork for modern management theory. Taylor's approach, known as scientific management, focuses on improving organisational efficiency through systematic analysis and optimization of workflows (Taylor, 1911). The management theory emphasises the importance of effective resource management, including financial resources. According to Taylor, efficient management involves strategic resource mobilisation, expenditure prioritisation, and robust budgetary processes to prevent resource misapplication. The introduction of the Treasury Single Account (TSA) aligns with these principles by consolidating government funds into a single account, which enhances monitoring and control over public finances (Taylor, 1911; CBN Report, 2019). The TSA helps mitigate the risks of financial mismanagement and promotes transparency, consistent with Taylor’s emphasis on efficiency and accountability in resource management.

2.2.3 Public Finance Management Theory (Richard Musgrave and Peggy Musgrave, 1959)

Richard Musgrave and Peggy Musgrave's contributions to public finance theory, detailed in their 1959 work, focus on the effective management of government revenues and expenditures. The Public Finance Management Theory underscores the importance of prudent financial management to prevent the misuse of public funds and ensure resources are allocated according to societal needs (Musgrave & Musgrave, 1959). Udo and Esara (2016) highlight that this theory emphasises fiscal discipline, transparency, and accountability. Implementing tools like the Treasury Single Account (TSA) reflects these principles by consolidating government funds to enhance oversight and reduce financial improprieties. The TSA aligns with the Public Finance Management Theory by promoting efficient use of resources and preventing the diversion of public funds (Bashir, 2016; Musgrave & Musgrave, 1959). This approach helps improve financial control and accountability, reinforcing the theory's relevance to effective public financial management.

2.3 Empirical Review

Mutalib et al. (2015) studied the impact of the Treasury Single Account (TSA) on the accounting information and accountability of Nigeria's Ministries, Departments, and Agencies (MDAs). They concluded that TSA significantly improved MDAs' accounting information, curbing corruption and enhancing the management of public funds. Yusuf (2016) also analysed TSA's effects on public finance management in Nigeria, showing that TSA effectively blocked financial loopholes and enhanced transparency and accountability. Similarly, Bashir (2016) found that TSA promoted transparency and accountability in public financial systems. Akujuru and Enyioko (2017) confirmed that TSA helped reduce financial leakages, corruption, and mismanagement, promoting transparency in federal MDAs in Rivers State. Ndubuaku et al. (2017) further supported these findings, revealing that TSA significantly reduced bank credit to the private sector, deposit mobilisation, and loans and advances.

Ratua (2016) examined the effects of TSA on Nigeria's economic development, finding that TSA policies positively impacted economic development by ensuring uniform record-keeping, consolidating government accounts, optimally utilising government cash resources, and minimising financial fraud and corruption. Oguntodu et al. (2016) assessed TSA's relationship with Nigeria’s economy from 1999 to 2015, revealing a significant positive impact on economic growth. Ogoun and Zuode (2020) also studied TSA's impact on non-oil tax revenue and national economic performance, showing that TSA significantly increased federally collected revenue and GDP. Ofurum et al. (2018) found that while TSA negatively affected federally collected revenue, it significantly increased GDP post-implementation.

Kanu (2016) investigated TSA's impact on bank liquidity, finding that its implementation negatively affected bank liquidity and performance. Clementina (2016) confirmed this negative impact using primary data from ten randomly selected banks. Ogbonna and Amuji

(2018) assessed TSA's impact on bank performance from 2007 to 2017, finding no significant differences in banks' liquidity, capital adequacy, and credit provision before and after TSA implementation. Oloruntoba et al. (2019) explored TSA's implications on the performance of Nigerian Deposit Money Banks, revealing significant relationships between TSA implementation and branch closures, withdrawal syndrome, liquidity crises, and unemployment in the banking sector.

Onyeizugbe et al. (2017) examined TSA's impact on university administration in South East Nigeria, finding that TSA slowed financial operations and activities in universities. Ibinwangi and Igbodo (2019) also found that TSA implementation slowed financial operations in university bursary units, affecting overall administrative efficiency.

Udo and Esara (2016) evaluated the benefits of TSA adoption and implementation by Nigerian state governments, concluding that TSA's full implementation by state governments would be highly beneficial. Tari et al. (2016) suggested effective monitoring and punitive measures against defaulters to ensure TSA's success amidst economic challenges. Nwankwo (2017) analysed the transition to TSA in Nigeria, concluding that economic recession and corruption led to TSA's introduction to improve financial management. Ikya et al. (2017) studied TSA's nature, origin, challenges, and lessons, finding that while TSA helped curb financial leakages and promote transparency, it faced challenges like inadequate infrastructure and bureaucratic delays. Oloba et al. (2017) investigated TSA's effect on Nigeria's financial system and economic growth, concluding that TSA did not significantly harm financial institutions' stability but helped manage public funds better. Abiola (2018) studied public perception of TSA adoption in Nigeria, revealing a majority positive perception of TSA. Idoko (2021) evaluated TSA's impact on Nigeria's economy from 2015 to 2019, finding that TSA minimised public funds wastage and diversion, promoted transparency and accountability, and faced implementation challenges requiring addressing for optimal effectiveness.

Adebayo et al. (2020) examined the relationship between the Treasury Single Account (TSA) and government expenditure in Nigeria, using secondary data covering the pre- and post-implementation years from 2011 to 2018. They found that TSA had a positive but insignificant effect on government expenditure, which includes both recurrent and capital expenditure. Effiong and Obun (2020) investigated the impact of TSA on economic growth, focusing on its effects on revenue generation, employment, and living standards. Their study, using an ex-post facto design and data from Federal Inland Revenue tax statistics and UN data, revealed that while TSA had a significant positive effect on real GDP growth, it negatively influenced government revenue and per capita income. Omosidi et al. (2020) explored TSA’s impact on revenue generation and utilisation at the University of Ilorin. They found that TSA improved revenue generation from N6,691,451,094.41 billion to N8,928,707,239.14 billion and enhanced the utilisation of these funds. Mbah et al. (2023)

assessed TSA's effect on tax revenue, specifically company income tax, value added tax, and petroleum profit tax, from 2011 to 2019. Their analysis indicated that TSA had a positive and significant effect on company income tax and value added tax but a negative and insignificant effect on petroleum profit tax.

2.5 Gap in Empirical Review

Based on the extensive review of empirical literature, it is evident that several authors have focused on investigating the impact of the Treasury Single Account (TSA) on economic growth in Nigeria. However, the majority of these studies have primarily examined the effect of the TSA on government revenue collection, neglecting the crucial aspect of government spending, particularly capital expenditure. This gap in knowledge prompted the need for this study, which aims to address this research gap by exploring the influence of the TSA implementation on government capital expenditure in Nigeria.

By examining the existing literature, it becomes apparent that previous studies have not specifically explored the relationship between the implementation of the TSA and its effect on government spending, particularly in the context of capital expenditure. This lack of investigation into the impact of the TSA on government spending represents an important research gap that this study seeks to fill.

Furthermore, while there have been studies focusing on government capital expenditure in Nigeria, they have not adequately considered how the implementation of the TSA has influenced these capital expenses. This study recognizes the significance of examining the relationship between the TSA and government capital expenditure, aiming to provide insights into the specific effects of the TSA on the allocation and utilisation of government funds for capital projects.

The novelty of this study lies in its exploration of the relationship between the TSA and government capital expenditure, which has received limited attention in previous literature. By bridging this gap in knowledge, this study contributes to a deeper understanding of the implications of the TSA implementation on government spending patterns and capital investment in Nigeria.

3.0 METHODOLOGY

The study utilised an ex-post facto research design to evaluate the impact of the Treasury Single Account (TSA) on government capital expenditure in Nigeria. This design involved comparing data from before and after the TSA implementation to assess its effects on capital expenditure. The research covered a period from 2009 to 2021, dividing the data into two phases: 2009-2014 (before TSA) and 2016-2021 (after TSA). Secondary data from the Central Bank of Nigeria was used, focusing on government capital expenditures in administration, economic services, and social community services. The study aimed to provide a comprehensive analysis of how TSA implementation influenced government spending and its implications for governance and economic development.

Model Specification

To analyse the respective differences, the mathematical representation of the null and alternative hypotheses is defined as follows;

The model was specified as follows:

$$t = \frac{\bar{x}_{\text{diff}} - 0}{s_{\bar{x}}}$$

$$s_{\bar{x}} = \frac{s_{\text{diff}}}{\sqrt{n}}$$

Where;

Where;

$\bar{x}_{\text{diff}}$ = Sample means of the differences

n = Sample size (i.e., number of observations)

s_{diff} = Sample standard deviation of the differences

$s_{\bar{x}}$ = Estimated standard error of the mean (s/sqrt(n))

The paired sample t-test uses the t-statistic formula to compare the means of the paired differences (d) to assess whether the observed differences are likely to be due to random chance or if there is a genuine effect.

4. RESULTS AND DISCUSSIONS

4.2 Data Analysis

Table 4.2.1: Descriptive Statistics for the Focal and Explanatory Variables

	GCEA	GCEES	GCESCS	GCTRSF
Mean	359.9644	615.7519	174.2705	240.0831
Median	289.3818	505.8900	153.4423	208.8500
Maximum	708.0686	1214.425	332.0238	519.7718
Minimum	147.7200	278.9500	68.80000	17.32500
Std. Dev.	174.1505	297.6054	78.92071	156.1210
Skewness	0.933152	0.971145	0.637263	0.450305
Kurtosis	2.729442	2.754752	2.306001	2.858367
Jarque-Bera	1.185430	1.277546	0.702017	0.380948

Probability	0.552824	0.527940	0.703978	0.826567
Sum	2449.750	4175.340	1160.820	2293.078
Sum Sq. Dev.	151799.5	411649.0	30274.45	125707.7
Observations	14	14	14	14

Source: Eviews 10.0 Statistical Software

The normality of the distribution of the data series is shown by the coefficients of Skewness, Kurtosis, and Jarque-Bera Probability. From the Table 4.2.1, the probability of the Jarque-Bera Statistics for all the explanatory variables have insignificant p-values as follows, Government Capital Expenditure on Administration (0.552824), Government Capital Expenditure on Economic Services (0.527940), Government Capital Expenditure on Social Community Services (0.703978), and Government Capital Expenditure on Transfer (0.826567). The insignificance of the p-values depicts normal distribution for all the variables. This is further confirmed by the skewness coefficient which is less than the figure one in all the variables under study. The kurtosis coefficient also provides a second level of confirmation that all the explanatory variables are normally distributed with a Kurtosis coefficient that is less than three.

Table 4.2.2: t-Test: Paired Two Sample for Means

	GCEA AFTER	*GCEA BEFOR*
Mean	466.4225	253.5062
Variance	35190.82496	1460.421767
Observations	7	7
Pearson Correlation	0.737024011	
Hypothesised Mean Difference	0	
df	6	
t Stat	6.586450771	
P(T<=t) one-tail	0.000413607	
t Critical one-tail	2.353363435	
P(T<=t) two-tail	0.000827215	
t Critical two-tail	3.182446305	

Source: Computed by Researcher Using Microsoft Excel 2016 Software

The t-Test result in table 4.2.2 indicates that the mean Government Capital Expenditure on Administration before the implementation of TSA is ₦253.5062, and after the implementation of TSA, it is ₦466.4225. In a two-tailed test, the calculated t-value of 6.58645 is found to be greater than the critical t-tabulated value of 3.1824.

Table 4.2.3: t-Test: Paired Two Sample for Means

	GCEES AFTER	*GCEES BEFORE*
Mean	798.7871	432.7167
Variance	92744.99557	5887.1126
Observations	7	7
Pearson Correlation	0.818353569	
Hypothesised Mean Difference	0	
df	6	
t Stat	6.662557532	
P(T<=t) one-tail	0.000493824	
t Critical one-tail	2.353363435	
P(T<=t) two-tail	0.000687647	
t Critical two-tail	3.182446305	

Source: Computed by Researcher Using Microsoft Excel 2013 Software

The t-Test result in table 4.2.3 illustrates that Government Capital Expenditure on Economic Services before the implementation of TSA has a mean of ₦432.7167, while the mean after the implementation of TSA is ₦798.7871. In a two-tailed test, it is observed that the calculated t-value of 6.6626 is greater than the critical t-tabulated value of 3.1824.

Table 4.2.4: t-Test: Paired Two Sample for Means

	GCESCS AFTER	*GCESCS BEFORE*
Mean	219.2381	129.303
Variance	6726.362292	795.8383583
Observations	7	7
Pearson Correlation	0.872783934	
Hypothesised Mean Difference	0	
df	6	
t Stat	7.699950814	
P(T<=t) one-tail	0.003850011	
t Critical one-tail	2.353363435	

P(T<=t) two-tail	0.000040022
t Critical two-tail	3.182446305

Source: Computed by Researcher Using Microsoft Excel 2016 Software

The t-Test result in table 4.2.4 demonstrates that Government Capital Expenditure on Social Community Services before the implementation of TSA exhibits a mean of ₦129.303, whereas the mean after the implementation of TSA stands at ₦219.2381. In a two-tailed test, it's evident that the calculated t-value of 7.69995 is greater than the critical t-tabulated value of 3.1824.

Table 4.2.6: Difference in Mean

	BEFORE TSA	AFTER TSA	DIFFERENCE IN MEAN
GCEA	253.5062	466.4225	212.916
GCEES	432.7167	798.7871	366.07
GCESCS	129.303	219.2381	89.935

Source: Computed by Researcher Using Microsoft Excel 2016 Software

4.3 Test of Hypotheses

Decision Rule: When evaluating the statistical significance, the following criteria will be applied. If the calculated p-value exceeds the predetermined Alpha Level of 0.05, the null hypothesis, indicating no significant effect, will be accepted. Conversely, if the calculated p-value falls below 0.05, the null hypothesis will be rejected in favour of the alternative hypothesis. Additionally, if the t-calculated value is less than the critical t-tabulated value, the null hypothesis will be upheld.

Hypothesis One

H_0 Treasury single account (TSA) implementation does not have a significant effect on government capital expenditure on administration in Nigeria.

H_1 Treasury single account (TSA) implementation has a significant effect on government capital expenditure on administration in Nigeria.

Decision: The t-Test for the paired two sample means, as presented in table 4.2.2, yields a two-tailed probability of 0.0008, which is less than the alpha value of 0.05. Consequently, the null hypothesis is rejected, and the alternative hypothesis is accepted. Additionally, the t-tabulated value (6.58645) is greater than the t-calculated value (3.1824), further supporting the rejection of the null hypothesis. These results collectively imply that the implementation of TSA exert a statistically significant effect on government capital expenditure on administration in Nigeria.

Hypothesis Two

H_0 Treasury single account (TSA) implementation does not have a significant effect on government capital expenditure on economic services in Nigeria.

H_1 Treasury single account (TSA) implementation has a significant effect on government capital expenditure on economic services in Nigeria.

Decision: The t-Test for the paired two sample means, as presented in table 4.2.3, results in a two-tailed probability of 0.00069, which is less than the alpha value of 0.05. Consequently, the null hypothesis is rejected, and the alternative hypothesis is accepted. Moreover, the t-tabulated value (6.6626) is found to be greater than the t-calculated value (3.1824), further supporting the rejection of the null hypothesis. These findings collectively indicate that the implementation of TSA has a statistically significant effect on government capital expenditure on economic services in Nigeria.

Hypothesis Three

H_0 Treasury single account (TSA) implementation does not have a significant effect on government capital expenditure on social community services in Nigeria.

H_1 Treasury single account (TSA) implementation has a significant effect on government capital expenditure on social community services in Nigeria.

Decision: The t-Test for the paired two sample means, as presented in table 4.2.4, yields a two-tail probability of 0.00004, which is less than the alpha value of 0.05. As a result, the null hypothesis is rejected, and the alternative hypotheses are accepted. Additionally, the t-tabulated value (7.69995) is observed to be less than the t-calculated value (3.1824), further reinforcing the rejection of the null hypothesis. These results collectively suggest that the implementation of TSA exert a statistically significant influence on government capital expenditure on social community services in Nigeria.

4.4 Discussion of Result

4.4.1 Effect of TSA Implementation on Government Capital Expenditure on Administration

Test of hypothesis one revealed that treasury single account implementation has a significant positive effect on government capital expenditure on administration. TSA implementation resulted in an increase of ₦212.91 billion (see Table 4.2.6). This result shows that TSA's implementation has significantly increased government capital expenditure on administration in Nigeria. The finding is in tandem with the *a priori* expectation of the researcher because TSA was implemented to reduce misappropriation of public funds which should increase the real capital expenditure of the government. The finding is further supported by the following reasons:

The increase in government capital expenditure on administration by ₦212.91 billion following the implementation of TSA indicates a positive impact on the efficiency of financial management within the government. The centralization of funds through TSA likely led to improved control and management of government resources, resulting in more effective allocation of funds for administrative purposes.

One of the primary objectives of implementing TSA is to enhance transparency and accountability in public finance management. This finding suggests that TSA has achieved this goal by providing a clearer and more accountable mechanism for tracking and managing government funds allocated to administration. This transparency can help reduce the risk of misappropriation and fraud.

The increase in capital expenditure on administration could also reflect greater fiscal discipline. With funds consolidated in a single account, there may be stricter budgetary controls and a reduced tendency to divert funds away from administrative needs, leading to increased investments in this area. Increased capital expenditure on administration can translate into improved government services. This could encompass various aspects, such as better infrastructure, enhanced public service delivery, and increased capacity for government agencies to carry out their functions effectively.

The finding is in line with the findings of Adebayo, Akinleye, and Adeduro (2020), Oguntodu, et al. (2016), Udo and Esara (2016), and Ekubiat and Edet (2016), Ratua (2016), and Oguntodu, Alalade, Adekunle, and Adegbie who confirmed that Treasury Single Account has a positive impact on the country's economic growth.

4.4.2 Effect of TSA Implementation on Expenditure on Economic Services

Test of hypothesis two revealed that treasury single account implementation has a significant positive effect on government capital expenditure on economic services. TSA implementation resulted in an increase of ₦366.07 billion (see Table 4.2.6). This result shows that TSA's implementation has significantly increased government capital expenditure on economic services in Nigeria. The finding is in tandem with the *a priori* expectation of the researcher because TSA was implemented to reduce misappropriation of public funds which should increase the real capital expenditure of the government. The finding is further supported by the following reasons:

The finding that Treasury Single Account (TSA) implementation has a significant positive effect on government capital expenditure on economic services is a significant and promising result with several implications:

The increase of ₦366.07 billion in government capital expenditure on economic services following TSA implementation indicates a substantial commitment to economic development initiatives. This investment can contribute to the growth of key sectors such as infrastructure, manufacturing, and agriculture, ultimately driving economic progress in Nigeria.

Economic services often involve investments in infrastructure, transportation, and utilities, which are critical for economic growth. The increased capital expenditure suggests that TSA has facilitated the development of infrastructure projects that can improve the business environment and attract investments. Investments in economic services can lead to job creation, particularly in labour-intensive sectors like construction and manufacturing. The increase in capital expenditure may have a positive impact on employment opportunities, reducing unemployment rates and contributing to social stability.

A boost in government spending on economic services can stimulate private sector growth. When the government invests in infrastructure and economic services, it creates an enabling environment for businesses to thrive, attracting both domestic and foreign investments. The positive effect of TSA on government capital expenditure on economic services suggests a commitment to long-term economic sustainability. These investments can lay the foundation for a more diversified and resilient economy, reducing dependency on a single revenue source.

TSA's implementation is often associated with enhanced financial control and accountability. The fact that it led to a significant increase in capital expenditure on economic services suggests that funds are being managed more transparently and efficiently, reducing the risk of misallocation or misuse.

The finding is in line with the findings of Adebayo, Akinleye, and Adeduro (2020), Oguntodu, et al. (2016), Udo and Esara (2016), and Ekubiat and Edet (2016), Ratua (2016), and Oguntodu, Alalade, Adekunle, and Adegbie who confirmed that Treasury Single Account has a positive impact on the country’s economic growth.

4.4.3 Effect of TSA Implementation on Government Capital Expenditure on Social and Community Services

Test of hypothesis three revealed that treasury single account implementation has a significant positive effect on government capital expenditure on social and community services. TSA implementation resulted in an increase of ₦89.935 billion (see Table 4.2.6). This result shows that TSA’s implementation has significantly increased government capital expenditure on social and community services in Nigeria. The finding is in tandem with the *a priori* expectation of the researcher because TSA was implemented to reduce misappropriation of public funds which should increase the real capital expenditure of the government on social and community services. The finding is further supported by the following reasons:

The finding that Treasury Single Account (TSA) implementation has a significant positive effect on government capital expenditure on economic services is a significant and promising result with several implications:

The finding that Treasury Single Account (TSA) implementation has a significant positive effect on government capital expenditure on social and community services is a significant and promising result with several important implications: The increase of ₦89.935 billion in government capital expenditure on social and community services following TSA implementation underscores a commitment to social development initiatives. This investment can have a profound impact on improving the quality of life for citizens by funding critical areas such as education, healthcare, and community infrastructure.

Social and community services encompass a wide range of essential public services, including healthcare facilities, schools, and community development projects. The increased capital expenditure suggests that TSA has facilitated the expansion and improvement of these services, potentially leading to better access and quality of services for the population.

Investments in social and community services often focus on human capital development, including education and healthcare. Such investments can lead to a more skilled and healthy workforce, which is crucial for long-term economic growth and development. Increased funding for social and community services can contribute to poverty alleviation by providing social safety nets, healthcare access for vulnerable populations, and educational opportunities for underserved communities.

Capital expenditure in social and community services can empower local communities by providing resources for community-driven development projects. This can lead to increased community involvement and ownership of development initiatives. Investments in social services can enhance social cohesion and stability by addressing the needs of marginalised and vulnerable groups. This, in turn, can contribute to a more peaceful and stable society.

The finding is in line with the findings of Adebayo, Akinleye, and Adeduro (2020), Oguntodu, et al. (2016), Udo and Esara (2016), and Ekubiat and Edet (2016), Ratua (2016), and Oguntodu, Alalade, Adekunle, and Adegbie who confirmed that Treasury Single Account has a positive impact on the country's economic growth.

5.0 CONCLUSION AND RECOMMENDATION

The TSA policy implementation has greatly improved the management of government revenue. The system will likely reduce the mismanagement of public funds by revenue-generating agencies. The implementation of the Treasury Single Account (TSA) in Nigeria has yielded a series of significant findings and implications across different sectors of government capital expenditure. These findings underscore the multifaceted effect of TSA on various aspects of fiscal management and resource allocation. TSA has demonstrated its effectiveness in enhancing the efficiency of government financial management. By consolidating funds into a single account, it has streamlined cash flow, minimised financial leakages, and improved accountability in the management of public funds.

The analysis has revealed that TSA implementation has resulted in significant increases in government capital expenditure across several key sectors, including administration, economic services, social and community services, and transfers. These findings signify a commitment to investing in critical areas that contribute to economic growth, social development, and poverty alleviation.

The positive effect of TSA on capital expenditure in economic services indicates its potential to stimulate economic growth through investments in infrastructure and economic development projects. This aligns with the broader goal of fostering a diversified and resilient economy. TSA has had a notable impact on capital expenditure in social and community services, demonstrating a commitment to improving education, healthcare, and community infrastructure. This reflects a dedication to human capital development and enhancing the quality of life for citizens.

The increase in capital expenditure on transfers highlights a commitment to poverty alleviation and social equity. Transfers can serve as vital social safety nets, reducing income inequality and providing support to vulnerable populations. The study therefore concludes that implementation of TSA in Nigeria represents a significant milestone in financial reform, leading to enhanced efficiency, transparency, and the optimal allocation of public resources.

Recommendations

Based on the study's findings, it is recommended that policymakers enhance TSA's impact on government capital expenditure by adopting cost-saving measures and improving efficiency in administrative functions. This could involve using digital technologies and reducing bureaucratic delays. Additionally, careful planning of economic development projects is advised to ensure investments are directed towards productive areas like infrastructure and manufacturing. For social and community services, sustained investment in healthcare, education, and community development is crucial to improve service quality and accessibility, particularly in underserved regions.

This study provides clear evidence of TSA's effects on government capital expenditure across various sectors. It offers insights into how TSA influences spending in administration, economic services, and social services. The findings are useful for informing policy decisions and improving financial management. The study also adds to the understanding of TSA's role in enhancing efficiency and accountability in public finances, contributing to discussions on financial reforms and fiscal management.

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