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APPLICATION OF UNIVERSITY SINGLE TREASURY ACCOUNT FOR THE MANAGEMENT OF INTERNALLY GENERATED REVENUE: A PATHWAY TO SOLVING FUNDING CHALLENGES IN UNIVERSITIES IN NIGERIA

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Abstract

In recent pasts, financial support for educational institutions has been increasingly limited. This has resulted in a wide range of challenges that educational institutions and those who depends upon it must face. However, Universities are commonly associated with innovation and knowledge; however, corrupt funding practices can compromise the educational experience. The research presented in this paper describes a number of challenges associated with corrupt funding, including financial and legal risks, violations of ethical codes of conduct, a negative impact on academic standards, and a lack of transparency. These issues have been found to affect all stakeholders in a university, such as students, faculty, and staff. In addition, corrupt practices can impede institutions in gaining global competitiveness. This paper elucidates Application of University Single Treasury Account (USTA) on Internally Generated Revenue: A Pathway to Solving Funding Challenges within University System in Cross River State, Nigeria. A Single Treasury Account (STA) is a financial management reform that consolidates all organisational revenues, receipts, and payments into one account, usually held by the bank, this reform is aimed at promoting transparency, accountability, and efficient management of public funds. In the case of university system in Cross River State, Nigeria, implementing a University Single Treasury Account could potentially help address some of the funding issues faced by institutions. By consolidating all revenue and payment into one account, it would be easier to track the flow of funds, reduce leakages, and promote better financial planning and management for funding of university in Nigeria.

Introduction

University is one of the manpower resource breeding institutions for all round development globally. Given so, the hurdle befalls the government to embark on the total funding of the universities within her jurisdictions. However, haven't known the importance of universities in Nigeria and elsewhere, Federal Government of Nigeria has not been able to prearrange for total funding of the university system. The Cable (2023) reported that the allocation for 2023 is about 8.2% which amount to nothing when placed side by side with the deficit between recommended and actual allocations of four to six percent of Gross Domestic Product (GDP) of her members by United Nations Educational Scientific and Cultural Organisation (UNESCO) or 15 to 20 of public expenditure (annual budget) to fund education. Suyuti, Adetiba and Yekini (2020)stated that despite the identification of funding as the key factor in positive transformation of education, most African Governments including Nigeria have not given explicit attention to funding of education industry. The above policy makes it so cumbersome for university system to see the limelight of competing in ranks with their conventional universities globally. This has resulted in a wide range of challenges that educational institutions and those who depend upon it face, and however pushes managers of universities in Nigeria resulting to making use of their internally generated revenue (IGR).

Even with the use of IGR, National Bureau of Statistics (NBS2022) released the data of 133 million Nigerians being in multidimensionality poor.

The bureau further buttress that decision of the federal government not taking full procession in funding the education and the government recent policy n currency has requisite effect on school children and youth due to the country's ballooning poverty rate, thereby making it difficult for some parent to send their children to school lamented on the high rate of dropout Howbeit, Universities are commonly associated with innovation and knowledge; however, corrupt funding practices can compromise the educational experience. The unpardonable circumstances of the Nigerian institution of higher education setting smear portrait of pitiable answerability as regards levy generated within by the institution of higher education. Ofoegbu and Alonge (2016) unraveled underprivileged fund management has accounted for the ostensible disregard of workforces and learners in excess of a decade. The research presented in this paper describes a number of challenges associated with corrupt funding, including financial and legal risks, violations of ethical codes of conduct, a negative impact on academic standards, and a lack of transparency. These issues have been found to affect all stakeholders in a university, such as students, faculty, and staff. In addition, corrupt practices can impede institutions in gaining global competitiveness. This paper elucidates Application of University Single Treasury Account (USTA) For Effective Cash Management of Internally Generated Revenue: A Pathway To Solving Funding Challenges Within University System In Cross River State, Nigeria.

The problem of underfunding which is a major challenge confronting the Nigerian university system has had adverse effects on the performance of the universities. The Nigerian government finds it difficult to sufficiently fund her universities because of the growing enrollments without a corresponding impressive quality funding due to economic depression. There is no doubt that this has performance decreasing effects on both staff and students. For instance, Bamiro and Adedeji, (2010) indicated that the quality of teaching and research has fallen considerably because of lack of adequate teaching and research materials, coupled with overcrowded unconducive teaching and learning environment. They noted that the Nigerian government spends just 0.1percent on research, while federal universities spend only 1.3 percent of their budgets on research. This has implications for development, because research constitutes a veritable catalyst for the economic advancement of nations and adequate funding is the propeller for research. In the absent or inadequate funding by federal Government, university management are to internally source for alternative approach to solving funding challenges such as alternative management approach of single treasury account which could be used in managing internally generated revenue. Against this background, Application of University Single Treasury Account (USTA) on Internally Generated Revenue: A Pathway to Solving Funding Challenges within University System in Cross River State, Nigeria was deem it necessary to redressed funding challenges.

Conceptual Clarification

Single Treasury Account (STA)

A Single Treasury Account (STA) is a financial management reform that consolidates all public revenues, receipts, and payments into one account, usually held by the central bank, this reform is aimed at promoting transparency, accountability, and efficient management of public funds. In the case of university system in Cross River State, Nigeria, implementing a University Single Treasury Account could potentially help address some of the funding issues faced by various institutions, this is in line with Amadi and Peter Chukwuma Obutte (2018) By consolidating all revenue and payment into one account, it would be easier to track the flow of funds, reduce leakages, and promote better financial planning and management for funding of university in Nigeria.

University medium of receiving, and fund management provision are an essential issue in running and controlling University's internally generated resources. Among these are vital towards enhancing all sort of campus levy or taxes and non-tax revenues collected and for payments made in the approved manner in a timely manner; and University internally generated fund are optimally managed to cutoff excessive spending and borrowing costs (or to maximize returns on surplus cash). This is achieved by establishing a unified structure of university bank accounts by means of a treasury single account (UTSA) system. According to Obutte (2018), The Treasury Single Account (TSA) policy was designed to block revenue loopholes, promote transparency and accountability, prevent mismanagement of revenue, unify government bank accounts, perk up the meting out of payments and collections, and lessen borrowing overheads.

University Single Treasury Account (USTA)

A University Single Treasury Account (USTA) is a financial system where all the financial transactions of a university are consolidated into a single account. This account is managed by the university's finance department and is used to receive and disburse funds for all the departments and units within the university. The USTA system is seen as a solution to the funding challenges faced by universities because it provides a centralized and transparent financial management system. With a USTA, universities can better manage their financial resources, reduce waste and inefficiency, and ensure that funds are directed towards the priorities of the institution.

Effective Cash Management

Effective cash management refers to the strategic and efficient management of an organization's cash flows to optimize its liquidity, maximize returns on excess cash, and minimize the cost of borrowing. It involves monitoring, analyzing, and controlling the inflows and outflows of cash to ensure that the organization has sufficient funds to meet its short-term obligations and capitalize on investment opportunities.

Internally Generated Revenue (IGR)

Internally generated revenue is a key component of a sustainable financial model for any organization, including businesses, nonprofit organizations, and government entities. It provides a stable and reliable source of income that can be used to cover operating expenses, invest in growth and development, and support ongoing activities without relying on external financing.

One of the main benefits of a USTA is that it allows universities to have greater control over their finances. By consolidating all financial transactions into a single account, universities can more easily track their revenue and expenses and make informed decisions about how to allocate their resources. This can help universities to better manage their budget, reduce waste, and improve financial accountability. Suyuti , Adetiba .& Yekini., (2020) , studied the impact of TSA on revenue generation and utilization in the University of Ilorin. This study empirically examined the extent to which TSA has an effect on total revenue (Grant+IGR) and its utilization. Both the interview and secondary data were utilized for this study. The interview session was for the staff of the Bursary Department of the University.

Another benefit of a USTA is that it can help universities to access funding more effectively. By having a centralized account for all financial transactions, universities can better coordinate their fundraising efforts and ensure that donations and grants are directed towards the areas of greatest need. This can help universities to secure more funding and improve their financial stability over the long term. University Single Treasury Account (USTA) can be an effective solution to the funding challenges faced by higher education institutions. By providing a centralized and transparent financial management system, USTAs can help universities to better manage their finances, reduce waste and inefficiency, and ensure that funds are directed towards the priorities of the institution.

Benefits of a Single Treasury Account System

Effective cash management in higher education is crucial for maximizing internally generated revenue in higher education institutions. Here are some key strategies that can help universities achieve this goal:

1. Streamlining cash management in higher education: Streamlining cash management is an important priority for many higher education institutions, and a single treasury account system can be an effective tool for achieving this goal. (Jamat.2023) Here are some ways in which a single treasury account can streamline cash management in higher education;

2. Consolidation of funds: A single treasury account system consolidates all of a university's financial resources into one account: This means that all cash inflows and outflows are managed through a single account, making it easier to track and manage cash flow;

3. Improve control and oversight: by consolidating all final resources into a single account, a single treasury account;

4. Improve billing and collection processes: Universities should implement efficient billing and collection processes to ensure prompt payment of fees and other charges. This can include using technology to automate billing and payment processes and providing incentives for early payment;

5. Adopt cashless payment systems: Cashless payment systems such as online payment portals, mobile payment apps, and smart card systems can improve cash management by reducing the need for cash handling and increasing transaction speed and accuracy;

6. Monitor cash flow: Universities should regularly monitor their cash flow to identify potential cash shortfalls and take appropriate action to address them. This can involve preparing cash flow forecasts and establishing cash reserves to cover unexpected expenses;

7. Implement cost-saving measures: Universities should identify and implement cost-saving measures to reduce expenses and improve cash flow. This can include consolidating services, reducing unnecessary expenses, and negotiating better terms with suppliers;

8. Invest surplus funds: Surplus funds can be invested in short-term, low-risk instruments such as treasury bills and money market funds to earn interest and improve cash flow; and

9. Develop partnerships and collaborations: Universities can also generate revenue by developing partnerships and collaborations with businesses, government agencies, and other institutions. This can involve offering consulting services, research partnerships, and joint degree programs.

Revolutionalising Universities' Funding

A single treasury account system for universities can provide numerous benefits in terms funding. Essentially, this system involves consolidating all of a university's financial resources into a single account, which is managed by the institution's financial department. One of the main benefits of this system is that it can streamline financial management processes within universities. This can reduce administrative costs and improve the efficiency of financial operations. For example, a single treasury account system can simplify the process of budgeting, as all funds are located in one place and can be more easily tracked and managed. Another advantage of a single treasury account system is that it can provide greater transparency and accountability in university funding. (Jamat, (2023) Because all funds are consolidated into a single account, it can be easier to monitor how funds are being used and ensure that they are being allocated in a responsible and equitable manner. Furthermore, a single treasury account system can help universities better manage their cash flow. By having all funds in one account, universities can more easily manage their liquidity and ensure that they have sufficient funds to meet that they have sufficient funds to meet their financial obligations.

Finally, a single treasury account system can improve the financial stability of universities. By consolidating all funds into one account, universities can better manage their debt and ensure that they are not overextended financially. Summarily, a single treasury account system can provide numerous benefits to universities in terms of financial management, transparency, accountability, cash flow management, and financial management, and financial stability.

Approach to University Single Treasury

This deal with the avenues in which university handles the maximization of internally generated revenue through effective cash management: the revenue so far generated has to do with the university single treasury approach, however, effective cash management is essential for maximizing internally generated revenue in higher education institutions. (Jamat, 2023) by implementing these strategies, universities can improve their cash flow, reduce expenses, and generate additional revenue through partnerships and collaborations

- The University Single Treasury Account (USTA) approach is a financial management system where all financial transactions of a university are managed through a single account. The USTA approach involves consolidating all the financial transactions of the university into a single account, which is managed by the university's finance department. This approach is used to receive and disburse funds for all the departments and units within the university.
- The USTA approach provides several benefits to universities. One of the main advantages is that it allows for centralized and transparent financial management. By consolidating all financial transactions into a single account, universities can more easily track their revenue and expenses, make informed decisions about how to allocate their resources, and ensure that funds are directed towards the priorities of the institution.
- Another benefit of the USTA approach is that it can help universities to reduce waste and inefficiency. By having a centralized account for all financial transactions, universities can better manage their budget, improve financial accountability, and reduce the risk of fraud or errors.
- In addition, USTA approach can help universities to access funding more effectively. by having a centralized account for all financial transactions, universities can better coordinate their fundraising efforts and ensure that donations and grants are directed towards the areas of greatest need. This can help universities to secure more funding and improve their financial stability over the long term.
- Overall, the USTA approach is an effective way to manage the finances of a university. By providing a centralized and transparent financial management system, the USTA approach can help universities to better manage their finances, reduce waste and inefficiency, and ensure that funds are directed towards the priorities of the institution. (Jamat, (2023)

Challenges of Single Treasury Account

Handling a single treasury account in higher education can present several challenges. Jamat.(2023) here are some of the key challenges that may arise: A single treasury account (STA) refers to a centralized bank account that consolidates the funds of multiple government entities or agencies. While an STA can offer several benefits, such as improved cash management and enhanced transparency, it also poses certain challenges. . According to Jamat, (2023), here are some of the challenges associated with implementing and managing a single treasury account

Change Management: Transitioning to an STA often requires significant changes in financial processes, systems, and organizational structures. Resistance to change from government entities and stakeholders can pose a challenge during implementation and may require extensive communication, training, and coordination efforts.

Legal and Regulatory Framework: Establishing an STA requires a robust legal and regulatory framework. Updating existing legislation and regulations to accommodate the centralization of funds can be complex, time-consuming, and may involve multiple government departments, agencies, and stakeholders.

Integration of Diverse Systems: Government entities typically have diverse financial systems, software, and processes. Integrating these disparate systems into a unified platform for managing the STA can be technically challenging and may require significant investments in information technology infrastructure.

Data Security and Privacy: Centralizing funds in a single account necessitates stringent data security measures to protect sensitive financial information. Maintaining the confidentiality, integrity, and availability of data across various government entities can be challenging, requiring robust cyber security measures and access controls.

Cash Flow Management: Effective cash flow management becomes crucial when multiple government entities share a single treasury account. Balancing the inflows and outflows of funds, managing liquidity requirements, and ensuring timely payments to government agencies can be complex, especially during periods of high transaction volumes.

Interagency Coordination: Collaboration and coordination between different government entities become essential for the efficient operation of an STA. Aligning financial policy, procedures, and reporting standards across various agencies can be challenging, requiring effective communication channels and strong governance mechanisms.

Accountability and Transparency: While an STA can enhance transparency, ensuring accountability for the use of funds can become more complex when multiple entities are involved. Establishing robust financial controls, reporting mechanisms, and audit procedures is essential to maintain accountability and prevent misuse of public funds.

Risk Management: Centralizing funds in an STA introduces new risks, such as concentration risk and operational risk. Adequate risk management frameworks, including risk identification, assessment, mitigation, and monitoring, are necessary to address these challenges effectively.

Stakeholder Management: Balancing the interests and requirements of various government entities, departments, and agencies can be challenging. Managing stakeholder expectations, addressing concerns, and ensuring their active participation in the implementation and operation of the STA is crucial for its success.

Scalability and Flexibility: As government entities evolve and new agencies are established, the STA should be scalable and flexible enough to accommodate changes. The system should be adaptable to varying needs, organizational structures, and financial processes over time.

In solving the above stated pending issues, it however needs cautious forecast, strong leadership, useful control, and collaboration among all stakeholders involved in the implementation and management of the single treasury account. Jamat, (2023)

Way Forward on Combating Single Treasury Account Challenges

The Single Treasury Account (STA) is a financial management system that consolidates government funds into a single account. While the STA offers several benefits, such as improved transparency, accountability, and cash management, it also presents some challenges. Here are some ways to combat these challenges:

1. Stakeholder Engagement: Engage with key stakeholders, including government agencies, banking institutions, and relevant ministries, to address their concerns and build consensus on the benefits of implementing the STA. (Generated single treasury Account GPT and Beyond. Jamat.(2023), effective communication and collaboration can help alleviate resistance to change.

2. Capacity Building: Provide training and capacity-building programs to enhance the skills of government officials involved in implementing and managing the STA. This should include training on financial management, accounting procedures, and information systems to ensure smooth adoption and operation of the STA.

3. Robust IT Infrastructure: Establish a robust and secure information technology (IT) infrastructure to support the STA. This includes implementing reliable accounting systems, payment platforms, and reporting mechanisms. Regular IT audits and security assessments are crucial to maintain data integrity and protect against cyber threats.

4. Legal and Regulatory Framework: Develop and enforce appropriate legal and regulatory frameworks that govern the operation of the STA. This includes defining the roles, responsibilities, and authorities of various stakeholders, as well as establishing clear guidelines for fund disbursement and reporting.

5. Risk Management: Implement a comprehensive risk management framework to identify, assess, and mitigate risks associated with the STA. This should include mechanisms for fraud detection and prevention, as well as contingency plans for potential disruptions to the system.

6. Monitoring and Evaluation: Establish a robust monitoring and evaluation framework to assess the effectiveness of the STA implementation. Regular monitoring can help identify bottlenecks, address operational challenges, and make necessary improvements to ensure the system operates efficiently.

7. Continuous Improvement: Adopt a culture of continuous improvement by regularly reviewing and updating the STA processes and procedures. Solicit feedback from stakeholders and incorporate lessons learned to refine the system and address emerging challenges.

8. International Best Practices: Study and learn from successful implementations of the STA in other countries. Identify best practices and adapt them to suit the local context, taking into account any unique challenges or requirements.

9. Public Awareness and Support: Conduct public awareness campaigns to educate citizens about the benefits of the STA system. Increased public support and understanding can help overcome resistance and build trust in the government's financial management practices.

10. Flexibility and Adaptability: Recognize that challenges may arise during the implementation and operation of the STA. Maintain flexibility and adaptability to address unforeseen issues and adjust the system as needed. Regular reviews and updates should be conducted to ensure the STA remains relevant and effective. By implementing these strategies, governments can effectively combat the challenges associated with the Single Treasury Account and maximize the benefits of enhanced financial management.

Conclusion

Fragmented Organisational banking arrangements hinder effective cash management on internally generated revenue. The primary objective of a TSA is to ensure effective aggregate control over institution cash balances. The consolidation of cash resources through a TSA helps to avoid borrowing and paying additional interest charges to finance the expenditures of some agencies while other agencies keep idle balances in their bank accounts. Effective aggregate control of cash is also a key element in monetary, debt, and budget management.

A TSA system should embody the following principles: (i) the government banking arrangement must be unified to ensure the fungibility of the government's cash resources; (ii) no other faculty, department and unit shouldn't be allowed to operate accounts without the compliance of the treasury; and (iii) the coverage of the TSA should be comprehensive, encompassing all institutional cash, both budgetary and extra budgetary.

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