PUBLIC SECTOR REFORMS IN NIGERIA: A STUDY OF THE TREASURY SINGLE ACCOUNT

Ozikah Meshieudu Anaweokhai[1] Anthony Iyoha Emhenya[2] Fred Osahon Okunmahie[3]

[1,2&3]*Department of Political Science and Public Administration*
Edo State University Iyamho, Edo State, Nigeria
Correspondence: *fred.okunmahie@edouniversity.edu.ng*

Abstract

This study examines public sector reforms in Nigeria, focusing on the implementation of the Treasury Single Account (TSA) as a tool to enhance financial transparency and accountability. The background to the study stems from Nigeria's long-standing issues of corruption and inefficiency in public financial management. The objectives of the study are to assess the impact of TSA on improving government revenue control, reducing financial leakages, and enhancing budgetary discipline. The research methodology is conceptual, relying on secondary data to analyse the successes and challenges of the TSA policy. The findings revealed that TSA has significantly contributed to centralising government revenues, reducing opportunities for corruption, and improving cash management. However, challenges such as initial resistance from government agencies, technological gaps, and capacity-building needs hindered full implementation. The study concludes that while TSA has strengthened financial oversight, addressing its operational challenges is key to maximising its effectiveness. Recommendations include strengthening technological infrastructure, enhancing public sector staff capacity, and fostering stakeholder collaboration to ensure long-term success. This analysis highlights the critical role of financial management reforms in promoting transparency and accountability in Nigeria's public sector.

Key words: *Governance, Public Sector, Reforms, TSA, Nigeria,*

Introduction

Public sector reforms are crucial for improving governance, particularly in countries where inefficiencies and corruption have long plagued governmental operations. In Nigeria, the drive for reform has intensified over the past few decades, largely in response to the persistent issues of mismanagement and lack of accountability in the handling of public funds. These weaknesses have historically undermined the effectiveness of the public sector, eroding public trust in government institutions and limiting the capacity of the state to deliver essential services. Nigeria's public sector, characterised by bloated bureaucracies and a decentralised financial system, had long been vulnerable to fraud, inefficiency, and revenue leakages (Saliu & Lipede, 2008).

The Treasury Single Account (TSA**)** emerged as a solution to address these challenges. Initially adopted by countries such as France and India, TSA is globally recognised as a critical tool for enhancing financial transparency and control (World Bank, 2012). The policy aims to unify all government revenues and payments into a single account, thereby providing a centralised mechanism for managing public funds (Adeolu, 2016).

Before the adoption of TSA, Nigeria's public financial management system was fragmented, with numerous ministries, departments, and agencies (MDAs) maintaining separate accounts in commercial banks (Olorunmola, 2016). This decentralisation of government accounts made it difficult for the government to monitor its cash flows accurately, leading to the frequent occurrence of financial leakages and the misappropriation of funds. Multiple accounts allowed for the concealment of revenues and inflated operational costs, exacerbating fiscal deficits (Yakubu & Mohammed, 2016). The TSA, therefore, aimed to close these loopholes by concentrating government funds in a single account under the direct supervision of the Central Bank of Nigeria (CBN) (Aruwa, 2015). The benefits of the TSA in Nigeria have been significant. The policy has helped reduce corruption, improve cash management, and enhance budgetary discipline by providing the government with a real-time view of its finances. It has also minimised the cost of government borrowing, as funds previously held in commercial banks are now accessible through the CBN, reducing the need to take on expensive debt (Eme, Chukwurah, & Emmanuel, 2015). Additionally, the TSA has contributed to improving Nigeria's fiscal transparency, enabling better auditing and reporting on public expenditures. Despite its successes, the implementation of the TSA has faced several challenges. Initial resistance from MDAs, many of which were accustomed to operating their own accounts, hampered early efforts to enforce the policy. Technical challenges, particularly the need for improved financial management systems and infrastructure, also slowed progress. Moreover, there is still a need for capacity building within the public sector to ensure that all relevant personnel are equipped to manage the TSA effectively (Agba, Stephen, & Nnamani, 2017).

This paper seeks to delve deeper into the significance of the TSA within the context of Nigeria's broader public sector reforms. Methodologically, the paper is conceptual as it secondarily engages secondary sources of information. It assesses how the TSA has influenced public financial management, examines the successes and limitations of its implementation, and offers recommendations for improving the system. By focusing on the case of Nigeria, this study will contribute to the broader discourse on public sector reforms in developing countries, providing valuable insights into the role of financial reforms in enhancing governance and accountability.

Statement of the Problem

The management of public finances in Nigeria has historically been characterised by inefficiencies, corruption, and a lack of transparency. Before the implementation of the Treasury Single Account (TSA), Nigeria's financial management system was highly fragmented, with thousands of government ministries, departments, and agencies (MDAs) operating multiple bank accounts. This decentralised system allowed public funds to be kept outside the control of the Central Bank of Nigeria (CBN), resulting in financial leakages, the misappropriation of funds, and poor monitoring of government revenues (Aruwa, 2015). The lack of a unified structure for managing government finances led to weak budgetary control and exacerbated fiscal imbalances, making it difficult for the government to accurately track its financial position and plan accordingly (Adeolu, 2016).

Despite numerous reform efforts, including the introduction of the Integrated Payroll and Personnel Information System (IPPIS) and Government Integrated Financial Management Information System (GIFMIS), these initiatives were insufficient to address the persistent issues of financial mismanagement. The continued prevalence of corruption and inefficiency in the public sector, coupled with a lack of real-time information on government accounts, highlighted the need for a more radical reform to centralise and streamline financial operations (Eme, Chukwurah, & Emmanuel, 2015). This resulted in the adoption of the TSA as a key reform to consolidate all government revenues and payments into a single account.

The TSA was designed to provide the Nigerian government with greater oversight of its finances by eliminating the numerous and often opaque bank accounts maintained by MDAs in commercial banks. However, despite its potential benefits, the implementation of TSA has encountered significant resistance from some government agencies, as well as technical and capacity-related challenges (Agba, Stephen, & Nnamani, 2017). These challenges raise questions about the overall effectiveness of the TSA in achieving its stated objectives of improving financial accountability, reducing corruption, and enhancing the efficiency of public financial management. Moreover, while some studies have highlighted the successes of TSA in terms of revenue generation and fiscal transparency, there remains a gap in the literature regarding the long-term sustainability of the reform and its broader impact on public sector governance. There is also insufficient analysis of the extent to which TSA has been able to overcome institutional resistance and technical challenges in Nigeria's complex bureaucratic environment (Pattanayak & Fainboim, 2010). Thus, this paper seeks to answer the following questions: What is the Treasury Single Account (TSA) all about in the Nigerian public sector? What are the pitfalls to the successful implementation of the Treasury Single Account (TSA) in the Nigerian public sector? What are the prospects of the Treasury Single Account (TSA) implementation in the Nigerian public

sector?

Objectives

The general objective of the study is to investigate public sector reforms in Nigeria within the context of the Treasury Single Account. Therefore, the specific objectives are to:

1. examine what the Treasury Single Accounts (TSA) is all about in the Nigerian public sector.
2. explore the pitfalls to the successful implementation of the Treasury Single Account (TSA) in the Nigerian public sector.
3. determine the prospects of the Treasury Single Account (TSA) implementation in the Nigerian public sector.

Literature Review

In examining public sector reforms in Nigeria, particularly through the lens of the Treasury Single Account (TSA), it is essential to define and contextualise the key concepts that form the foundation of this study. These concepts include the *public sector*, *reforms*, *accountability*, *transparency*, and the *Treasury Single Account*. This conceptual review provides clarity on these terms and situates them within the broader discourse of public financial management.

Public Sector

The public sector refers to the portion of an economy that is controlled and operated by the government. It encompasses all government agencies, departments, and organisations that provide public goods and services, manage public resources, and implement government policies. The public sector operates with a mandate to serve the public interest and ensure the equitable distribution of resources and services. According to Niskanen (1994), the public sector is often distinguished from the private sector by its non-profit nature and focus on providing services that are typically not supplied by the market. In Nigeria, the public sector plays a critical role in delivering essential services such as healthcare, education, and infrastructure development, while also being responsible for regulating economic activities (Aruwa, 2015).

Reforms

Reforms refer to deliberate and systematic changes aimed at improving existing systems, processes, or institutions to enhance their efficiency, effectiveness, and alignment with desired outcomes. Public sector reforms specifically involve initiatives aimed at restructuring government operations to promote good governance, accountability, and service delivery. According to Pollitt and Bouckaert (2011), reforms

can take various forms, including regulatory reforms, financial management reforms, and administrative reforms. In Nigeria, public sector reforms have historically focused on improving governance, curbing corruption, and enhancing the management of public resources, with the implementation of the TSA being a prominent example of financial management reform (Eme, Chukwurah, & Emmanuel, 2015).

Treasury Single Account (TSA)

The Treasury Single Account (TSA) is a unified structure of government bank accounts that consolidates all government revenues and payments into a single account managed by the central bank. The primary objective of the TSA is to enhance government financial management by improving oversight, reducing financial leakages, and promoting efficiency in the utilisation of public funds. According to Pattanayak and Fainboim (2010), the TSA simplifies government cash management by allowing for real-time monitoring of government transactions and ensuring that idle funds in various MDAs are pooled for optimal use. In Nigeria, the TSA was fully implemented in 2015 as a major reform to centralise and streamline public financial management, eliminate redundant accounts, and reduce corruption (Adeolu, 2016).

Historical Overview of Public Sector Reforms in Nigeria

Nigeria's public sector reforms have evolved significantly over the years, shaped by the country's political, economic, and social circumstances. These reforms can be traced back to the colonial era, where the administrative structures laid by the British were carried forward into post-independence governance, through to contemporary reforms that emphasise modernisation and transparency, such as the introduction of the Treasury Single Account (TSA).

Colonial Era to Independence: Early Administrative Structures and Challenges

During the colonial period, the British colonial administration established the foundational administrative structures that would influence Nigeria's public sector for years to come. The system was centralised and hierarchical, primarily designed to serve the interests of the colonial powers rather than the Nigerian people. Government operations were characterised by excessive bureaucracy, a lack of accountability, and limited public engagement (Adebayo, 2000).

At independence in 1960, Nigeria inherited this administrative framework, which was ill-suited for a newly independent state with complex governance needs. The civil service was small, under-resourced, and largely inefficient in addressing the developmental challenges faced by the country. Furthermore, the absence of a robust financial management system led to poor allocation of resources, contributing to growing public dissatisfaction with government performance (Saliu & Lipede, 2008).

Early efforts to reform the public sector during this period focused mainly on expanding the civil service, but these initiatives often led to increased bureaucracy without corresponding improvements in efficiency.

Post-Independence Reforms: Key Initiatives to Enhance Public Sector Efficiency

The period following independence saw several attempts to reform the public sector in Nigeria. One of the earliest and most significant was the Udoji Commission of 1972-1974. The Udoji reforms aimed to modernise Nigeria's civil service, improve public administration, and increase productivity within the public sector. It recommended the adoption of modern management techniques, performance evaluations, and better remuneration packages for public servants. While the Udoji reforms led to some improvements, such as salary increases and the establishment of the Performance Management System, they fell short in terms of fully transforming the efficiency of the civil service (Akindele & Adebo, 2004).

In the 1980s, faced with economic crises and growing fiscal deficits, Nigeria embarked on the Structural Adjustment Program (SAP) under the guidance of the International Monetary Fund (IMF) and the World Bank. SAP was a sweeping economic reform agenda that included measures aimed at reducing government expenditure, enhancing public sector efficiency, and liberalising the economy. As part of these reforms, the government downsized the civil service, privatised state-owned enterprises, and introduced policies to curb public spending (Ajakaiye & Fakiyesi, 2009). While SAP succeeded in controlling public sector spending and reducing fiscal deficits, it also led to job losses and a decline in public services, contributing to widespread public discontent.

Contemporary Reforms: Digitalisation and the Shift Towards Transparent Systems

In the 2000s, Nigeria's public sector reforms took a new direction, focusing on the use of technology and digital systems to improve transparency and efficiency. This shift was driven by the growing recognition that corruption, inefficiency, and poor financial management were undermining governance and development efforts. Several key reforms were introduced, including the Integrated Payroll and Personnel Information System (IPPIS) and the Government Integrated Financial Management Information System (GIFMIS). These systems aimed to reduce payroll fraud, enhance financial reporting, and provide greater oversight of government expenditures. The IPPIS, for instance, centralised the payroll of civil servants, helping to eliminate ghost workers, while GIFMIS improved the efficiency and transparency of financial transactions within the public sector (Adereti, 2015).

A major milestone in contemporary reforms was the introduction of the Treasury Single Account (TSA) in 2015. The TSA is a unified banking structure designed to consolidate and centralise all government revenues and payments into a single account managed by the Central Bank of Nigeria (CBN). This reform marked a shift towards more transparent financial systems, allowing for real-time monitoring of government transactions and reducing opportunities for corruption (Adeolu, 2016). The TSA has been recognised as one of the most significant reforms in Nigeria's public financial management, helping to improve cash management and reduce the cost of government borrowing (Eme, Chukwurah, & Emmanuel, 2015).

The Need for Financial Reform: How Mismanagement and Corruption Necessitated the TSA

By the early 2000s, Nigeria's public sector had gained a reputation for inefficiency, mismanagement, and widespread corruption. Public funds were often misappropriated, with ministries, departments, and agencies (MDAs) maintaining multiple bank accounts that were difficult to monitor. This decentralised financial system allowed for financial leakages, mismanagement of public revenues, and limited oversight of government spending (Aruwa, 2015). The lack of a centralised control system over public finances became a significant obstacle to effective governance. It also exacerbated Nigeria's fiscal challenges, as government funds were often left idle in commercial banks while the government continued to borrow at high-interest rates. In response to these inefficiencies, the Treasury Single Account (TSA) was introduced to centralise government accounts and provide greater financial oversight. By consolidating all government funds into a single account at the Central Bank of Nigeria, the TSA aimed to eliminate financial leakages, improve transparency, and enhance accountability in the management of public finances (Agba, Stephen, & Nnamani, 2017).

The introduction of the TSA was driven by the need to curb corruption and mismanagement in the public sector. By providing a real-time view of government transactions and cash flows, the TSA has reduced the ability of MDAs to divert or misuse public funds. Despite initial resistance and technical challenges, the TSA has become a cornerstone of Nigeria's broader public sector reforms, contributing to improved financial governance and accountability.

Empirical Review

The implementation of the Treasury Single Account (TSA) in Nigeria has been a focal point for empirical research, exploring its impact on transparency, accountability, and public financial management. Undertaken hereunder is an overview of key findings from various studies. Igbekoyi and Agbaje (2017) examined the effect of TSA on public sector accountability and transparency, using data from ten Ministries, Departments,

and Agencies (MDAs). The study found that TSA significantly reduced financial leakages and embezzlement while enhancing accountability through centralised revenue management. However, its effect on budgetary control was minimal.

Helen *et al*. (2017) investigated public perception of the TSA policy in Cross River State, Nigeria. The study concluded that TSA was well-received, although initial implementation challenges, such as inadequate planning and poor timing, led to inefficiencies. Nonetheless, it was regarded as a significant step toward curbing financial mismanagement. Ivungu *et al*. (2020) analysed the TSA's effect on Nigeria's Corruption Perception Index. Their findings indicated no substantial difference in corruption levels before and after TSA adoption, suggesting that while the TSA aids in curbing financial mismanagement, broader systemic reforms are necessary to combat corruption effectively.

Akinleye *et al*. (2018) demonstrated that the TSA improved cash management efficiency, reduced incidences of fraud, and elevated accountability standards within government agencies. The centralised system allowed the government to maintain better oversight of its financial resources, minimising idle funds in multiple accounts. Despite its successes, studies noted challenges such as inadequate statutory backing, limited public awareness, and resistance from some stakeholders. Researchers recommend increased sensitisation and legal frameworks to support the TSA's effective implementation and sustainability.

The ultimate verdict is that empirical evidence underscores that the TSA has been instrumental in promoting financial discipline in Nigeria's public sector. However, addressing its implementation challenges is critical to maximising its benefits for public financial management.

Theoretical Framework

This study adopts the New Public Management theory to illuminate the issue under investigation.

New Public Management (NPM) Theory

New Public Management (NPM) emerged in the 1980s as a response to the perceived inefficiencies of traditional public administration. Influenced by economic crises, fiscal pressures, and neoliberal ideologies, NPM sought to reform public sector management by adopting private-sector principles. It was first championed by countries like the UK and the US under leaders such as Margaret Thatcher and Ronald Reagan, who promoted privatisation, deregulation, and market-driven reforms. NPM aimed to improve the performance of public services, inspired by the need for more efficient, accountable,

and responsive governance (Hood, 1991).

Key features of NPM include decentralisation, performance-based management, and the introduction of market mechanisms in public service delivery. Decentralisation transfers decision-making authority to lower levels of management, fostering flexibility and innovation, while performance-based management shifts focus from inputs to measurable outcomes, holding public managers accountable for results. NPM also promotes competition and outsourcing to increase efficiency, often treating citizens as customers in service delivery, with an emphasis on customer satisfaction and transparency (Pollitt & Bouckaert, 2011). Despite its popularity, NPM has faced criticism for overemphasising efficiency at the expense of public sector values like equity and fairness. Critics argue that it may erode traditional public service values, reduce accessibility to essential services, and create accountability gaps due to the diffusion of authority. However, NPM remains influential in shaping public sector reforms globally, transforming the way governments operate by promoting managerialism, flexibility, and results-oriented practices (Denhardt & Denhardt, 2000).

Relevance of the theory to the study

New Public Management (NPM) theory emphasises the use of private-sector management principles, market mechanisms, decentralisation, and performance measurement to reform public services. The adoption of the Treasury Single Account (TSA) in Nigeria aligns with NPM's core features, as it aims to enhance efficiency, transparency, and accountability in public financial management. The TSA is a financial policy introduced by the Nigerian government to consolidate all government revenues into a single account, centralising payments and receipts in a bid to improve public resource management. One of the central tenets of NPM is efficiency through streamlined processes and results-based management. The TSA in Nigeria, implemented in 2015, sought to address the inefficiencies caused by the fragmented nature of public accounts, where multiple ministries, departments, and agencies (MDAs) held separate accounts, often resulting in financial leakages and mismanagement. By consolidating these funds under a unified system, the TSA reduces the complexity of managing public finances and enhances the government's ability to monitor cash flows, in line with NPM's goal of improving efficiency (Eme *et al.*, 2015). This centralisation of funds also reflects NPM's emphasis on performance by introducing better control and transparency in managing public finances.

Another important feature of NPM evident in the TSA is accountability. NPM encourages public managers to be accountable for results, and the TSA enforces this by reducing discretionary powers in MDAs over public funds, thus minimising opportunities for corruption and rent-seeking. The centralised system strengthens oversight mechanisms, enabling the government to track expenditures more effectively

and ensure compliance with budgetary provisions. This is consistent with NPM's principle of transparency, as the TSA improves the visibility of public financial transactions and curtails the abuse of public resources, ensuring that government funds are directed to their intended purposes (Adeolu, 2016).

Lastly, NPM theory's focus on market-oriented reforms and customer orientation is reflected in how the TSA improves service delivery by ensuring better resource allocation. The policy has made it possible for the Nigerian government to identify idle funds and redeploy them to priority sectors, improving budgetary execution and overall fiscal discipline. This increased control over public finances allows for more effective public service delivery, benefiting citizens and reinforcing NPM's goal of treating citizens as customers who deserve efficient public services (Olorunmola, 2016).

Methodology

The paper relied on secondary sources of data, which include books, journals, newspapers and internet sources. A desk analysis of the data collected was done, and on the basis of these conclusions and recommendations were made.

What is the Treasury Single Account (TSA) in Nigeria?

The Treasury Single Account (TSA) is a critical reform in Nigeria's public financial management, aimed at enhancing transparency, accountability, and efficiency in the management of government finances. It represents a significant shift from the fragmented and opaque financial system that had characterised Nigeria's public sector, contributing to fiscal mismanagement and corruption.

Definition and Purpose

The Treasury Single Account (TSA) is a unified structure of government bank accounts designed to consolidate all government revenues and payments into a single account, managed by the Central Bank of Nigeria (CBN). The primary purpose of the TSA is to enhance government financial control and reduce mismanagement by ensuring that all public sector revenues flow through a central system. By doing so, the TSA eliminates the practice of maintaining multiple bank accounts across various ministries, departments, and agencies (MDAs), which had allowed for financial leakages and opacity in the past. According to Pattanayak and Fainboim (2010), TSA is a tool for optimising cash management, improving oversight, and reducing the cost of government borrowing by making idle balances in separate bank accounts available for use.

The TSA is designed to centralise the management of public funds, enabling the government to track its revenues and expenditures in real time. This system also reduces the need for government borrowing, as surplus funds from one MDA can be reallocated to cover shortfalls in another, thereby promoting better resource allocation (Adeolu, 2016).

Legal Framework

The legal framework underpinning the TSA in Nigeria is based on several policies and directives that guide its implementation. The most significant legal instrument was the Presidential directive issued by President Muhammadu Buhari in 2015, which mandated all MDAs to fully comply with the TSA system by remitting all government revenues into the consolidated account held by the CBN, although the Goodluck Jonathan administration had begun the implementation of the TSA (Agba, Stephen, & Nnamani, 2017). This directive was built on earlier financial management reforms and policies aimed at addressing inefficiencies in public financial management, including the Fiscal Responsibility Act of 2007 and the Central Bank of Nigeria (CBN) Guidelines on public funds management.

The TSA was further reinforced by the Public Finance Management Act, which grants the government the legal authority to centralise the control of public funds. The Act ensures that MDAs no longer operate multiple bank accounts in commercial banks, a practice that previously allowed for corruption and the mismanagement of public resources. In addition, the CBN Act plays a crucial role by vesting in the CBN the authority to manage all government accounts, further ensuring the integrity and centralisation of the system (Eme, Chukwurah, & Emmanuel, 2015).

Operational Mechanism

The operational mechanism of the TSA in Nigeria involves a structured flow of funds from MDAs to the Central Bank of Nigeria. Under the TSA framework, all government revenues, including taxes, fees, and other levies collected by MDAs, are deposited into a consolidated revenue account held by the CBN. This account is the primary channel through which all government financial transactions pass, ensuring centralised control and monitoring (Adereti, 2015). The Central Bank of Nigeria plays a pivotal role in managing the TSA. The CBN is responsible for ensuring that all government funds are properly accounted for and disbursed in accordance with the budgetary provisions. It also provides real-time reporting on the government's financial position, allowing for greater transparency and efficient decision-making. The TSA eliminates the need for MDAs to manage their own bank accounts in commercial banks, reducing the opportunities for financial misconduct and increasing accountability.

Agencies participating in the TSA system must remit all collected revenues to the CBN within 24 hours. The funds are then allocated based on the approved budgetary provisions. In cases where specific MDAs require access to their allocated funds, the request is processed through the CBN, ensuring that all financial movements are properly tracked (Adeolu, 2016).

Key Milestones in TSA Implementation

The implementation of the TSA in Nigeria can be traced through several key milestones. Initial efforts to implement the TSA were initiated during the administration of President Goodluck Jonathan in the year 2102. The policy was first piloted in a few MDAs, including the Nigerian National Petroleum Corporation (NNPC), to test its viability. However, it faced resistance and was not fully adopted. In August 2015, President Muhammadu Buhari issued a directive for the full implementation of the TSA across all MDAs. This marked the formal rollout of the TSA, mandating that all government revenues be remitted into the consolidated account at the CBN. By 2016, the TSA had been fully implemented across all MDAs, with over 17,000 accounts closed in various commercial banks. This led to the consolidation of government funds and a significant reduction in the cost of borrowing (Agba, Stephen, & Nnamani, 2017). Since its full adoption, the TSA has been credited with saving the government billions of naira in financial leakages and improving the overall efficiency of public financial management. The system has also enhanced the government's ability to monitor cash flows and allocate resources more effectively. Further to the above, several countries have implemented Treasury Single Account (TSA) reforms similar to Nigeria's, with varying degrees of success. Two notable examples include India and Indonesia, both of which have used the TSA to centralise and manage public finances.

In India's TSA reform was driven by the need to improve cash management and reduce the government's borrowing costs. Implemented under the Public Financial Management System (PFMS), India's TSA consolidates government accounts at the central and state levels, allowing for better monitoring of public funds. Like Nigeria, India has used the TSA to enhance transparency and reduce idle funds held in separate accounts (Pattanayak & Fainboim, 2010). Also, Indonesia introduced its TSA as part of broader public financial management reforms following the Asian financial crisis in the late 1990s. The reform aimed to consolidate government accounts, improve cash management, and reduce corruption. Indonesia's TSA has been successful in increasing fiscal transparency and improving the government's ability to manage its cash resources more efficiently (World Bank, 2012). These international examples highlight the global relevance of the TSA as a tool for improving public sector financial management and illustrate that Nigeria's adoption of the TSA aligns with best practices in public finance reform.

Pitfalls to the Successful Implementation of TSA in the Nigerian Public Sector

The Treasury Single Account (TSA) is widely regarded as one of the most impactful reforms in Nigeria's public financial management system. While it has achieved significant milestones, its implementation has encountered several challenges that hinder the realisation of its full potential. These challenges range from political and bureaucratic resistance to technological constraints and skill gaps within the public sector.

A foremost challenge to the implementation of TSA is the lack of strong political will on the part of the government and the non-cooperation of stakeholders, particularly ministries, departments, and agencies (MDAs). While the Nigerian government under President Muhammadu Buhari demonstrated strong political commitment by enforcing the TSA policy in 2015, obtaining long-term political will and securing the support of bureaucratic stakeholders has proven difficult. Many MDAs initially resisted the TSA, fearing that the centralisation of funds under the Central Bank of Nigeria (CBN) would reduce their control over financial resources. This resistance was compounded by the fact that, in the past, MDAs operated with a significant degree of autonomy, managing their funds through multiple accounts in commercial banks. According to Eme, Chukwurah, and Emmanuel (2015), the bureaucracy within these MDAs often perceives the TSA as a threat to their financial discretion, resulting in delays in compliance and, in some cases, non-compliance with the TSA directives. Furthermore, political interference has also posed challenges to the TSA's effective implementation. High-level politicians with vested interests in certain agencies or financial systems sometimes undermine the reform to preserve personal benefits derived from fragmented accounts and financial mismanagement. Ensuring full political commitment to maintaining and enforcing TSA principles across different administrations is vital to its long-term success (Agba, Stephen, & Nnamani, 2017).

Another visible challenge faced during the implementation of the TSA was resistance from some MDAs, particularly those accustomed to operating multiple bank accounts in commercial banks. These agencies were reluctant to adopt the TSA because it removed the discretion they previously had over their finances. Some MDAs feared losing control over their funds, and there was a perception that the TSA would slow down government transactions. According to Eme et al. (2015), this initial resistance delayed full implementation of the TSA across all MDAs, as many agencies were slow to transition to the new system.

The problem of digital infrastructure also poses a huge challenge to the success of TSA implementation. The TSA system in Nigeria is heavily dependent on digital infrastructure for real-time transactions and reporting. The system relies on a network

of online platforms, such as the Government Integrated Financial Management Information System (GIFMIS) and the Remita platform, which help streamline the movement of funds between MDAs and the CBN. However, Nigeria's ICT infrastructure remains underdeveloped, posing significant challenges to the smooth operation of the TSA. Further to the above, the problem of internet connectivity, prevalent in rural areas where some government agencies operate. Poor connectivity can delay the processing of transactions and disrupt the flow of information between the MDAs and the CBN. Additionally, the capacity of the existing banking systems to accommodate the large volume of government transactions on a real-time basis has also been called into question. Technical glitches in digital platforms like Remita, which handles TSA payments, have sometimes resulted in delays or mismanagement of funds (Aruwa, 2015). Moreover, the need for a more sophisticated digital infrastructure is evident. While significant progress has been made, many public institutions still lack the necessary technological resources to fully transition to a TSA-based system. Continuous investment in upgrading the country's digital platforms and ensuring robust ICT infrastructure is crucial to overcoming these barriers (Adeolu, 2016).

Additionally, the technical capacity required to implement the TSA also posed challenges. The TSA's centralised structure relies heavily on technological infrastructure and the ability to process financial transactions in real-time. In Nigeria, where ICT infrastructure is still developing, technical issues such as poor internet connectivity, power outages, and inadequate hardware at MDAs hindered the smooth roll-out of the TSA. Moreover, many public servants lacked the necessary technical training to operate the new system effectively, which further complicated implementation (Aruwa, 2015). As the TSA system is technology-driven, its success depends on the availability of reliable technological infrastructure. The government has made progress in digitising public financial systems, but there is still a need for greater investment in ICT infrastructure, particularly in rural areas. Moreover, ongoing training and capacity-building programs are essential to ensure that public servants at all levels understand how to use the TSA platform. Agba et al. (2017) argue that without further investment in technological infrastructure and personnel training, the full potential of the TSA may not be realised.

Despite the progress made through the TSA, corruption remains a major challenge in Nigeria's public sector. The TSA was implemented to reduce financial leakages and increase transparency, but some loopholes in the system have allowed misuse and circumvention of the reform. For instance, some government agencies have been accused of using creative accounting methods to divert funds, even within the TSA framework. In certain instances, funds meant to be transferred to the TSA have been delayed or withheld, allowing agencies to temporarily hold on to the revenue for

unauthorised purposes. Some MDAs also try to exploit gaps in the financial reporting system, manipulating figures or underreporting revenues to retain control over funds. According to Eme et al. (2015), the existence of informal networks within the public sector has made it difficult to fully eliminate corrupt practices, as some officials find ways to work around the reform.

Consequently, there is still a need for more stringent monitoring mechanisms to ensure that funds remitted into the TSA are used appropriately. Weak enforcement of anti-corruption measures, coupled with a lack of transparency in public procurement and spending, can undermine the objectives of the TSA. Strengthening the legal framework and ensuring continuous monitoring of public transactions are necessary to close these accountability loopholes (Agba *et al*., 2017). Also, the effective management of the TSA requires a highly skilled workforce capable of navigating the complexities of public financial management and digital banking systems. Unfortunately, one of the challenges faced in Nigeria is the limited capacity and technical expertise of the personnel responsible for managing and sustaining the TSA. Many public sector employees lack the necessary training to operate within the TSA framework, particularly in the areas of digital financial systems, data analysis, and cash management. This skill gap has resulted in operational inefficiencies, such as delays in processing payments and reconciling accounts. The lack of adequately trained personnel also contributes to the resistance against the TSA, as employees feel unprepared to transition from traditional accounting systems to the more sophisticated, technology-driven processes required by the TSA (Aruwa, 2015). To address this issue, there is a need for continuous capacity-building initiatives that focus on equipping public sector workers with the skills required to manage TSA operations effectively. The government must invest in training programs that provide employees with both technical expertise and an understanding of public financial management principles. Without the necessary human capital, the sustainability of the TSA could be jeopardised (Adeolu, 2016).

The Prospects of the Treasury Single Account in Nigeria's Public Sector

The introduction of the Treasury Single Account (TSA) in Nigeria has had a significant impact on the country's public sector, particularly in areas of financial discipline, transparency, and accountability. However, like any major reform, the implementation of TSA has also faced its challenges, particularly with resistance from stakeholders and technological constraints. Below is an examination of the prospects of TSA implementation One of the most notable benefits of the TSA is the improvement in financial discipline and reduction of corruption across government ministries, departments, and agencies (MDAs). Before the TSA, MDAs had multiple accounts in commercial banks, which often facilitated corruption, mismanagement, and financial leakages. The introduction of the TSA centralised government funds eliminated the

practice of keeping idle funds and misappropriating resources. With all public funds deposited in a single account managed by the Central Bank of Nigeria (CBN), the government now has real-time oversight of cash inflows and outflows, which has curbed opportunities for corrupt practices. According to Eme, Chukwurah, and Emmanuel (2015), the TSA has significantly reduced financial embezzlement, and leakages are now more easily detected.

Another positive outcome of TSA is that it has increased government revenue and deepened budgetary control by enabling the government to consolidate all its revenue sources into one account, which has made it easier to manage and optimise cash flow. This consolidation has also increased government revenue because funds that were previously "hidden" in various commercial banks have been accounted for. By closing over 17,000 accounts in commercial banks, the government reclaimed billions of naira in idle funds that are now available for public use (Agba, Stephen, & Nnamani, 2017). This improved cash management has helped the government to better control its budget, ensuring that funds are available to meet priority expenditures, thereby reducing the need for excessive borrowing.

Another major advantage of the TSA is the enhancement of transparency and accountability in the management of public funds. Since all government funds are now deposited in a central account managed by the CBN, there is greater visibility into how funds are allocated and spent. This real-time monitoring has improved the ability of oversight agencies such as the Economic and Financial Crimes Commission (EFCC) to track financial activities, ensuring that MDAs adhere to approved budgetary provisions. Transparency International (2017) noted that Nigeria's public sector corruption ranking improved marginally after the implementation of the TSA, as more public financial transactions became traceable.

Before the introduction of the TSA, leakages in public finances were rampant due to the proliferation of government accounts. MDAs often operated accounts that were difficult to monitor, leading to the diversion of public funds. The TSA has effectively plugged these financial leakages by requiring that all revenues be deposited into a single account, significantly reducing the instances of fund diversion. This reform has allowed for better cash management and has led to cost savings, as idle government funds are now used more efficiently (Adereti, 2015).

Flowing from the above, several studies and reports have provided empirical evidence of the TSA's impact on Nigeria's financial system. A World Bank (2016) report highlighted that the implementation of the TSA in Nigeria had saved the government over N4 trillion in financial leakages within its first year of full implementation. The

report also noted that the TSA has improved the government's cash management by reducing idle balances in commercial banks and allowing the government to have better control over its fiscal policy.

According to the CBN, the TSA has improved government revenue collection and has made cash management more efficient (Adereti, 2015). In 2015, the CBN reported that TSA contributed to a 30% reduction in the cost of government borrowing by making surplus funds available to cover deficits in other areas, thereby reducing the need for borrowing (Adereti, 2015). Before the implementation of the TSA, the NNPC was one of the major government agencies where financial mismanagement was rampant. However, under the TSA, the NNPC was required to remit all revenues into the consolidated account, improving the government's ability to monitor oil revenues and reducing leakages in the petroleum sector (Eme *et al*., 2015). International Monetary Fund (IMF) studies on the impact of TSA reforms in other countries, such as India and Indonesia, show that similar positive outcomes were achieved, particularly in improving cash management and reducing fiscal deficits. For example, in India, the Public Financial Management System (PFMS) enabled the government to monitor and control cash inflows and outflows more efficiently, much like Nigeria's TSA (Pattanayak & Fainboim, 2010).

Conclusion and Recommendations

The implementation of the Treasury Single Account (TSA) in Nigeria marks a significant milestone in the country's public sector reforms, particularly in its efforts to enhance financial accountability and transparency. The TSA has successfully centralised government revenues, eliminated the fragmented system of multiple accounts, and reduced opportunities for corruption and financial mismanagement. These reforms have led to improved oversight of public finances, reduced fiscal leakages, and better budgetary discipline, aligning with the broader goals of efficient public financial management. However, while the TSA has yielded considerable benefits, its implementation has faced challenges, including resistance from government agencies, capacity constraints, and technological limitations. Overcoming these barriers requires sustained political will, continuous capacity building for public sector workers, and further investment in technological infrastructure to ensure the system's long-term success. Addressing these challenges will be crucial for the TSA to fully achieve its objectives and serve as a model for financial reform in Nigeria and other developing countries.

In the end, the TSA is a critical tool in Nigeria's quest for more accountable governance. Its success demonstrates the potential for public financial management reforms to significantly reduce corruption, optimise resource allocation, and promote fiscal sustainability, contributing to better service delivery and economic growth in the long

run.

Based on the study outcomes, the following recommendations are made:

i. For the Treasury Single Account (TSA) to achieve its full potential, it is essential to invest in robust technological infrastructure and continuous capacity-building programs for public sector employees. This should include upgrading ICT systems, especially in rural areas, to ensure seamless and real-time financial transactions. Additionally, public servants should receive regular training on the use of the TSA system and other financial management tools to enhance their operational efficiency and ensure effective compliance.

ii. To address lingering concerns about corruption and potential financial leakages, the government should strengthen monitoring and enforcement mechanisms. This could include developing more stringent audit procedures, implementing independent oversight bodies, and increasing the use of technology to track public financial activities. Enhancing transparency in public procurement and expenditure will help close accountability loopholes and deter misuse of funds within the TSA framework.

iii. Ensuring the long-term success of the TSA requires the active participation and buy-in of all relevant stakeholders, including ministries, departments, agencies (MDAs), and financial institutions. The government should foster a culture of collaboration by engaging these stakeholders in regular dialogues and consultations to address concerns, provide feedback, and develop solutions to implementation challenges. This will promote smoother coordination, reduce resistance, and ensure consistent compliance across the public sector.

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