

LEGAL OVERVIEW OF TREASURY SINGLE ACCOUNT (TSA), A TOOL FOR COMBATING CORRUPTION IN NIGERIA*

Abstract

The Treasury Single Account (TSA) is a public accounting system where all government revenues are consolidated into a single account, and all payments and receipts are processed through this account. This paper examines the legal and institutional framework and overall efficacy of the TSA in combating corruption within Nigeria's tax regime. It is the responsibility of every administration to ensure accountability and transparency in government revenue generation and expenditure. The TSA system aims to consolidate government cash balances, minimize fraud perpetration, and block revenue leakages in Nigeria. By exploring the implementation of TSA in Nigeria's tax administration, this study investigates its effectiveness in addressing challenges such as revenue losses and wastages in government ministries and agencies. The introduction of TSA has significantly contributed to reducing fraud and consolidating government cash balances in the country. TSA undoubtedly mitigates corrupt activities in the public sector by promoting accountability and transparency in public finance management. In order to effectively carry out this study, the paper adopted doctrinal methodology by reliance on primary and secondary sources to analyze the use of TSA in Nigeria's tax administration. The paper found that there is lack of awareness on the importance of TSA in government financial management. The paper recommended that regulatory bodies raise awareness about the importance of TSA implementation across all tiers of government to enhance financial independence and buoyancy. TSA, although relatively new in Nigeria, was designed to combat corruption in the financial sector and boost the nation's economy through transparency and accountability in revenue generation. Taxation, a major source of government revenue, has historically suffered from mismanagement and lack of oversight, particularly among its administrators. The study suggests that the adaptability of the TSA concept could significantly contribute to curbing corruption in Nigeria's tax administration and other revenue sources. The paper also recommended for appropriate legislation that would ensure to the effective implementation of TSA

Keywords: Treasury Single Account (TSA), Corruption, Tax administration, Legal Framework, Public Finance Management

1. Introduction

Treasury Single Account (TSA) is a public accounting system where all government revenues are consolidated into a single account, and all payments and receipts are processed through this account. This paper examines the legal framework and overall efficacy of the TSA in combating corruption within Nigeria's tax regime. Ensuring accountability and transparency in government revenue generation and expenditure is a crucial responsibility of every administration.¹ TSA system aims to consolidate government cash balances, minimize fraud perpetration, and block revenue leakages in Nigeria. By exploring the implementation of TSA in Nigeria's tax administration, this paper investigates

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¹Premium Times "15 things to know about Treasury Single Account (TSA)" (www.premiumtimesng.com); by Bassey Udo; Retrieved on 4/3/2024.

its effectiveness in addressing challenges such as revenue losses and wastages in government ministries and agencies.

The introduction of TSA has significantly contributed to reducing fraud and consolidating government cash balances in the country. TSA undoubtedly mitigates corrupt activities in the public sector by promoting accountability and transparency in public finance management. It recommends that regulatory bodies raise awareness about the importance of TSA implementation across all tiers of government to enhance financial independence and buoyancy. The concept of TSA, although relatively new in Nigeria, was designed to combat corruption in the financial sector and boost the nation's economy through transparency and accountability in revenue generation.² Taxation, a major source of government revenue, has historically suffered from mismanagement and lack of oversight, particularly among its administrators. Tax administration in Nigeria has been plagued by abuses and a lack of clear accounting policies due to numerous collection agents and scattered channels of collection. As a result of the above, in 2012 former President Goodluck Jonathan's administration initiated the idea of TSA which became operational on 15th September 2015, under President Muhammadu Buhari's administration.³ Prior to this, the Federal Government had directed that all payments due to the government or its agencies be remitted into the Consolidated Revenue Fund of the Federation, aligning with the Nigerian Constitution.⁴

This paper shall have an overview of Treasury Single Account (TSA), a tool for combating corruption in Nigeria. In order to achieve the objective of this paper, the paper shall examine the concept of TSA, historical underpin of TSA, the legal and institutional framework and the benefits of TSA in the overall economic advancement in Nigeria. The paper shall draw conclusion and make recommendations.

2. Treasury Single Account (TSA)

The Treasury Single Account (TSA) is a centralized government bank account that consolidates all government revenues and payments, thereby enhancing transparency, accountability, and efficiency in the management of public funds. Implementation of TSA is crucial for identifying potential loopholes that could be exploited by corrupt officials, enabling policymakers to strengthen accountability mechanisms and create a more robust system for detecting and preventing corruption in the management of public finances. The term "treasury" refers to the government department responsible for managing public funds, a place where valuable assets are stored, or an institution that oversees the management of funds and financial resources within an organization.⁵ Treasury originated from French word 'tresor' meaning 'hoard or treasure,'⁶ 'room for treasure.'

Treasuries have played a pivotal role in the financial management of governments and institutions throughout history, serving as repositories for valuable assets and overseeing the collection, management, and disbursement of funds. In modern times, the treasury department within a government is responsible for a wide range of financial activities, including budget formulation, revenue collection, debt management, and financial reporting. It acts as the custodian of the government's financial resources, ensuring that funds are appropriately allocated, accounted for, and utilized in accordance with established laws, regulations, and policies. An account is a detailed record of all financial

² Constitution of the Federal Republic of Nigeria 1999 (as amended), Section 162 (1).

³ (n,1)

⁴ (n,2)

⁵ M Deuter *et al.*, *Oxford Advance Learners' Dictionary*, (9th Edition, Oxford University Press), p. 1670.

⁶ B A Garner, *Black's Law Dictionary* (8th Edition, USA: West publishing Co), p. 1539.

transactions, including money received and spent, as well as assets and equity.⁷ It serves as a comprehensive ledger that tracks the inflow and outflow of funds, providing a clear picture of an individual's, business's, or organization's financial position at any given time. Accounting is the systematic process of recording, classifying, summarizing, analyzing, and reporting financial transactions to various stakeholders, including oversight agencies, regulators, and tax collection entities.⁸ It plays a crucial role in ensuring transparency, accuracy, and compliance with applicable laws and regulations. The history of accounting can be traced back to ancient civilizations in Mesopotamia, Egypt, and Babylon, where rudimentary record-keeping systems were used to track economic activities. However, modern accounting as a profession has its roots in the early 19th century, when the industrial revolution and the growth of large corporations necessitated more sophisticated financial reporting and management practices.⁹

Accounting principles and standards have evolved over time to ensure consistency, comparability, and reliability in financial reporting. Today, accounting is an indispensable tool for businesses, governments, and organizations of all sizes, providing valuable insights into financial performance, enabling informed decision-making and fostering accountability and transparency. Treasury Single Account (TSA) system comprises various types of accounts designed to facilitate the efficient management and consolidation of government funds. These accounts include:¹⁰

- a. **TSA Main Account:** This is the central account at the central bank that consolidates the government's cash position. All government receipts ultimately flow into this account, and all disbursements are made from this account.
- b. **TSA Subsidiary Accounts or Sub-accounts:** These are special sub-accounts within the main TSA account that enable the government to group transactions and maintain distinct accounting identities or ledgers for its various budget organizations, such as ministries and agencies.
- c. **Transaction Accounts:** Separate accounts opened for government entities that require retail transaction banking operations, such as receiving payments or making disbursements.
- d. **Zero-Balance Accounts (ZBAs):** Transaction accounts where end-of-day cash balances are swept back into the TSA main account periodically, typically daily. These accounts are used for disbursements or collection of government revenues, ensuring that all funds are consolidated into the main TSA account at the end of each day.
- e. **Imprest Accounts:** Transaction accounts that hold cash up to a maximum authorized amount and are replenished or recouped from time to time. These accounts may be necessary in cases where interbank settlement facilities are limited.
- f. **Transit Accounts:** Temporary accounts used for major revenue streams to monitor their collection and remittance by the banking system. These accounts facilitate the eventual flow of cash into the TSA main account and may also be used for revenue sharing between different tiers of government in a federal system.
- g. **Correspondent Accounts:** Separate ledger accounts opened for each correspondent entity, allowing them to maintain and access real-time information on their balances within the TSA system.¹¹

⁷H Collins; Glasgow 2015 <http://www.collinsdictionary.com>.>accessed 11/4/2024.

⁸J Fernando 'Accounting Explained with Brief History and Modern Job Requirements', updated: June24, 2024, www.investopedia.com.

⁹Ibid.

¹⁰AA Isa 'The Treasury Single Accounting (TSA) as an Instrument of Financial Prudence and Management: Prospects and Problems' (2016) vol. 7 no. 4 -*Journal of Finance and Accounting*.

¹¹ Ibid.

The various accounts within the TSA system are designed to work in tandem, ensuring that all government funds are centrally managed, monitored, and reported, while also providing flexibility for specific operational requirements and maintaining distinct accounting identities for different government entities.

The Treasury Single Account (TSA) is a consolidated account controlled and maintained by the country's central bank, enabling the consolidation of the government's cash position at the end of each day.¹² It serves as an essential tool for consolidating and managing government's cash resources, minimizing borrowing costs, and promoting transparency and accountability in public finance management.¹³

The TSA operates similar to a joint family account, where all income from various sources is pooled into a single account, and expenditures are charged from the same account.¹⁴ This centralized approach to managing government funds aims to improve transparency and accountability by removing organizational secrecy and preventing revenue-generating agencies from diverting funds into multiple undisclosed bank accounts.¹⁵ Prior to the implementation of the TSA in Nigeria, the government had fragmented banking arrangements with over 10,000 bank accounts in multiple banks, making it impossible to establish the government's consolidated cash position at any given time.¹⁶ The TSA was introduced to address this issue and ensure that all internally generated revenue is remitted directly to the Consolidated Revenue Fund at the Central Bank of Nigeria.¹⁷

The implementation of TSA was driven by the reluctance of some agencies to declare and remit 25% of their annual revenue to the treasury as required by law.¹⁸ By consolidating all government funds into a single account, TSA aims to eliminate idle funds left with different commercial banks and enhance the reconciliation of revenue collection and payments.¹⁹ TSA promotes efficient revenue generation, collection, and accountability by consolidating all government revenues into a single account.²⁰ It is designed to bring all government funds under the effective control and operational purview of the treasury, facilitating centralized, transparent, and accountable revenue management, effective cash management, efficient disbursement and collection mechanisms, and optimal investment of idle cash.²¹ A workable TSA system shares three essential features:²²

- a. The government banking arrangement should be unified to enable treasury oversight of government cash flows across all ministries, departments, and agencies.

¹²AB Sani *et al* 'Treasury Single Account in Nigeria as a Tool for Fraud Prevention', (2021) vo.7 no. 6, *European Business & Management*, pp. 184-190. <http://www.sciencepublishinggroup.com/j/ebm>.

¹³ Ibid.

¹⁴JF Adebisi *et al* 'The Adoption of the Treasury Single Account (TSA) and Its Effect on Revenue Leakages of Nigerian States.' (2016) 2 *American Research Journal of Business and Management*, 1-10. <https://www.arjonline.org/papers/arjbm/v2-i1/11.pdf>.

¹⁵CBN 'Guidelines for the operation of Treasury Single Account (TSA) by State Governments in Nigeria' P. 2, February 2016.

¹⁶IO Eme, DC Chukwurah and NI Emmanuel 'An Analysis of Pros and Cons Treasury Single Account Policy in Nigeria' (2015) vol. 5 No. 4, *Arabian Journal of Business and management Review (OMAN Chapter)*.

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ Ibid.

²⁰1999 Constitution (as amended)

²¹S Pattenayak and I Fainboim 'Treasury Single Account Concept, Design and Implementation (IMF Working Paper', May, 2010.

²² Ibid.

- b. No other government agency should operate bank accounts outside the treasury's oversight and control.
- c. The consolidation of government cash resources should be comprehensive, including budgetary and extra-budgetary funds.

These features ensure that TSA system operates as a centralized and comprehensive platform for managing the government's financial resources, promoting transparency, accountability, and efficient cash management practices.

3. Background of Treasury Single Account (TSA) in Nigeria

TSA is one of the financial policies implemented by the Federal government of Nigeria to consolidate all in flows from all the Ministries, Departments and Agencies (MDAs) in the country by way of deposit into commercial banks traceable into a single account at the Apex Bank in the country.²³ The policy was established in order to reduce proliferation of bank accounts operated by MDAs and also to promote financial accountability among all organs of the government.²⁴ The Government started full compliance of this policy from the 15th September, 2015. Although TSA is not entirely a new idea in Nigeria; it is believed to have been around since the days of President Olusegun Obasanjo's administration.²⁵ In February 2015 the administration of President Goodluck Jonathan ordered the closure of all account,²⁶ but it appeared the distraction of the elections did not allow the administration to follow through to ensure that all MDAs complied with the order. The Jonathan administration had run the TSA at the pilot stage as it claimed to have saved some of the money in the midterm report of the transformation agenda. The fact is supported by the concluding observation of Nigerians in 2013 and 2014 International Monetary Fund's Article IV Consultations, embarked upon.²⁷ According to Sahara reporters; the TSA was signed under President Good luck Jonathan in 2012.²⁸

3. Legal Framework for Treasury Single Account in Nigeria

3.1 Constitution

The Constitution of the Federal Republic of Nigeria 1999 (as amended) serves as the foundational legal document for TSA. Section 80 of the Constitution empowers the Federal Government to manage and control public finances, providing the essential legal basis for centralizing financial resources through the TSA.²⁹ Section 81 addresses the Consolidated Revenue Fund, mandating that all revenues collected by the government must be paid into this fund.³⁰ Additionally, Section 162 outlines the distribution of revenue, underscoring the government's responsibility to ensure effective and transparent allocation of public funds.³¹ The constitutional provisions establish the legal legitimacy and authority for the TSA system, positioning it as a crucial component of the broader public financial management framework in Nigeria. By mandating the centralization and oversight of government revenues and expenditures, the Constitution lays the groundwork for the implementation and administration of the Treasury Single

²³[https://www.en.wikipedia.org-treasury single account](https://www.en.wikipedia.org-treasury-single-account), accessed on 4/4/2024.

²⁴ Ibid.

²⁵M Okwe *et al*, 'Treasury Single Account: Giving Life to Jonathan "dead" Policy Directives, *The Guardian Newspaper*, 16th August, 2015.

²⁶ Ibid.

²⁷ Ibid.

²⁸ Ibid.

²⁹ Constitution of the Federal Republic of Nigeria 1999 (as amended), Section 80.

³⁰Ibid, Section 81.

³¹Ibid, Section 162.

Account. This constitutional underpinning ensures that the TSA operates within the broader legal and institutional landscape of Nigeria, aligning it with other complementary laws and regulations.

3.2 Economic and Financial Crimes Commission Act³²

The Economic and Financial Crimes Commission (EFCC) Act of 2004 plays a vital role in the legal framework supporting TSA.³³ The Act establishes the EFCC as the primary agency responsible for investigating and prosecuting financial crimes in Nigeria. This mandate is particularly relevant to TSA, as the centralization of government revenues and expenditures inherently increases the potential for financial irregularities and mismanagement. The EFCC Act grants the Commission wide-ranging powers and responsibilities directly relevant to TSA. These include the authority to monitor, investigate, and prosecute all financial crimes, including money laundering, embezzlement, and corrupt practices in both public and private sectors. The Act also empowers the EFCC to monitor the movement of economic and financial resources and to take custody of such resources, integrating them into the Treasury Single Account. Furthermore, the EFCC Act mandates the Commission to adopt measures to identify, trace, freeze, confiscate, or seize proceeds derived from terrorist activities and economic and financial crimes. This seizure and forfeiture mechanism allows the EFCC to recover funds that have been illegally diverted from the TSA, effectively returning them to the government's centralized treasury.³⁴

3.3 Independent Corrupt Practices and Other Related Offences Commission Act³⁵

The Independent Corrupt Practices and Other Related Offences Commission (ICPC) Act of 2000 further strengthens the legal framework supporting the TSA. The Act establishes the ICPC as a key institution responsible for combating corruption, including in the management of public finances. The ICPC Act grants the Commission a broad mandate to investigate, prosecute, and prevent corrupt practices in both public and private sectors.³⁶ The Act empowers the ICPC to examine the practices, systems, and procedures of public bodies and to direct and supervise reviews where such practices facilitate fraud or corruption. This provision allows the ICPC to scrutinize financial management practices within the TSA system, identifying and addressing vulnerabilities or opportunities for corruption. The Act also grants the ICPC the authority to review and modify the conditions or operations of public bodies if they appear to aid or facilitate fraud or corruption.³⁷ The ICPC Act's relevance to the TSA is further reinforced by its provisions on asset recovery and forfeiture, allowing the Commission to seize and subsequently forfeit property acquired through corrupt conduct. This mechanism enables the recovery of funds illegally diverted from the TSA, returning them to the government's centralized treasury.

3.5 Public Procurement Act³⁸

The Public Procurement Act of 2007 is another crucial component of the legal framework supporting the TSA. This Act establishes the legal and regulatory mechanisms for the procurement of goods, works, and services by the Federal Government and its agencies. The Act's provisions on the centralization and transparency of the procurement process align with the core objectives of the TSA, which aim to enhance transparency and accountability in public financial management.³⁹ The Act mandates that all

³²EFCC Act 2004.

³³ EFCC Act 2004, Section 1.

³⁴ Ibid.

³⁵ICPC Act, 2000.

³⁶ Ibid.

³⁷ Ibid.

³⁸Public Procurement Act 2007.

³⁹ Ibid.

procurement of goods, works, and services by procuring entities to be conducted transparently, timely, and equitably, ensuring accountability and conformity with the Act. It also grants the Bureau of Public Procurement (BPP) the authority to issue guidelines, circulars, and standard bidding documents, and to monitor the prices of tendered items. These powers enable the BPP to ensure standardization and consistency of procurement practices across government agencies, strengthening the integration of the procurement process with the Treasury Single Account.

3.6 Fiscal Responsibility Act⁴⁰

The Fiscal Responsibility Act of 2007 is a cornerstone of the legal framework supporting the TSA. This Act sets out the principles and procedures for effective management of the nation's financial resources. Section 25 of the Act explicitly mandates the establishment of a Treasury Single Account into which all revenues accruing to the Federal Government or any of its agencies shall be paid.⁴¹ The Act emphasizes the efficient, transparent, and accountable utilization of public funds. It requires the Federal Government to conduct its fiscal and financial affairs transparently, ensuring full and timely disclosure and wide publication of all transactions and decisions involving public revenues and expenditures. This provision reinforces the TSA's role in enhancing the transparency of government financial management. The Fiscal Responsibility Act also grants the Fiscal Responsibility Commission the authority to monitor and enforce the Act's provisions and the attainment of its objectives. This oversight mechanism enables the Commission to closely scrutinize the implementation and operation of the Treasury Single Account, ensuring its alignment with the principles of fiscal responsibility.⁴²

3.7 Tax-Related Legislation

The legal framework supporting the TSA also encompasses various tax-related legislations that play crucial roles in the centralized management of government revenues. These include the Company Income Tax Act,⁴³ the Personal Income Tax Act,⁴⁴ and the Petroleum Profit Tax Act.⁴⁵

The Company Income Tax Act, enacted in 1961 and subsequently amended, serves as the primary legislation governing the taxation of corporate entities in Nigeria. It mandates the remittance of corporate income tax to the Federal Government, which is then consolidated and managed through the Treasury Single Account. The Act empowers the Federal Inland Revenue Service (FIRS) to assess and collect the tax imposed, playing a crucial role in the administration and oversight of the tax-related components of the TSA.⁴⁶

Similarly, the Personal Income Tax Act regulates the taxation of individuals in Nigeria. It requires all individuals to pay their income tax directly to the Government of the Federation, aligning with the objectives of the Treasury Single Account by consolidating tax revenues into the central government's accounts.⁴⁷ The Act outlines various categories of personal income subject to taxation, ensuring comprehensive coverage of personal income sources and maximizing the government's tax revenue collection channelled through the TSA. The Petroleum Profit Tax Act, given the significant contribution of the oil and gas sector to Nigeria's overall revenue, is particularly relevant to the effective implementation and oversight of the Treasury Single Account. It requires all companies engaged in

⁴⁰Fiscal Responsibility Act, 2007.

⁴¹Ibid, Section 25.

⁴²Ibid, Section 48.

⁴³Company Income Tax Act, 2004,

⁴⁴Personal Income Tax Act, 1993 (as amended).

⁴⁵Petroleum Profit Tax Act, 2004.

⁴⁶ (n,45).

⁴⁷ (n,46).

petroleum operations to pay petroleum profits tax directly to the Federal Government, ensuring that this substantial revenue stream is channelled through the centralized TSA system.

The legal framework underpinning the Treasury Single Account in Nigeria is comprehensive and multifaceted. It encompasses constitutional provisions, specialized anti-corruption legislation, public procurement regulations, fiscal responsibility mandates, and tax-related laws. This intricate legal structure provides the necessary authority, oversight mechanisms, and enforcement tools to ensure the effective implementation and management of the TSA system. The framework's strength lies in its integration of various legal instruments, each addressing specific aspects of public financial management. The Constitution provides the foundational authority, while specialized Acts like the EFCC Act and ICPC Act focus on preventing and prosecuting financial crimes and corruption. The Public Procurement Act ensures transparency in government spending, while the Fiscal Responsibility Act mandates the centralization of government revenues. Tax-related legislations further reinforce the framework by ensuring proper remittance of various tax revenues into the TSA. Moreover, the judicial system's role in interpreting and enforcing these laws adds another layer of robustness to the framework. Court decisions have consistently upheld the principles of transparency, accountability, and centralized financial management embodied in the TSA system.

However, the effectiveness of this legal framework ultimately depends on its proper implementation and enforcement. Continuous monitoring, regular updates to address emerging challenges, and consistent application of the law are crucial to ensuring that the Treasury Single Account fulfils its objectives of enhancing transparency, accountability, and efficiency in Nigeria's public financial management.

4. Institutional Framework for Treasury Single Account in Nigeria

The effective implementation and oversight of the Treasury Single Account (TSA) in Nigeria is supported by a robust institutional framework comprising various government agencies and entities. This framework plays a pivotal role in ensuring the transparency, accountability, and efficiency of the TSA system. The key institutions involved include the Tax Tribunal, the Executive Arm of the Government, the Legislature, the Judiciary, the Police, the Economic and Financial Crimes Commission (EFCC), and the Fiscal Responsibility Commission. Each of these institutions contributes to the holistic governance and enforcement mechanisms that underpin the TSA, reinforcing the legal framework and promoting effective public financial management in Nigeria.

4.1 Tax Tribunal

The Tax Tribunal plays a crucial role in adjudicating disputes and ensuring the proper application of tax-related laws and regulations within the TSA framework. Established under the Federal Inland Revenue Service (Establishment) Act, 2007, the Tax Tribunal serves as an independent quasi-judicial body responsible for addressing conflicts between taxpayers and the Federal Inland Revenue Service (FIRS).⁴⁸ The Tax Appeal Tribunal (TAT) is empowered to handle controversies arising from the operations of key tax laws, including the Federal Inland Revenue Service (Establishment) Act 2007 and the Petroleum Profits Tax Act 2004.⁴⁹

⁴⁸ Federal Inland Revenue Service (Establishment) Act, 2007, Section 59.

⁴⁹Ibid, Section 59(1)

The TAT's jurisdiction and status reflect the courts of superior records' attitude towards the adjudication of taxation matters.⁵⁰ This specialized judicial mechanism helps to ensure the proper interpretation and enforcement of tax laws, including those closely aligned with the objectives of the TSA system.⁵¹ The purpose and status of the TAT underscore its role in the effective adjudication of tax-related disputes in Nigeria. In the case of *Addax Petroleum Development (Nigeria) Limited v Federal Inland Revenue Service*, the court held that the TAT is an administrative tribunal established to determine the correctness of tax assessments without being overly constrained by formalities.⁵² Moreover, in *Mobil Producing Nigeria Unlimited v Federal Inland Revenue Service*, the TAT itself articulated its status as the final fact-finding tribunal comprising a panel of experts.⁵³

4.2 Executive Arm of the Government

The Executive Arm of the Government plays a crucial and multifaceted role within the institutional framework supporting the TSA. At the apex of the Executive Arm's involvement is the President of the Federal Republic of Nigeria, who holds the authority to cause the Consolidated Revenue Fund of the Federation to be kept and managed in accordance with the Constitution.⁵⁴ The President's role is further solidified by the Fiscal Responsibility Act, 2007, which empowers the President to monitor and enforce the provisions of this Act and the attainment of its objectives.⁵⁵

The Federal Ministry of Finance, headed by the Minister of Finance, is responsible for the management of the financial resources of the Federation, including the TSA.⁵⁶ This mandate grants the Ministry the authority to formulate policies, issue guidelines, and monitor the implementation of the TSA across various government agencies and entities. The Ministry's role is further reinforced by its participation in the National Council on Public Procurement, established under the Public Procurement Act, 2007.⁵⁷

The Central Bank of Nigeria (CBN) serves as the custodian of the Treasury Single Account, responsible for receiving, disbursing, and managing all Federal Government cash balances through the TSA. The Office of the Accountant-General of the Federation acts as the custodian of the government's accounting records and financial information, ensuring transparency and accountability of financial transactions channeled through the TSA.⁵⁸ The Federal Inland Revenue Service (FIRS) is responsible for the assessment and collection of various taxes, ensuring the efficient and timely remittance of tax revenues to the centralized treasury system.⁵⁹

4.3 Legislature

The Legislature, particularly the National Assembly, plays a crucial role in providing the legal and oversight foundations for the effective implementation and management of the TSA. The National

⁵⁰KJ Bielu, 'The Jurisdictional Question of the Status of Tax Appeal Tribunal: Reflections on *CNOOC Exploration and Production (Nig) Ltd & Anor v NNPC*' (2020) 2, *IRLJ*, 70.

⁵¹T O Okah-Avae, and B Mukoro. 'Constructing a Tax Regime for the Regulation of Trade in Digital Content' (2020) 19 No. 3 *Journal of International Trade Law and Policy*, 121-138.

⁵²[2012] 7 TLRN 74.

⁵³[2015] 17 TLRN 73.

⁵⁴Constitution of the Federal Republic of Nigeria 1999 (as amended), Section 80.

⁵⁵Fiscal Responsibility Act, 2007, Section 5(1).

⁵⁶Federal Ministry of Finance, 'About the Ministry' <<https://www.finance.gov.ng/about-the-ministry/>> accessed 27 April 2024.

⁵⁷Public Procurement Act, 2007, Section 1.

⁵⁸Office of the Accountant-General of the Federation, 'About Us' <<https://www.oagf.gov.ng/about-us/>> accessed 27 April 2024.

⁵⁹Federal Inland Revenue Service, 'About Us' <<https://www.firs.gov.ng/>> accessed 27 April 2024.

Assembly holds the constitutional authority to ‘make laws for the peace, order and good government of the Federation.’⁶⁰ This legislative power extends to the enactment of laws governing the management of public finances, including the establishment and operation of the TSA. The Legislature's role in the TSA framework also extends to the appropriation of funds, a critical aspect of the government's financial management. The Constitution empowers the National Assembly to "authorize the withdrawal of moneys from the Consolidated Revenue Fund of the Federation".⁶¹ This legislative authority over the appropriation of funds directly impacts the management and utilization of resources channeled through the TSA.

The National Assembly's institutional framework empowers it to investigate and hold public hearings on TSA-related issues, including the authority to summon individuals and examine government departments.⁶² This investigative power allows the Legislature to scrutinize the implementation and performance of the TSA, ensuring transparency and accountability in public financial management. The Legislature's involvement in the budget approval process further reinforces its role in the institutional framework supporting the TSA.⁶³

4.4 Judiciary

The Judiciary, comprising the courts in Nigeria, plays a crucial role in interpreting and enforcing the laws related to the TSA. The Supreme Court of Nigeria holds the ultimate authority to interpret the Constitution and the laws of the Federation.⁶⁴ In the landmark case of *Attorney-General of the Federation v. Attorney-General of Abia State & 35 Ors*, the Supreme Court affirmed the Federal Government's authority to centralize the management of public funds through the TSA.⁶⁵

The Federal High Court has jurisdiction over civil matters related to federal revenue, including cases involving the government or its agencies, such as those concerning the TSA system.⁶⁶ In *FIRS v. Vodacom Business Nigeria*,⁶⁷ the court ruled that failing to remit income tax to the TSA violated the Personal Income Tax Act and Fiscal Responsibility Act, underscoring the court's role in upholding the legal framework governing public financial management under the TSA system. The Court of Appeal, as an intermediate appellate court, has jurisdiction over appeals from the Federal High Court, including those related to public finance management and the TSA.⁶⁸ This system of appeals strengthens the checks and balances within the judiciary, ensuring higher-level review and oversight of matters pertaining to the legal governance of the TSA and public financial management.

4.5 Police Force

The Nigerian Police Force plays a crucial role within the institutional framework supporting the TSA. As the primary law enforcement agency, the Police Force is tasked with maintaining public order, preventing and detecting crimes, and ensuring the enforcement of relevant laws and regulations, including those governing the management of public finances.⁶⁹ The Police's institutional framework is

⁶⁰Constitution of the Federal Republic of Nigeria 1999, Section 4(1).

⁶¹Constitution of the Federal Republic of Nigeria 1999, Section 80(1).

⁶²Constitution of the Federal Republic of Nigeria 1999, Section 88.

⁶³*Ibid*, Section 81(1).

⁶⁴Constitution of the Federal Republic of Nigeria 1999, Section 6(1).

⁶⁵[2002] 6 NWLR (Pt. 764) 542.

⁶⁶Constitution of the Federal Republic of Nigeria 1999, Section 251(1)(a).

⁶⁷[2015] 68 TLRN 456.

⁶⁸Constitution of the Federal Republic of Nigeria 1999, Section 240.

⁶⁹Constitution of the Federal Republic of Nigeria 1999, Section 215(3).

reinforced by the Fiscal Responsibility Act, 2007, which mandates the centralization of all government revenues through the TSA.⁷⁰ The Police's role in this framework is to ensure compliance with the provisions of the Act and to address any instances of non-compliance or fraudulent activities that may compromise the proper remittance of funds to the TSA.

The Nigerian Police Force's institutional role in the TSA framework is exemplified by its collaborative efforts with agencies like the FIRS and EFCC.⁷¹ When tax-related disputes or irregularities occur, the Police may be called upon to investigate and enforce compliance with relevant tax laws and regulations. This cross-agency coordination helps to safeguard the integrity of the TSA by addressing issues that could undermine the proper management of government funds.⁷² The Police Force's institutional framework supporting the TSA includes specialized units like the Anti-Fraud Section and the Special Fraud Unit (SFU), which play crucial roles in uncovering and addressing misappropriation, embezzlement, or diversion of public funds intended for the TSA.⁷³ This law enforcement involvement reinforces the integrity of the TSA system by deterring and addressing financial irregularities that could undermine the centralized management of government revenues.

4.6 Economic and Financial Crimes Commission (EFCC)

The Economic and Financial Crimes Commission (EFCC) is a pivotal institution within the framework supporting the effective implementation and oversight of the TSA in Nigeria. Established by the Economic and Financial Crimes Commission (Establishment) Act, 2004, the EFCC is tasked with the investigation and prosecution of financial crimes, including those that may impact the management of public funds through the TSA.⁷⁴

The EFCC's institutional relevance in the TSA framework is rooted in its mandate to "coordinate and enforce all economic and financial crimes laws and regulations in Nigeria".⁷⁵ This broad mandate grants the Commission the authority to investigate and address instances of fraud, misappropriation, or mismanagement of government revenues and resources, including those channeled through the TSA.

The EFCC's investigative and prosecutorial powers allow it to conduct investigations into the properties of any person if it appears that the person's lifestyle and extent of properties are not justified by their source of income.⁷⁶ This investigative capacity enables the EFCC to uncover and address attempts to divert or misappropriate public funds that should have been remitted to the TSA. The EFCC's institutional framework is strengthened by its collaborative partnerships with other government agencies, including the CBN, FIRS, and Nigerian Police Force.⁷⁷ This inter-agency cooperation allows the EFCC to leverage the expertise and resources of these institutions in the detection, investigation,

⁷⁰PO Odewole. 'Treasury Single Account: A tool for Effective Cash Management in Nigeria. (2016) 4, No. 6 *Journal of Finance and Accounting*' 328-335.

⁷¹AI Ogbo, HO Obi-Anike, EK. Agbaeze, and WI Ukpere. 'Strategic Restructuring for Effective Police System in Nigeria' (2014) 3 No. 4, *Journal of Governance and Regulation*, 163-173.

⁷²U Jack-Osimiri, BS Kokpan, and I Ajuru. 'Fraud and Corruption in Nigerian Taxation: Eradication or Control?' (2016) In *Ignatius Ajuru University of Education Repositioning Development Agenda in Africa Conference*, 14-17.

⁷³Nigeria Police Force, 'Departments' < <https://www.npf.gov.ng/departments/investigation.php>> accessed 27 April 2024.

⁷⁴Economic and Financial Crimes Commission (Establishment) Act, 2004.

⁷⁵Ibid, Section 6(a).

⁷⁶Ibid, Section 7(1)(b).

⁷⁷C Obinuchi. "Strengthening Institutions in the Fight Against Corruption and Financial Crimes in Nigeria." *Available at SSRN 2673021* (2015).

and prosecution of financial crimes that could affect the management of the TSA. The EFCC has been instrumental in the prosecution of several high-profile cases involving the misappropriation of public funds. One such case is the prosecution of former Accountant-General of the Federation, Jonah Otunla, for the alleged diversion of over ₦2 billion from the TSA.⁷⁸ The EFCC's successful investigation and prosecution of this case underscores the Commission's commitment to upholding the integrity and transparency of the government's financial management processes.

4.7 Fiscal Responsibility Commission

The Fiscal Responsibility Commission (FRC) occupies a pivotal role within the institutional framework supporting the TSA in Nigeria. Established by the Fiscal Responsibility Act, 2007, the FRC is tasked with ensuring the prudent management of the country's public finances, including the effective implementation and oversight of the centralized treasury system.⁷⁹ The FRC's mandate includes monitoring and enforcing the provisions of the Fiscal Responsibility Act and the execution of legislative turnaround strategies.⁸⁰ This broad authority empowers the Commission to oversee the government's compliance with legal and regulatory requirements governing the management of public funds, with a particular focus on the proper remittance and utilization of resources through the TSA.

The FRC's institutional relevance in the TSA framework is further reinforced by its role in promoting fiscal discipline, transparency, and accountability in the government's financial management practices. The Commission is required to ensure the promotion and enforcement of the nation's economic objectives contained in the National Integrated Financial Management Information System (GIFMIS) and to monitor and enforce the implementation of the TSA by the Federal Government.⁸¹ The FRC contributes to the institutional framework supporting the TSA through its monitoring and evaluation functions. The Commission is tasked with monitoring and reporting on the compliance of ministries, departments, and agencies (MDAs) with the provisions of the Fiscal Responsibility Act, including the timely remittance of revenues to the Consolidated Revenue Fund.⁸² This monitoring role allows the FRC to identify discrepancies or irregularities in the remittance of funds to the TSA, enabling the Commission to take appropriate corrective actions. The FRC's institutional framework is further strengthened by its investigative powers and the ability to impose sanctions on non-compliant entities. The Fiscal Responsibility Act empowers the Commission to conduct investigations into the financial activities of any public institution or individual to ensure adherence to the provisions of the Act.⁸³ This includes the authority to request information, documents, and records from MDAs to verify the proper remittance of funds to the TSA.

Generally, the institutional framework supporting the Treasury Single Account in Nigeria is comprehensive and multifaceted, involving various government agencies and entities. Each institution plays a specific role in ensuring the effective implementation, oversight, and enforcement of the TSA system. The Tax Tribunal provides a specialized mechanism for resolving tax-related disputes, while the Executive Arm of the Government, led by the President and supported by key ministries and

⁷⁸Economic and Financial Crimes Commission, 'EFCC Arraigns Accountant General of the Federation, Jonah Otunla, over N2bn Fraud' <https://www.efcc.gov.ng/efcc/news-and-information/news-release/3625-n2bn-onsa-fraud-again-ex-accountant-general-otunla-s-absence-stalls-trial-as-court-adjourns-to-feb-7> accessed 27 April, 2024.

⁷⁹Fiscal Responsibility Act, 2007.

⁸⁰Ibid, Section 3(a-e).

⁸¹Ibid, Section 7(1-7).

⁸²Ibid, Section 3(1-3).

⁸³Fiscal Responsibility Act, 2007, Section 2.

agencies, is responsible for policy formulation and implementation. The Legislature provides the necessary legal foundations and oversight, while the Judiciary interprets and enforces the laws governing the TSA. The Police Force and the EFCC play crucial roles in investigating and prosecuting financial crimes related to the TSA, and the Fiscal Responsibility Commission ensures overall compliance with fiscal responsibility principles. This robust institutional framework collectively contributes to the transparency, accountability, and efficiency of public financial management through the Treasury Single Account in Nigeria.

5. Benefits and Rationale for Implementing the Treasury Single Account (TSA)

The implementation of the Treasury Single Account (TSA) in Nigeria is driven by several key benefits and rationales, which include:

- a. **Enhanced transparency and accountability:** By consolidating all government revenues and payments into a single account, the TSA promotes transparency and accountability in the management of public funds. It prevents the diversion of funds into multiple undisclosed bank accounts, thereby reducing the potential for misappropriation and corruption.⁸⁴
- b. **Improved cash management:** The TSA enables effective cash management by providing a consolidated view of the government's cash position at any given time. This allows for better planning, forecasting, and allocation of resources, minimizing the need for borrowing and reducing associated costs.
- c. **Efficient revenue collection and reconciliation:** The TSA streamlines the revenue collection process by requiring all government agencies and departments to remit their revenues directly into the Consolidated Revenue Fund at the Central Bank of Nigeria. This facilitates more accurate reconciliation of revenue collection and payments, reducing the risk of revenue leakages.
- d. **Elimination of idle funds:** Prior to the TSA, government agencies often maintained idle funds in multiple bank accounts, leading to inefficient use of resources. The TSA eliminates this issue by consolidating all funds into a single account, allowing for optimal investment and utilization of available resources.
- e. **Compliance with legal and constitutional requirements:** The implementation of the TSA is anchored in the provisions of Sections 80(1) and 120(1) of the 1999 Constitution (as amended), which mandate the consolidation of all public funds into a single account for revenue management transparency. By implementing the TSA, the government aims to comply with these legal and constitutional requirements.
- f. **Reduction of banking costs:** With the consolidation of government funds into a single account, the TSA reduces the administrative costs associated with maintaining multiple bank accounts across various financial institutions.
- g. **Centralized control and oversight:** The TSA brings all government funds under the effective control and operational purview of the treasury, enabling centralized oversight, monitoring, and reporting of financial transactions.
- i. **Facilitation of economic reforms:** The TSA is considered an essential component of the broader public financial management reform agenda in Nigeria. Its implementation is expected to pave the way for further economic reforms aimed at promoting good governance, fiscal discipline, and economic growth.

By addressing longstanding challenges related to fragmented banking arrangements, lack of transparency, and inefficient cash management practices, the implementation of the TSA in Nigeria

⁸⁴ (n,22).

aims to strengthen the country's public financial management system, promote accountability, and support sustainable economic development.

6. Conclusion and Recommendations

The implementation of the Treasury Single Account (TSA) in Nigeria has been a significant step towards enhancing transparency, accountability, and efficiency in the management of government finances. The TSA system, which consolidates all government revenue into a single account at the Central Bank of Nigeria (CBN), has the potential to combat corruption and leakages in the country's tax regime. This paper has provided a comprehensive overview of the legal and institutional framework governing the TSA in Nigeria, highlighting its objectives, benefits, and challenges. The TSA's primary objective is to ensure effective cash management by eliminating the proliferation of multiple bank accounts operated by Ministries, Departments, and Agencies (MDAs), which often resulted in idle cash balances and inefficient utilization of government funds. The legal framework underpinning the TSA in Nigeria is derived from various legislations, including the Constitution of the Federal Republic of Nigeria (as amended), the Economic and Financial Crimes Commission (EFCC) Act, the Independent Corrupt Practices and Other Related Offences Commission (ICPC) Act, the Public Procurement Act, the Fiscal Responsibility Act 2007, and various tax laws such as the Company Income Tax Act, Personal Income Tax Act, Stamp Duty Act, and Petroleum Profit Tax Act. The institutional framework supporting the implementation and enforcement of the TSA involves several key stakeholders, including the tax tribunals, the executive arm of the government, the legislature, the judiciary/courts, the police, the Economic and Financial Crimes Commission (EFCC), and the Fiscal Responsibility Commission. These institutions play crucial roles in ensuring compliance, addressing non-compliance, and promoting transparency and accountability within the TSA system.

The paper has examined the implications of the TSA on Nigeria's tax system, particularly in terms of revenue generation, collection processes, and accountability. The TSA has streamlined the tax revenue collection process by consolidating all government revenues into a single account, thereby enhancing transparency and minimizing the risk of leakages and misappropriation of funds. Despite the potential benefits of the TSA, its implementation in Nigeria has faced several challenges. These include resistance from some MDAs reluctant to relinquish control over their bank accounts, inadequate ICT infrastructure to support the TSA system, lack of skilled personnel to manage the TSA operations, and the need for comprehensive stakeholder engagement and awareness campaigns. Generally, the implementation of the TSA in Nigeria represents a significant step towards combating corruption, promoting fiscal transparency, and enhancing the efficiency of government financial management. However, sustained efforts are required to address the challenges and ensure the successful implementation and long-term sustainability of the TSA system.

Based on the findings and conclusions of this study, the following recommendations are proposed to enhance the effectiveness of the Treasury Single Account (TSA) in combating corruption and improving Nigeria's tax regime:

1. Strengthen the Legal and Regulatory Framework:

- a. Conduct a comprehensive review of the existing legal framework governing the TSA to identify and address any gaps or inconsistencies.
- b. Enact specific legislation or regulations dedicated to the TSA, clearly defining its objectives, scope, roles and responsibilities of stakeholders, and enforcement mechanisms.
- c. Ensure alignment and harmonization of the TSA legal framework with other relevant laws, such as the Fiscal Responsibility Act, Public Procurement Act, and tax laws.

2. Enhance Institutional Capacity and Coordination:
 - a. Establish a dedicated TSA implementation and oversight body or taskforce, comprising representatives from relevant stakeholders, to ensure effective coordination, monitoring, and evaluation of the TSA implementation.
 - b. Strengthen the capacity of institutions involved in the TSA implementation, such as the Central Bank of Nigeria (CBN), Federal Inland Revenue Service (FIRS), and relevant MDAs, through training, resource allocation, and infrastructure development.
 - c. Foster collaboration and information sharing among stakeholders, including the executive, legislature, judiciary, law enforcement agencies, and civil society organizations, to promote transparency and accountability.
3. Invest in ICT Infrastructure and Systems:
 - a. Develop and implement a robust and integrated ICT infrastructure to support the TSA system, ensuring real-time monitoring, reporting, and reconciliation of government revenue and expenditure.
 - b. Adopt secure and user-friendly electronic payment platforms to facilitate seamless revenue collection and fund transfers within the TSA system.
 - c. Ensure regular maintenance, upgrades, and cyber security measures to protect the TSA system from potential vulnerabilities and data breaches.
4. Capacity Building and Stakeholder Engagement:
 - a. Conduct comprehensive capacity-building programs for public officials, tax administrators, and other stakeholders involved in the TSA implementation, focusing on technical skills, change management, and ethical conduct.
 - b. Implement targeted awareness and sensitization campaigns to educate the general public, taxpayers, and private sector entities on the objectives, benefits, and processes of the TSA system.
 - c. Encourage stakeholder participation and feedback mechanisms to promote transparency, accountability, and continuous improvement of the TSA system.
5. Promote Transparency and Accountability:
 - a. Establish robust reporting and disclosure mechanisms to ensure transparency in the TSA operations, including regular publication of comprehensive reports on government revenue, expenditure, and account balances.
 - b. Implement effective internal control measures, such as internal audits, risk assessments, and whistleblower protection mechanisms, to detect and deter potential instances of corruption or mismanagement within the TSA system.
 - c. Collaborate with civil society organizations, the media, and other watchdog groups to enhance external oversight and accountability of the TSA implementation.
6. Leverage International Cooperation and Best Practices:
 - a. Engage in international cooperation and knowledge-sharing initiatives with countries that have successfully implemented the TSA system, such as the United Kingdom, Australia, and South Africa.
 - b. Adopt and adapt international best practices and standards in TSA implementation, cash management, and anti-corruption strategies.
 - c. Participate in relevant regional and global forums to share experiences, learn from others, and contribute to the collective efforts in promoting fiscal transparency and combating corruption.
7. Continuous Monitoring, Evaluation, and Improvement:
 - a. Establish a robust monitoring and evaluation framework to assess the progress, impact, and effectiveness of the TSA implementation on a regular basis.

- b. Identify and address challenges, bottlenecks, and areas for improvement through a continuous feedback loop and adaptive management approach.
 - c. Conduct periodic reviews and updates of the TSA implementation strategy, taking into account evolving needs, emerging trends, and lessons learned from practical experience.
8. Ensure Effective Enforcement and Sanctions:
- a. Strengthen the enforcement mechanisms and impose appropriate sanctions for non-compliance with the TSA regulations, including penalties for MDAs or individuals who fail to adhere to the TSA guidelines or engage in corrupt practices.
 - b. Enhance collaboration between law enforcement agencies, such as the Economic and Financial Crimes Commission (EFCC) and the Independent Corrupt Practices and Other Related Offences Commission (ICPC), to investigate and prosecute cases of corruption and mismanagement related to the TSA system.
 - c. Promote the independence and impartiality of the judiciary in adjudicating TSA-related cases, ensuring fair trials and effective deterrence against future offenses.
9. Foster Public-Private Partnerships and Collaboration:
- a. Explore opportunities for public-private partnerships in the implementation and management of the TSA system, leveraging the expertise, resources, and innovation of the private sector.
 - b. Collaborate with the private sector, particularly financial institutions and fintech companies, to develop and implement secure and efficient electronic payment solutions to support the TSA operations.
 - c. Encourage the participation of civil society organizations, professional associations, and academic institutions in monitoring, evaluating, and providing feedback on the TSA implementation.

By implementing these recommendations, Nigeria can strengthen the legal and institutional framework governing the TSA, enhance transparency and accountability, build capacity and stakeholder engagement,