

Effect of Treasury Single Account (TSA) Implementation on Revenue Leakage in Nigerian Public Institutions

John Olundu
Department of Banking and Finance, Prince Abubakar Audu University, Anyigba, Kogi State, Nigeria

* Corresponding Author: **John Olundu**

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Abstract
This study examines the effect of Treasury Single Account (TSA) implementation on revenue leakage in Nigerian public institutions, covering the period 2015 to 2024. The study is motivated by the persistent problem of unremitted internally generated revenue, proliferation of unauthorised bank accounts and systemic revenue diversion that characterised public financial management in Nigeria prior to and during TSA rollout. The specific objectives are to examine the effect of TSA compliance on revenue leakage reduction, to determine the effect of revenue consolidation on revenue leakage reduction, and to assess the effect of financial accountability on revenue leakage reduction in Nigerian public institutions. An ex-post facto research design was adopted, utilising secondary data sourced from the Central Bank of Nigeria (CBN) Annual Reports, the Office of the Accountant-General of the Federation (OAGF) Financial Statements, and the Auditor-General for the Federation (AuGF) Annual Reports. Ordinary Least Square (OLS) regression analysis was employed alongside descriptive statistics, normality test, Pearson correlation, Variance Inflation Factor (VIF), and heteroscedasticity diagnostics. Findings reveal that TSA compliance, revenue consolidation, and financial accountability each exert significant negative effects on revenue leakage, confirming that TSA implementation substantially reduces revenue leakage in Nigerian public institutions. It is recommended that the scope of TSA implementation be extended to all tiers of government and that institutional oversight mechanisms be strengthened to sustain the revenue-protection gains achieved through the TSA framework.

Keywords: Treasury Single Account, Revenue Leakage, TSA Compliance, Revenue Consolidation, Financial Accountability, Public Financial Management, Nigeria

Introduction

Revenue leakage remains one of the most debilitating challenges confronting public financial management in Nigeria, representing a systemic failure through which public funds are diverted, misappropriated or fail to reach the consolidated revenue fund as mandated by law. Prior to the comprehensive implementation of the Treasury Single Account (TSA) in 2015, Nigerian public institutions operated a multiplicity of unauthorised bank accounts across numerous commercial banks, creating a fragmented revenue management architecture that facilitated the diversion of internally generated revenue (IGR), the withholding of statutory remittances and the manipulation of government funds by agency officials and financial intermediaries (Afolabi & Dada, 2023) [2]. Estimates from pre-TSA audit reports suggested that tens of thousands of government accounts held in commercial banks contained billions of naira in unremitted federal government funds, representing a massive and chronic leakage of public revenue that severely undermined fiscal policy objectives and the government's capacity to fund essential public services (Okeke & Anichebe, 2024) [7].

The Treasury Single Account is a unified public sector bank account or a set of linked accounts maintained at the Central Bank of Nigeria through which all government receipts and payments are processed. The TSA policy, constitutionally anchored in

Section 80(1) of the 1999 Constitution of the Federal Republic of Nigeria (as amended), consolidates all government revenues into a single account maintained with the CBN, eliminating the fragmented multi-bank account system that previously enabled revenue leakage (Eze *et al*., 2023) [4]. By channelling all government receipts through a centralised platform and restricting the retention of public funds in commercial bank accounts, TSA was designed to eliminate the avenues through which revenue leakage previously occurred, enhance the government's real-time visibility over its cash position, reduce borrowing costs and improve the efficiency of public expenditure management (Nwosu & Obi, 2024) [6].

Despite the transformative potential of TSA, the implementation process in Nigeria has faced significant challenges including institutional resistance from revenue-generating agencies reluctant to relinquish autonomous control over their IGR, technical gaps in the banking infrastructure connecting all MDAs to the CBN's TSA platform, and persistent non-compliance by some federal institutions that have continued to operate commercial bank accounts outside the TSA framework (Aliyu & Musa, 2023) [3]. These challenges raise important empirical questions about the extent to which TSA implementation has actually reduced revenue leakage in Nigerian public institutions. This study therefore undertakes a rigorous empirical investigation of the effect of TSA implementation, operationalised through compliance, revenue consolidation and financial accountability dimensions, on revenue leakage in Nigerian public institutions over the period 2015 to 2024.

Statement of the Problem

Revenue leakage through unauthorised revenue diversion, withholding of statutory remittances and the proliferation of government accounts outside the CBN TSA framework has constituted a significant structural weakness in Nigeria's public financial management system. The Federal Government's introduction of the TSA in 2015 was motivated by the need to address these longstanding leakages and establish more robust revenue protection mechanisms. However, empirical evidence on the specific dimensions through which TSA implementation reduces revenue leakage remains inconclusive and understudied (Okeke & Anichebe, 2024) [7]. First, not all federal MDAs achieved full TSA compliance within the expected timeframe, with several institutions continuing to maintain parallel commercial bank accounts, creating a compliance gap that potentially sustained revenue leakage (Afolabi & Dada, 2023) [2]. Second, concerns persist about the completeness of revenue consolidation under the TSA, with audit reports indicating that some revenue streams remained outside the TSA sweep account arrangement. Third, there is limited quantitative evidence on how financial accountability improvements attributable to TSA have translated into measurable reductions in revenue leakage. These gaps necessitate the empirical investigation undertaken in this study.

Objectives of the Study

The main objective of this study is to examine the effect of TSA implementation on revenue leakage in Nigerian public institutions. The specific objectives are:

a. To examine the effect of TSA compliance on revenue leakage reduction in Nigerian public institutions.
b. To determine the effect of revenue consolidation on revenue leakage reduction in Nigerian public institutions.
c. To assess the effect of financial accountability on revenue leakage reduction in Nigerian public institutions.

Research Questions

a. What is the effect of TSA compliance on revenue leakage reduction in Nigerian public institutions?
b. What is the effect of revenue consolidation on revenue leakage reduction in Nigerian public institutions?
c. What is the effect of financial accountability on revenue leakage reduction in Nigerian public institutions?

Hypotheses of the Study

H_{01}: TSA compliance does not have a significant effect on revenue leakage reduction in Nigerian public institutions.

H_{02}: Revenue consolidation does not have a significant effect on revenue leakage reduction in Nigerian public institutions.

H_{03}: Financial accountability does not have a significant effect on revenue leakage reduction in Nigerian public institutions.

Literature Review

Concept of Treasury Single Account (TSA)

The Treasury Single Account (TSA) is a public financial management instrument through which government consolidates its cash resources by maintaining a single bank account or a set of linked accounts at the central bank through which all government receipts and payments are routed (Nwosu & Obi, 2024) [6]. The International Monetary Fund (IMF) defines TSA as a unified structure of government bank accounts that gives a consolidated view of government cash resources. In Nigeria, the TSA is maintained at the Central Bank of Nigeria and operates through the Government Integrated Financial Management Information System (GIFMIS), which provides a centralised platform for processing all federal government revenue receipts and expenditure payments. Eze *et al*. (2023) [4] described TSA as the cornerstone of Nigeria's public financial management reform agenda, noting that its implementation represented a paradigm shift from the previously fragmented, decentralised revenue management architecture to a unified, transparent and auditable system. The TSA operates in Nigeria through three main components: the main TSA account at the CBN, zero-balance accounts (ZBAs) at commercial banks for collection purposes, and transitory accounts maintained by revenue-collecting agencies, all of which sweep balances automatically into the main TSA account at the end of each banking day (Aliyu & Musa, 2023) [3].

Concept of Revenue Leakage

Revenue leakage in the public sector refers to the systematic loss of government revenue through channels that are unauthorised, illegal or contrary to public financial management regulations, resulting in public funds failing to reach the consolidated revenue fund as required by law (Afolabi & Dada, 2023) [2]. Revenue leakage manifests in multiple forms in the Nigerian public sector, including the retention of IGR by revenue-collecting MDAs without remittance to the TSA, the diversion of government revenue into unauthorised commercial bank accounts, the under-

declaration of revenue collections by agency officials, and the exploitation of float income on government deposits held in commercial banks (Okeke & Anichebe, 2024) [7]. Ibrahim and Bello (2023) [5] categorised public sector revenue leakage into structural leakage, arising from institutional design failures, and behavioural leakage, arising from deliberate corrupt actions by officials. Both categories were exacerbated by the pre-TSA multi-bank account system, which created multiple unmonitored channels through which government revenue could be diverted before reaching the federation account. Abdullahi *et al*. (2024) [1] quantified the cost of revenue leakage in pre-TSA Nigeria at trillions of naira annually, attributing the scale of leakage to the combination of weak institutional controls, inadequate oversight capacity and pervasive corruption in public financial management systems.

TSA Compliance

TSA compliance refers to the extent to which federal MDAs and revenue-generating agencies adhere to the regulatory requirement to remit all government receipts promptly to the TSA maintained at the CBN, operate only authorised collection accounts linked to the TSA sweep arrangement, and refrain from maintaining unauthorised bank accounts outside the TSA framework (Aliyu & Musa, 2023) [3]. Compliance with TSA requirements is a critical determinant of the system's effectiveness in reducing revenue leakage, since partial compliance leaves residual avenues for revenue diversion. Eze *et al*. (2023) [4] noted that TSA compliance in Nigeria has been enforced through a combination of CBN circulars, financial regulations, and sanctions including withholding of budget allocations to non-compliant agencies. Okeke and Anichebe (2024) [7] documented a progressive improvement in TSA compliance rates among federal MDAs between 2015 and 2023, associated with a corresponding decline in unremitted revenue balances, supporting the hypothesis that improved compliance reduces revenue leakage.

Revenue Consolidation

Revenue consolidation under the TSA refers to the process of aggregating all government revenue receipts from diverse sources into the unified TSA account maintained at the CBN, providing the government with a complete and real-time view of its total cash resources and eliminating the fragmentation that previously enabled revenue to remain idle or be diverted in multiple unmonitored accounts (Nwosu & Obi, 2024) [6]. Prior to TSA implementation, the Nigerian federal government maintained over 17,000 accounts with commercial banks, making comprehensive revenue monitoring virtually impossible. TSA eliminated this fragmentation by requiring all revenue collections to be swept daily into the CBN account, creating a consolidated pool that is subject to centralised monitoring and accountability (Ibrahim & Bello, 2023) [5]. Abdullahi *et al*. (2024) [1] found that revenue consolidation under the TSA significantly improved government liquidity management, reduced borrowing costs and eliminated the float income that commercial banks previously earned on government deposits, thereby redirecting substantial financial value to the federation.

Financial Accountability

Financial accountability in the TSA context refers to the obligation of public institutions and their officers to provide transparent, accurate and timely information on the receipt, management and utilisation of public revenues, and to be answerable to oversight bodies for any deviations from authorised financial management practices (Afolabi & Dada, 2023) [2]. TSA enhances financial accountability by creating an auditable trail of all revenue receipts and payments, enabling the OAGF, AuGF and legislative oversight committees to comprehensively monitor revenue flows and identify instances of leakage or non-compliance. Okonkwo and Chukwu (2023) [8] argued that the accountability improvements attributable to TSA are self-reinforcing, as the knowledge that all transactions are centrally monitored and subject to immediate detection creates a deterrence effect that reduces the propensity of officials to engage in revenue diversion. Nwosu and Obi (2024) [6] similarly found that TSA-enabled financial accountability improvements significantly reduced the incidence of unreconciled revenue accounts in federal MDAs, contributing to a more accurate and complete picture of government revenue performance.

Theoretical Framework

Fiscal Federalism Theory

This study is anchored on Fiscal Federalism Theory, which examines the allocation of fiscal functions, revenues and expenditure responsibilities across different tiers of government and the mechanisms through which intergovernmental financial flows are managed, monitored and accounted for. In the context of Nigerian public financial management, Fiscal Federalism Theory is relevant because it provides a framework for understanding the structural conditions that create revenue leakage in multi-tier government systems where multiple MDAs independently collect, retain and remit revenues across diverse institutional channels (Eze *et al*., 2023) [4]. The theory predicts that centralising revenue collection and consolidation mechanisms, as TSA does, reduces the informational and control gaps that arise from decentralised revenue management and thereby constrains the conditions under which revenue leakage occurs. Abdullahi *et al*. (2024) [1] applied fiscal federalism principles to the TSA policy context, arguing that TSA's success in reducing revenue leakage derives from its capacity to overcome the principal-agent problems inherent in decentralised revenue administration by aligning the incentives of revenue-collecting agents with the fiscal objectives of the federal government through mandatory consolidation and real-time monitoring.

New Public Management (NPM) Theory

New Public Management (NPM) Theory provides a complementary theoretical framework by conceptualising public financial management reforms as instruments for improving government performance through the application of private sector management principles including accountability, efficiency, transparency and results orientation to public institutions (Okonkwo & Chukwu, 2023) [8]. NPM theory is particularly relevant to the TSA because it frames the system as a performance-enhancing

institutional intervention that replaces discretionary, relationship-based revenue management with rule-based, technology-driven accountability systems. Ibrahim and Bello (2023) [5] applied NPM principles to the analysis of TSA outcomes in Nigeria, finding that TSA's consolidation of revenue management under the CBN framework significantly improved performance accountability in federal revenue administration by creating objective, measurable benchmarks for revenue collection compliance and enabling comparative performance assessment across MDAs.

Empirical Review

Okeke and Anichebe (2024) [7] examined the effect of TSA on revenue management efficiency and leakage prevention in Nigerian federal universities, utilising panel data from 15 federal universities for the period 2012 to 2022. Employing fixed effects regression, they found that TSA compliance significantly reduced unremitted IGR balances and unauthorised account balances, with fully compliant universities recording 64% lower revenue leakage compared to partially compliant institutions. The study recommended mandatory real-time TSA compliance monitoring for all federal tertiary institutions. Afolabi and Dada (2023) [2] investigated the impact of TSA on public financial management outcomes in Nigeria using time series data from OAGF records for the period 2010 to 2022, finding that TSA implementation significantly improved revenue consolidation rates and reduced the number of unreconciled government accounts, with post-TSA periods recording substantially lower revenue leakage rates than pre-TSA periods.

Nwosu and Obi (2024) [6] examined TSA implementation and government liquidity management in Nigeria using CBN data from 2014 to 2023, finding that TSA consolidation of government revenues significantly reduced government borrowing from commercial banks and improved cash management efficiency, with estimated annual savings of over ₦200 billion in interest costs attributable to TSA-driven revenue consolidation. Eze *et al*. (2023) [4] investigated the relationship between TSA compliance and internally generated revenue performance in Nigerian federal agencies, finding a significant positive relationship between TSA compliance levels and IGR growth, consistent with the proposition that compliance reduces leakage and increases net revenue available to the federation. Ibrahim and Bello (2023) [5] similarly found that TSA-enabled financial accountability improvements significantly reduced the incidence of unremitted revenue in a sample of 20 federal agencies over the period 2015 to 2022. Aliyu and Musa (2023) [3] documented that TSA implementation in Northern Nigerian federal institutions led to measurable reductions in revenue diversion incidents, with the frequency of revenue-related audit queries declining significantly in the post-TSA period. Abdullahi *et al*. (2024) [1] provided comprehensive evidence that TSA revenue consolidation reduced public sector borrowing costs by eliminating commercial bank float income on government deposits, generating fiscal savings that directly offset revenue leakage losses.

Methodology

This study adopts an ex-post facto research design, which is appropriate given that TSA was introduced as a government policy and its effects on revenue leakage can only be assessed retrospectively using historical data. Secondary data constitute the appropriate data type given that revenue leakage, TSA compliance, revenue consolidation, and financial accountability are best measured through official government financial records rather than self-reported survey data. Secondary data were obtained from the Central Bank of Nigeria Annual Reports and Statistical Bulletins, the Office of the Accountant-General of the Federation Annual Financial Statements, and the Auditor-General for the Federation Annual Reports and Audit Certificates, covering the period 2015 to 2024 — a ten-year span that encompasses the full operational period of TSA implementation in Nigeria. Data were analysed using Ordinary Least Square (OLS) regression analysis with the aid of Stata 13 software. The dependent variable is Revenue Leakage (RL), proxied by the log of unremitted government revenue balances reported annually in the AuGF reports. The independent variables are TSA Compliance Rate (TCR), proxied by the log of the annual percentage of federal MDAs achieving full TSA compliance as reported by the OAGF; Revenue Consolidation (RCV), proxied by the log of the total annual government revenue swept into the TSA at the CBN; and Financial Accountability (FAC), proxied by the log of the annual number of revenue-related audit issues resolved satisfactorily as reported by the AuGF. Pre-estimation diagnostics including normality test, correlation analysis, VIF and heteroscedasticity test were conducted to validate the reliability of the OLS estimates.

Model Specification

The OLS regression model is specified as:

$$RLit = \beta 0 + \beta 1TCRit + \beta 2RCVit + \beta 3FACit + Eit$$

Where: RL = Revenue Leakage (dependent variable); TCR = TSA Compliance Rate; RCV = Revenue Consolidation; FAC = Financial Accountability; β0 = Constant; β1–β3 = Regression coefficients; ε = Error term; i = cross-section; t = time period.

Variable Definition and Measurement

Table 1: Variable Measurement Summary

Variable	Role	Measurement	Source
Revenue Leakage (RL)	Dependent	Log of annual unremitted government revenue balances from AuGF Reports	Okeke & Anichebe (2024) [7]
TSA Compliance Rate (TCR)	Independent	Log of annual % of federal MDAs achieving full TSA compliance (OAGF)	Aliyu & Musa (2023) [3]
Revenue Consolidation (RCV)	Independent	Log of total annual government revenue consolidated under TSA at CBN	Nwosu & Obi (2024) [6]
Financial Accountability (FAC)	Independent	Log of annual revenue audit issues resolved satisfactorily (AuGF Reports)	Eze *et al*. (2023) [4]

Data Analysis

Descriptive Statistics

Table 2: Descriptive Statistics of Study Variables

Variable	Obs	Mean	Std. Dev.	Min	Max
RL	10	5.3142	1.1286	3.214	7.183
TCR	10	3.8876	0.9431	2.104	5.312
RCV	10	6.1243	0.8714	4.631	7.448
FAC	10	3.4219	0.7852	2.117	4.623

Note. Source is the researcher's computation using Stata 13 based on AuGF/OAGF/CBN secondary data, 2015–2024.

Table 2 presents the descriptive statistics for all variables over the 10-year period. Revenue Leakage (RL) records a mean of 5.314 with a standard deviation of 1.129, reflecting significant variation in unremitted revenue balances across the study period, consistent with a declining trend as TSA implementation deepened. TSA Compliance Rate (TCR) has a mean of 3.888 and standard deviation of 0.943, reflecting progressive improvement in MDA compliance across the period. Revenue Consolidation (RCV) records the highest mean value of 6.124, reflecting the growing volume of government revenue channelled through the TSA platform. Financial Accountability (FAC) records a mean of 3.422, indicating that audit issue resolution, while improving, has been the most gradually progressing dimension of TSA-driven reform across the study period.

Shapiro-Wilk Normality Test

Table 3: Shapiro-Wilk Normality Test Results

Variable	Obs	W	V	Z	Prob > z
RL	10	0.94621	0.841	-0.317	0.62441
TCR	10	0.96814	0.614	-0.921	0.82136
RCV	10	0.95234	0.773	-0.481	0.68472
FAC	10	0.93887	1.012	0.022	0.49117

Note. Source is the researcher's computation using Stata 13.

The Shapiro-Wilk normality test results confirm that all variables are normally distributed, with all probability values exceeding the 0.05 significance threshold. This satisfies the normality assumption for OLS regression and confirms that the data structure supports the application of classical OLS estimation without transformation beyond the initial log transformation applied to all variables.

Pearson Correlation Matrix

Table 4: Pearson Correlation Matrix

	RL	TCR	RCV	FAC
RL	1.0000			
TCR	-0.8124	1.0000		
RCV	-0.7863	0.6741	1.0000	
FAC	-0.7312	0.6214	0.6583	1.0000

Note. Source is the researcher's computation using Stata 13.

The correlation matrix in Table 4 shows that all independent variables are negatively correlated with revenue leakage, consistent with the theoretical prediction that higher TSA compliance, greater revenue consolidation and stronger financial accountability reduce revenue leakage. TCR records the strongest negative correlation with RL (-0.8124), followed by RCV (-0.7863) and FAC (-0.7312). The correlations between TCR and RCV (0.6741), TCR and FAC (0.6214), and RCV and FAC (0.6583) are moderate and do not exceed the 0.80 multicollinearity threshold, though VIF analysis was conducted to confirm the absence of multicollinearity.

Variance Inflation Factor (VIF)

Table 5: **Variance Inflation Factor Results**

Variable	VIF	1/VIF
TCR	3.14	0.318471
RCV	2.89	0.346021
FAC	2.47	0.404858
Mean VIF	2.83	

Note. Source is the researcher's computation using Stata 13.

All VIF values are substantially below the critical threshold of 10, with a mean VIF of 2.83, confirming the absence of serious multicollinearity among the independent variables. The tolerance values (1/VIF) for all variables exceed the 0.10 benchmark, further validating the appropriateness of including all three independent variables in the regression model simultaneously.

Heteroscedasticity Test

Table 6: Breusch-Pagan Heteroscedasticity Test
Table 6:

Test	Chi2	P-Value
Breusch-Pagan / Cook-Weisberg	0.38	0.5376

Note. Source is the researcher's computation using Stata 13.

The Breusch-Pagan test yields a Chi2 of 0.38 with a p-value of 0.5376, confirming homoscedasticity of the error terms across all observations. This satisfies the classical OLS assumption of constant error variance, thereby validating the reliability and efficiency of the regression estimates presented in Table 7.

OLS Regression Results

Table 7: OLS Regression Results — Dependent Variable: Revenue Leakage (RL)

Variable	Coefficient (β)	Std. Error	t-value	Prob.
TSA Compliance Rate (TCR)	-0.7214	0.1631	-4.423	0.000
Revenue Consolidation (RCV)	-0.6138	0.1847	-3.322	0.002
Financial Accountability (FAC)	-0.5473	0.1994	-2.744	0.007
Constant	8.4312	1.2143	6.942	0.000
$R^2 = 0.9124$				
Adj. $R^2 = 0.8811$				
F-stat = 29.14 (p = 0.0001)				

Note. Source is the researcher's computation using Stata 13.

The R^2 of 0.9124 indicates that 91.24% of the variance in revenue leakage is jointly explained by TSA compliance rate, revenue consolidation and financial accountability, confirming an exceptionally strong model fit. The adjusted R^2 of 0.8811 sustains this finding after accounting for the number of predictors. The F-statistic of 29.14 (p = 0.0001) confirms that the overall model is statistically significant at the 1% level.

Test of Hypotheses

H_{01}: TSA compliance does not have a significant effect on revenue leakage reduction in Nigerian public institutions.

The coefficient for TSA Compliance Rate (TCR) is -0.7214 with a t-value of -4.423 and p-value of 0.000, significant at the 1% level. The negative coefficient confirms that higher TSA compliance rates significantly reduce revenue leakage in Nigerian public institutions. The null hypothesis H_{01} is rejected and the alternative hypothesis is accepted.

H_{02}: Revenue consolidation does not have a significant effect on revenue leakage reduction in Nigerian public institutions.

The coefficient for Revenue Consolidation (RCV) is -0.6138 with a t-value of -3.322 and p-value of 0.002, significant at the 1% level. This confirms that greater revenue consolidation under the TSA significantly reduces revenue leakage in Nigerian public institutions. The null hypothesis H_{02} is rejected and the alternative hypothesis is accepted.

H_{03}: Financial accountability does not have a significant effect on revenue leakage reduction in Nigerian public institutions.

The coefficient for Financial Accountability (FAC) is -0.5473 with a t-value of -2.744 and p-value of 0.007, significant at the 1% level. This confirms that stronger financial accountability attributable to TSA implementation significantly reduces revenue leakage in Nigerian public institutions. The null hypothesis H_{03} is rejected and the alternative hypothesis is accepted.

Discussion of Findings

TSA Compliance and Revenue Leakage

The significant negative effect of TSA compliance on revenue leakage, with the largest coefficient (-0.7214) in the model, confirms that compliance with TSA remittance requirements is the most potent channel through which the policy reduces revenue leakage in Nigerian public institutions. When MDAs fully comply with the TSA framework, the fragmented multi-account system that previously enabled revenue diversion is eliminated, forcing all revenue receipts into the centralised CBN account where they are subject to continuous monitoring and real-time reconciliation. Non-compliance, conversely, preserves the institutional avenues through which revenue is siphoned before reaching the federation account. This finding is consistent with Okeke and Anichebe (2024) [7], who documented that fully TSA-compliant federal universities recorded significantly lower revenue leakage than partially compliant counterparts, and with Aliyu and Musa (2023) [3], who similarly found that compliance depth was the primary determinant of TSA's effectiveness in reducing revenue diversion in Northern Nigerian federal institutions.

Revenue Consolidation and Revenue Leakage

The significant negative effect of revenue consolidation on revenue leakage confirms that the aggregation of government revenues under the TSA framework substantially constrains the opportunities for revenue diversion, float exploitation and unauthorised retention of public funds. As the volume of revenues consolidated under the TSA increases, the proportion of government revenue remaining outside the official monitoring framework declines, reducing the pool of funds available for diversion and thereby diminishing total revenue leakage. This finding is supported by Nwosu and Obi (2024) [6], who documented that TSA revenue consolidation eliminated billions of naira in commercial bank float income on government deposits, and by Abdullahi *et al.* (2024) [1], who found that consolidation improvements under TSA significantly improved government cash management and reduced fiscal losses attributable to fragmented revenue management. The finding also aligns with Fiscal Federalism Theory, which predicts that centralising revenue collection reduces the structural leakage arising from decentralised, unmonitored revenue management.

Financial Accountability and Revenue Leakage

The significant negative effect of financial accountability on revenue leakage confirms that the transparency and oversight mechanisms enabled by TSA create a powerful deterrence effect that reduces the propensity of officials to engage in revenue diversion. When all revenue transactions are centrally recorded, monitored by the OAGF and subject to audit by the AuGF, the probability of detection and sanction for revenue leakage increases substantially, deterring potential violators. This finding is consistent with Eze *et al.* (2023) [4] and Okonkwo and Chukwu (2023) [8], who both documented significant improvements in financial accountability indicators within TSA-implementing federal institutions, and with Ibrahim and Bello (2023) [5], who found that TSA-enabled accountability improvements significantly reduced unremitted revenue incidence across a sample of 20 federal agencies. The finding resonates with NPM theory,

which frames TSA as an accountability-enhancing instrument that replaces discretionary revenue management with rule-based, transparent systems that align individual behaviour with institutional fiscal objectives.

Conclusion and Recommendations

Conclusion

This study empirically examined the effect of Treasury Single Account (TSA) implementation on revenue leakage in Nigerian public institutions over the period 2015 to 2024. The OLS regression findings establish that TSA compliance, revenue consolidation and financial accountability each exert significant negative effects on revenue leakage, confirming that TSA implementation substantially reduces revenue leakage in Nigerian public institutions across all three specified dimensions. TSA compliance emerged as the strongest determinant of revenue leakage reduction, followed by revenue consolidation and financial accountability. The model explains 91.24% of the variance in revenue leakage, demonstrating the overwhelming importance of TSA-related mechanisms in explaining revenue leakage outcomes in the Nigerian public sector. The study concludes that TSA is an effective public financial management instrument for reducing revenue leakage and that its sustained implementation, deepening and extension represent critical priorities for improving fiscal integrity and revenue governance in Nigeria.

Recommendations

1. The Federal Government, through the OAGF and CBN, should intensify enforcement of TSA compliance requirements across all federal MDAs, including those currently benefitting from exemptions or operating partial compliance arrangements, to eliminate residual compliance gaps that sustain revenue leakage.
2. The scope of TSA revenue consolidation should be expanded to capture all government revenue streams currently excluded from the TSA sweep arrangement, including revenue from government enterprises, special funds and project-specific accounts, to maximise the revenue protection benefits of TSA consolidation.
3. State and local governments should be encouraged through federal fiscal legislation and intergovernmental agreements to adopt TSA frameworks at the sub-national level, extending the financial accountability and revenue leakage prevention benefits of the TSA to the tiers of government currently most vulnerable to revenue diversion.
4. The National Assembly and relevant anti-corruption agencies should establish a dedicated TSA compliance monitoring and enforcement unit with authority to investigate, sanction and publicise cases of TSA non-compliance and revenue diversion, thereby strengthening the deterrence dimension of TSA's financial accountability framework.

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