

LEGAL IMPLEMENTATION OF TREASURY SINGLE ACCOUNT IN THE OPERATION AND MANAGEMENT OF GOVERNMENT FINANCE IN NIGERIA, GHANA, UNITED KINGDOM AND AUSTRALIA *

Abstract

The implementation of the TSA system represents one of the latest major evolutions in public financial management across many jurisdictions. Accordingly, this study reviews the implementation frameworks, challenges and outcomes of TSA systems in Nigeria, Ghana, the United Kingdom and Australia to undertake an in-depth review of their various experiences. The research investigates how these countries have so far designed and implemented their TSA systems through various legal frameworks, technological infrastructures and operational mechanisms. Based on a review of official government documents and institutional reports, this study has found that although these countries share certain common objectives in implementing TSA, their strategies and achievements differ significantly owing to their unique environments and capacities. In Nigeria and Ghana, for example, the introduction of TSA marked a radical departure from the existing fragmented banking arrangements towards centralized systems, backed by constitutional and legislative provisions. Advanced economies like the UK and Australia reflect various marks of mature TSA implementations characterized by sophisticated agency banking arrangements and advanced technological integrations. A number of critical success factors emerge from this analytical review, including strong legal frameworks, technological preparedness, engaging active stakeholders, and unbroken political will. While facing numerous challenges on stakeholder resistance and developing technological infrastructure, among others, all four countries have reported remarkable enhancements in managing government finance: revenue mobilization, improvement in cash management, reduction in transaction costs, and increased transparency in the operations of government as evidenced in the respective TSA implementations. In concluding, while routes to successful TSA implementation may vary between jurisdictions, the considerable potential benefit of TSA in enhancing financial management, increasing transparency, and improving operational efficiency indicates that TSA is something that cannot be done without in modern public sector financial management. The findings also carry useful lessons for other countries at the threshold of introducing similar reforms, suggesting that while core TSA principles should be preserved, implementation strategies can be usefully adapted to particular national contexts.

Keywords: Treasury Single Account, Public Financial Management, Government Banking, Financial Reform, Revenue Mobilization, Fiscal Transparency

1. Introduction

The Treasury Single Account has been one of the leading Public Financial Management reform initiatives; it has involved the shifting from a fragmented government banking arrangement to a more integrated and efficient one.¹ More recently, this aspect of Public Finance Management has captured the attention of many countries worldwide as governments seek to make the handling of public funds more transparent, accountable, and efficient.² The implementations of TSA across many countries have followed varied approaches and varied outcomes; this indeed reflects the diverse contexts and challenges facing different jurisdictions as they seek better systems of financial management. TSA is an integrated structure of government bank accounts and hence provides a consolidated overview of government cash resources.³ It is a banking arrangement kept, usually at the Central Bank of a country, designed to be unified in managing Government's cash resources for efficiency in the management of public funds. The Central Bank of Nigeria in 2015 says the introduction of TSA systems is to address the situation whereby government Ministries, Departments and Agencies have been maintaining a large number of accounts with various commercial banks, thereby leading to inefficiencies and probable leakages in revenue.⁴ The legal framework underpinning TSA implementation, however, vary across jurisdictions, since the constitutional and legislative approaches underpinning public financial management themselves vary. For instance, in Nigeria, this is constitutionally underpinned by the Constitution of the Federal Republic of Nigeria 1999,⁵ as amended, particularly sections 80 and 162, laying the bedrock principle that all government revenue shall be aggregated into the national budget. For Ghana, implementation is guided by the Financial Administration Act 2003⁶ and the Financial Administration Regulations 2004,⁷ with such mandate on consolidating government funds into one account. Integration of technology has remained a significant driver for TSA in these modern times as countries have used varying approaches in modernizing their systems. This has resulted in the increased sophistication of ICT systems,

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¹YM Bashir, 'Effects of treasury single account on public finance management in Nigeria'. (2016) 7(6) *Research Journal of finance and accounting*.

²AT Ajibade, GE Oyedokun and OS Doumu, Treasury Single Account and public fund management: a study of selected federal government parastatals in Bayelsa state. (2018) 9(12) *International Journal of Scientific & Engineering Research*, 890-902.

³MLA Style, CM Arukwe, DP Okoro, and NC Eneh, 'Treasury Single Account and Fraud Management in Nigeria: Benefits and Challenges'. (2021) 4, *International Journal of Science and Management Studies (IJSMS)*, 13.

⁴P Oti, E Igbeng and EN Obim, 'Appraisal of policy impact of treasury single account in Nigeria'. (2016) 7(20), *Research journal of Finance and Accounting*, 45-52.

⁵Constitution of the Federal Republic of Nigeria 1999 (as amended)

⁶Financial Administration Act 2003 (Act 654)

⁷Financial Administration Regulations 2004 (L.I. 1802)

which have promoted better revenue collection, expenditure management, and reporting functions.⁸ For instance, ITAS, implemented in Nigeria, has enhanced the processes for registration, filling, and payment of taxes,⁹ whereas GIFMIS of Ghana remains a one-stop management for all receipts and payments within the financial system of the country.¹⁰

Various challenges have been identified to hamper the implementation process for TSA for most countries; these challenges have largely revolved around the resistance of stakeholders to innovation and development of technological infrastructure. Most countries experience an initial unwillingness by various MDAs based on their perception of disruption to operational work culture and possible financial autonomy.¹¹ Success stories, on the other hand, have proven that such implementation calls for an all-inclusive process of stakeholder engagement, extensive training, and continuous dialogue that results in the institutional buy-in for successful operation of the system.¹² More developed economies, such as the United Kingdom and Australia, would present more mature TSA implementations that boast sophisticated agency banking arrangements that are complemented by advanced technology integrations. The UK system was set up under the Government Resources and Accounts Act 2000;¹³ it operates via the Government Banking Service, with very extensive memoranda of understanding on agency participation.¹⁴ In this regard, though, the equivalent in Australia is that its system would be anchored in Section 81 of the Constitution and the Public Governance, Performance and Accountability Act 2013, with the central institution being the Reserve Bank of Australia.¹⁵ The impact of TSA implementation across various jurisdictions typically shows significant stride in the overall area of public financial management - though often leaning toward certain aspects or areas. Expectedly, the attendant benefits are, for the most part, observed in the enhanced revenue mobilization, improvements in cash management, reduced transactions costs and increased underpinning for the transparency of government operations. This continuous development in technology and public financial management influences the course of evolution for TSA systems accordingly. Commitment by governments to the continuous improvement of their TSA systems, including through technological upgrades, process enhancements, and capacity building, ensures that TSA systems remain relevant in terms of public financial management with changing times and needs.¹⁶ This cross-country comparative review of TSA implementations provides a number of broad lessons on how different approaches to public financial management reform might be combined with possible benefits for the coverage of government banking arrangements. It represents meaningful insights into the differences in the implementation approaches, challenges faced, and varied outcomes achieved, either by countries which have not implemented a TSA system yet or those already in the process of implementing TSA systems since it offers a comprehensive framework to evaluate and adapt TSA implementation strategies toward specific national contexts.

2. Nigeria

Legal Framework and Implementation

The introduction of the Treasury Single Account in Nigeria has formed a watershed in the Public Financial Management Reform Agenda in Nigeria. The TSA system was officially implemented by the Federal Government through a circular reference-TRY/A8&B8/2015, issued by the Accountant-General of the Federation, dated 7th August 2015.¹⁷ This critical directive required all MDAs to pay their revenue collections into an account known as the Consolidated Revenue Fund maintained by the Central Bank of Nigeria. Critical legislative prescriptions form the legal basis upon which TSA was implemented. First, there is the Constitution of the Federal Republic of Nigeria 1999 (as amended), particularly sections 80 and 162 thereof,¹⁸ laying down the general principle that all revenues accruable to government should be aggregated in a budget and appropriated by the National Assembly. These are further reinforced by the Fiscal Responsibility Act 2007,¹⁹ and the Finance (Control and Management) Act,²⁰ which together provide the detailed enabling law for the setup and operation of the TSA system. Before now, Nigeria's public financial management system had been structured based on a fragmented and highly decentralized system. The MDAs maintained several accounts with various commercial banks, leading to gross inefficiency, revenue leakages, and an absolute lack of transparency in the management of public funds.²¹ Therefore, designed to resolve this structural problem,

⁸PO Odewole, 'Treasury single account: A tool for effective cash management in Nigeria'. (2016) 4(6) *Journal of Finance and Accounting*, 328-335.

⁹OC Olatunji and KB Ayodele, 'Impact of Information technology on tax administration in southwest Nigeria' (2017)5(9) *Archives of Business Research*, 139-150.

¹⁰LA Tetteh, P Muda, D Susuawu, P Sunu and TK Aneyire, 'Exploring the Use of an integrated financial management information system (IFMIS) in the local government institutions in Ghana'. (2022) 35(1) *Information Resources Management Journal (IRMJ)*, 1-25.

¹¹Odewole (n, 8)

¹²ibid

¹³ Government Resources and Accounts Act 2000. Parliament of the United Kingdom. (2000). Chapter 20

¹⁴ HM Treasury (2000) Government Resources and Accounts Act. London: The Stationery Office.

¹⁵Constitution and the Public Governance, Performance and Accountability Act 2013

¹⁶ES Nsofor, CI Agu and CD Obani, Examining the progress of treasury single account in preventing financial leakages in public offices in Nigeria. (2024) 11(1) *International Journal of Science and Research Archive*, 791-797.

¹⁷Office of the Accountant-General (2015). Federal Government Circular No. TRY/A8&B8/2015. Abuja: OAGF.

¹⁸Constitution of the Federal Republic of Nigeria 1999 (as amended) s 80 and 162

¹⁹Fiscal Responsibility Act 2007

²⁰Finance (Control and Management) Act Cap F26 LFN 2004

²¹Central Bank of Nigeria, 'Guidelines for the Operation of Treasury Single Account by State Governments in Nigeria' (2016) <https://www.cbn.gov.ng/out/2016/bpsd/guidelines%20for%20the%20operations%20of%20tsa%20by%20state%20governments%20in%20nigeria.pdf> accessed 10 January 2024

TSA basically centralizes government revenues and expenses under a singular account, thus making it easier to provide oversight and control.

A high point of the TSA implementation in Nigeria was its wide-ranging scope in terms of technological integration and digitization. The FIRS, through its own initiative, championed some of the modernization efforts with one of them being the introduction of ITAS.²² It is an automated system for executing tax registrations, filling and paying processes which equally underscored the possible deployment of e-TCC and e-Stamp. The integration of the TSA system with these technological innovations resulted in a coherent, effective and transparent collection and remittance of the revenue. The TSA system requires that all tax payments be made directly into the account of the Consolidated Revenue Fund because of which revenue leakages drastically fell and the received revenue promptly accounted for budgetary appropriates and expenditures.²³

Implementation Challenges and Outcomes

While successful, TSA implementation in Nigeria had to surmount a number of significant hitches that required some strategic interventions. One of them was an initial reluctance by MDAs to consolidate their accounts and give up their financial autonomy. This was partly due to the fear of disruption of operational workflows and an apparent loss of control over the financial purse.²⁴ Stakeholders were engaged through effective outreach and awareness programs to understand the advantage of the new approach and to have their acceptance. The government approached stakeholder management in a very open and continually consultative approach that secured the buy-in of the various institutional stakeholders.²⁵ The other big challenge was that of developing and maintaining solid technological infrastructure for TSA operations. Operation demanded highly developed systems of information and communication technology, adequate network connectivity, and secures management of data. To date, the government has already made major investments aimed at upgrading the infrastructures and continues to upgrade the TSA system digitally, ensuring smooth operations and integration with other financial management systems.²⁶

Notwithstanding the implementation challenges, the TSA system has achieved a number of commendable improvements relating to revenue mobilization and public financial management.²⁷ This improvement can partly be explained by the clarity and accountability created by the TSA system, which has significantly tamed revenue leakages and increased compliance to pay taxes. It instilled fiscal discipline and accountability in the public sector through centralization in monitoring and reporting all government receipts and expenditure. Increased transparency thus increased confidence and created an environment for voluntary compliance by both citizens and businesses alike.²⁸ Secondly, the integration of TSA in the FIRS' technological drive has engendered an improved level of monitoring, analytics, and forecasting activities of tax revenue. Increased visibility from here has formed the basis of policy decisions and revenue mobilization strategies, hence an environment of best practices in tax administration.²⁹ One of such commitments to capacity building and institutional strengthening is also very central to TSA's success. Large-scale training programs have been effected in FIRS and others, aimed at equipping personnel with the right set of skills and competencies necessary for the effective management of the TSA system. Investment in this form of human capital has been highly instrumental in instilling a culture of transparency and accountability while ensuring the efficient management of public finances in the public sector.³⁰ Successive attempts at making progress by the TSA in Nigeria can only be achieved through further commitment by the government to resolving emerging challenges and sustaining the momentum of reforms. This will ensure that the full potentials of TSA are realized for the country to record sustainable economic growth through further efforts in fighting corruption, entrenching good governance, and developing digital infrastructure.

3. Ghana

Legal Framework and Implementation

One of the latest big milestones so far achieved by the Government of Ghana in Public Financial Management Reforms has been the implementation of the TSA system.³¹ The legal basis for this revolutionary initiative in the area of financial reforms was based on two main legislative instruments, namely the Financial Administration Act 2003, Act 654,³² and the Financial

²² Federal Inland Revenue Service (Establishment) Act 2007

²³ *ibid*

²⁴ Office of the Accountant-General of the Federation, 'Federation Accounts Department' <https://oagf.gov.ng/department/director-federation-accounts-department> accessed 10 January 2024

²⁵ EJ Udo and IE Esara, 'Adoption of Treasury Single Account (TSA) by State Governments of Nigeria: benefits, challenges and prospects', (2016) 4(3), *Journal of finance and accounting*, 126-130.

²⁶ JI Okolie and DO Okolie, 'Implementation of the Treasury Single Account System on Public Financial Management in Nigeria'. (2022) 8(4). *Journal of Accounting and Financial Management*. E-ISSN 2504-8856 P-ISSN 2695-2211

²⁷ S Ogoun and OTK Zuode, 'Federally Collected Non-Oil Tax Revenue and National Economic Performance in Nigeria: A Pre-post Treasury Single Account Implementation Assessment'. (2020) 8(4), *Journal of Finance and Accounting*, 190-198.

²⁸ CJ Igbokwe-Ibeto, BB Nkomah, KO Osakede and RF Kinge, 'Treasury single account—transparency and accountability in public finance management in Nigeria: The journey so far'. (2016) 4(2), *Africa's Public Service Delivery & Performance Review*, 342-359.

²⁹ *ibid*

³⁰ *ibid*

³¹ RS Quarm, R Sam-Quarm and R Sam-Quarm, 'The ramifications of the treasury single account, the IFMIS platform, and government cash management in developing economies in the wake of the COVID-19 pandemic: Ghana's empirical example'. (2020) 3(4) *Journal of Economics and Business*.

³² (n, 6)

Administration Regulations 2004, L.I. 1802, Ministry of Finance Ghana, 2004.³³ This gave the right mandate for consolidating governments' funds into one account with the Bank of Ghana, hence the breaking of the Shapiro sheet or fragmented financial management system. Before the introduction of TSA, Ghana's public financial management was facilitated under a decentralised system where different MDAs operated several accounts in various commercial banks.³⁴ This type of fragmented system has several challenges in monitoring and controlling government cash flows, which highly leads to operational inefficiencies and probable revenue leakages. This is captured in a report by the Ministry of Finance, Ghana, 2003.³⁵ It is in this case that the introduction of TSA was strategic in dealing with the systemic challenges that engulf efficiency in public financial management. The strategy for its implementation in Ghana was done in phases where the initial phase targeted consolidating the MDAs' accounts at the Bank of Ghana. The next phase involved a gradual expansion by transferring funds from commercial bank accounts into the central TSA. The reason behind the gradual approach is to ensure a smooth transition, enabling sufficient capacity building in the relevant government agencies.³⁶ A critical part of the TSA implementation was the underlying state of the art ICT systems to execute relevant functions. Thus, the government heavily invested in the creation of the GIFMIS to execute and handle all transactions of the government under a single wide framework.³⁷ The infrastructure in the GIFMIS focuses on all aspects of financial management, including revenue gathering, expenditure management, and systematic reporting functions in it.³⁸

Implementation Challenges and Outcomes

The TSA system implemented in Ghana experienced a set of severe challenges that required strategic interventions and solutions by the concerned parties. One was the resistance by the various MDAs, perhaps unwilling to forfeit their respective bank accounts and consolidate their funds into the TSA. The main cause for this resistance is based on the perceived loss of autonomy in financial management and a presumed disruption of work and established procedures or work processes.³⁹ To address these challenges, a multi-level stakeholder engagement was pursued by the government through comprehensive consultations, training programs, and capacity-building exercises in order to help disseminate information about the TSA system and ensure ownership of the system at every level. Furthermore, the government continued to enhance the technological infrastructure to support the TSA functionality in particular and network connectivity, resilience of data management procedures, as well as security of ICT systems as a whole were also improved in general.⁴⁰ Notwithstanding these challenges in implementing the TSA system, considerable positive impacts have been recorded in the management of government finances and revenue mobilization. Consolidation of government funds into one account has facilitated good cash management, eliminated the incidence of idle balances, and ensured the timely availability of cash to meet all budgetary appropriation and expenditures.⁴¹ The improved liquidity management has been beneficial in guaranteeing the GRA access to funds in good time to perform its statutory operations and enhance its capacity for efficient collection and administration of taxes.⁴² Other attendant benefits in using TSA integrated with GIFMIS include increased accountability and transparency in the management of public finance. The TSA system's centralization of monitoring and reporting on receipts and government expenditure increased its capacity for detecting and deterring leakages in revenues.⁴³ This has contributed to strengthening tax compliance and collections.

The GRA has utilized the GIFMIS platform in simplifying several of its tax administration processes relating to tax registration, filling, and paying procedures. Integration of TSA and GIFMIS has made it possible to efficiently track and reconcile revenues. In that case, it should be able to determine where improvement is required and hence implement targeted strategies to improve its tax collection.⁴⁴ In addition, TSA has supported good cash management by the government, since the funds consolidated reduce the government's need for borrowing, together with the attendant costs, because the ability of the government to minimize idle balances scattered across different accounts is very small. Consequently, good cash management has translated into the government's better ability to make timely payments and manage its financial obligations with greater efficiency than ever before.⁴⁵ Critical factors identified as very important to accounting for the relative success of the implementation of TSA in Ghana include high-level political commitment and active stakeholder engagement, along with continuing investment in the

³³(n, 7)

³⁴ LM Twum-Barima, 'Treasury Single Account: An Assessment of its Compliance in Ghanaian Covered Entities'. (2023) 7(7), *International Journal of Research and Innovation in Social Science*, 896-905.

³⁵(n, 6)

³⁶Central Bank of Ghana. (1998-2006). Banking & Financial Laws.

³⁷W Yaokumah E and Biney, 'Integrated financial management information system project implementation in Ghana government ministries' (2020) 11(1), *International Journal of Information Technology Project Management (IJITPM)*, 17-31.

³⁸*ibid*

³⁹(n, 34)

⁴⁰AAyakwah, ISDamoah and EL Osabutey, 'Digitalization in Africa: The case of public programs in Ghana'. (2021), *Business in Africa in the Era of Digital Technology: Essays in Honour of Professor William Darley*, 7-25.

⁴¹Quarm, (n, 31)

⁴²C Ofori, TK Nsiah, MK Raphael, IA Jnr. and J Agbattey, 'Liquidity management and profitability. A case of listed banks in Ghana'. (2022) 2(6), *International Journal of Business, Technology and Organizational Behaviour (IJTOB)*, 657-671.

⁴³I Ahinsah-Wobil, 'Ghana Integrated Financial Management Information Systems to Enhance the Preparation of Accrual Public Accounts in Ghana'. (2023) Available at SSRN 4411456.

⁴⁴F Santoro, C Scarpini and S Okiya, 'The Potential of Digital ID Systems for Tax Administration: The Case of Ghana', (2024) ICTD African Tax Administration Paper 39, Brighton: Institute of Development Studies, DOI: 10.19088/ICTD.2024.114

⁴⁵*ibid*

technological infrastructure.⁴⁶ Without the commitment of the government to address looming implementation challenges via targeted interventions and capacity building, the system would be less than effective. Going forward, sustaining these successes within the TSA system in Ghana will require more work in terms of enhancing the technological capabilities, further development of the institutional capacity, and continuous engagement of stakeholders. The fact that the government of Ghana has been upgrading the digital infrastructure that underpins the TSA and GIFMIS systems indicates that it recognizes that the improvement of public financial management systems is an ongoing process.⁴⁷

While the implementation process of the TSA system in Ghana presented many challenges, overall outcomes have largely been favourable, with noticeable improvements in the realms of public financial management, revenue mobilization, and general transparency within government operations. These experiences can thus be very instructive for other countries which might seek similar reforms in their own public financial management systems.

4. United Kingdom

Legal Framework and Implementation

The adoption of the Treasury Single Account TSA system in the United Kingdom remains the cornerstone of its public financial management regime, reflecting the country's commitment toward fiscal transparency, accountability, and prudent use of its resources. The legal foundation for the TSA system in the UK is largely based on the Government Resources and Accounts Act 2000 (GRAA), which remains the mother legislation governing public financial management in the country.⁴⁸ Section 3Schedule 1, paragraphs 5 and 8 of GRAA empowers the Treasury with the much-needed statutory authority to open accounts with the Bank of England exclusively for the purpose of managing government money.⁴⁹ This provision in the statute effectively establishes the TSA in its centralized form with the Bank of England as the principal banker for the government. The said Act also empowers the Treasury to issue directions and instructions to government departments and public bodies on the management of financial resources, thereby ensuring a coordinated approach toward managing the finances of the realm.⁵⁰

The actual operational framework and arrangements concerning the UK's TSA system are further elaborated in the Banking Services; Government Banking Service framework document.⁵¹ This relatively comprehensive document covers, among other things, the respective roles, responsibilities, and operating schemes of the different entities that are part of the TSA system. In this respect, it is considered a fundamental reference document that guides government departments and agencies in integrating with the TSA system in terms of complying with prescribed rules and regulations.⁵²

The peculiar aspect of the TSA regime in the UK is that it places a strong focus on agency banking arrangements. In this regard, the GBS, as a distinct department within the Treasury, has developed complex MoU with several departments of the government. These MoUs contain specific terms and conditions for participation in the TSA system. In this context, they do, in effect, provide the necessary accountability and responsibility structures in the public sector.⁵³ The technological infrastructure that underpins UK TSA operations represents a huge investment in modern-day public financial management. To this end, the Government Banking Service operates the IBS, a state-of-the-art, centralised banking platform serving as the most important tool in TSA management. This facility provides capability for real-time cash flow monitoring and reporting, cash balances consolidation for agencies, and comprehensively supports all forms of funds transfer operations done within the agency.⁵⁴ Risk management is also at the heart of the TSA regime in the UK. Dealing with the potential risk associated with TSA operations, the Treasury has put in place an appropriate risk management framework. This is set up broadly to cover areas such as those of identification, methodologies for mitigation, and monitoring arrangements, all of which are uniquely crafted to ensure the security and integrity of government funds, as well as ensure operational effectiveness.⁵⁵

Implementation Issues and Results

While the TSA system in the UK largely has been a success, it has gone through various challenges that have needed strategic responses and continue to be refined. One major challenge was managing agency banking arrangements for a large number of government entities. In the context of the diversity of government departments and agencies with peculiar operational requirements, TSA protocols had to be carefully coordinated and customized in light of the varied cash management needs of the different government entities.⁵⁶ Another important challenge of TSA implementation in the UK concerns the area of

⁴⁶Ofori, D. F. (2013). Project management practices and critical success factors-A developing country perspective. *International journal of business and management*, 8(21), 14.

⁴⁷ LA Tetteh, C Agyenim-Boateng, SNY Simpson and D Susuawu, 'Public sector financial management reforms in Ghana: Insights from institutional theory'. (2021) 11(5), *Journal of Accounting in Emerging Economies*, 691-713.

⁴⁸Government Resources and Accounts Act 2000, c. 20.UK Parliament. (2000). Available from: The National Archives, Legislation.gov.uk, United Kingdom. <https://www.legislation.gov.uk/ukpga/2000/20/contents>

⁴⁹ibid

⁵⁰Government Resources and Accounts Act 2000, c. 20, § 3 and Schedule 1, paragraphs 5 and 8.UK Parliament. (2000).

⁵¹ Government Resources and Accounts Act 2000, s 12

⁵²ibid

⁵³HM Treasury, 'Banking Services – Government Banking Service' (2020); Treasury, H.M.S., 2008. HM Treasury. *Global commodities: a long-term vision for stable, secure and sustainable global markets*, London.

⁵⁴Government Banking Service, 'Integrated Banking Solution' (2022).

⁵⁵ J Black, 'The emergence of risk-based regulation and the new public risk management in the United Kingdom'. (2005) *Public Law*, 512.

⁵⁶Government Banking Service, 'Integrated Banking Solution' (2022).

transaction reconciliation. With a large volume of transactions happening daily across different government entities, its reconciliation becomes an important factor for the preparation of accurate and timely financial reports. The challenge has required the continuous refinement of the IBS capability and the concurrent development of automatic reconciliation tools in support.⁵⁷ Despite these challenges, huge gains have been recorded from the implementation of TSA in the UK, especially in managing public finances. Cash management has been enhanced following the consolidation of cash held in the government account, significantly bringing down cash balances lying idle in government accounts. Consequently, this has reduced the borrowing cost of the government by a great deal, saving the public purse an amount worth billions.⁵⁸ The adoption of TSA has, additionally, enforced fiscal discipline among government departments. Standardization of banking arrangements and cash management procedures has increased accountability and encouraged adherence to well-set standards relating to financial management. This has, in turn, reinforced budgetary controls and ensured better management of public spending.⁵⁹ Several factors have come together to make TSA implementation successful in the UK. First, the robust legal framework underlying the implementation, as represented by the GRAA, has instituted clear authority and accountability structures. Second, the arrangement for agency banking across the government, as ensured through the GBS, has facilitated coordination and compliance on various fronts. Third, investment in state-of-the-art technological infrastructure has allowed for efficient operations and effective monitoring of revenues pooled into one account.⁶⁰

5. Australia

Legal Framework and Implementation

The legal foundation for Australia's Treasury Single Account (TSA) system is firmly established within the nation's constitutional and legislative framework. At its core, Section 81 of the Australian Constitution establishes the Consolidated Revenue Fund (CRF) as the primary repository for all Commonwealth revenue, providing the fundamental basis for centralized government financial management.⁶¹ This constitutional provision is further strengthened and modernized through the Public Governance, Performance and Accountability Act 2013 (PGPA Act), which outlines the contemporary principles and requirements for Commonwealth entities in their financial operations and management practices.⁶² The operational structure of Australia's TSA system is anchored in a hierarchical framework, with the Reserve Bank of Australia (RBA) serving as the apex institution. The Department of Finance, working in close collaboration with the Australian Office of Financial Management (AOFM), maintains primary responsibility for managing the Commonwealth's cash position through the Official Public Account (OPA) held at the RBA. This arrangement ensures a centralized control mechanism while providing necessary operational flexibility for various government agencies and departments.⁶³ Within this framework, the TSA system operates through a sophisticated network of accounts and sub-accounts, all interconnected through modern banking technology and financial management systems. The Official Public Account serves as the main transaction account for Commonwealth operations, while agencies maintain sub-accounts for their specific operational requirements. These accounts are subject to daily sweeping arrangements, ensuring that all government funds are properly consolidated and managed under the TSA system.⁶⁴

The implementation of the TSA in Australia incorporates advanced cash management practices that leverage modern banking and payment systems. The system utilizes real-time gross settlement (RTGS) for high-value payments and direct entry mechanisms for regular transactions. This technological infrastructure enables efficient processing of government payments and receipts while maintaining robust control and oversight mechanisms. The Department of Finance has established comprehensive protocols for cash flow forecasting and management, requiring agencies to provide regular updates on their cash requirements and projected financial positions. A crucial aspect of Australia's TSA implementation is its integration with the Central Budget Management System (CBMS) and agency-level financial management information systems. This integration facilitates real-time monitoring of government cash positions, automated reconciliation of transactions, and enhanced reporting capabilities. The system's design allows for effective cash flow forecasting and management, enabling the government to optimize its cash resources and reduce the cost of cash holdings.⁶⁵ The legal framework also establishes clear accountability mechanisms and reporting requirements for all entities operating within the TSA system. Government agencies must adhere to specific protocols for payment processing, revenue collection, and cash management. These requirements are supported by detailed operational guidelines and procedures that ensure consistency and compliance across the government sector. The framework includes provisions for regular auditing and review of TSA operations, helping to maintain system integrity and effectiveness. The implementation process has been supported by comprehensive documentation and training programs to ensure that all stakeholders understand their roles and responsibilities within the TSA framework. The Department of Finance maintains detailed operational manuals and guidelines that provide clear instructions for various aspects of TSA operations, from daily transaction processing to emergency procedures and contingency planning.

⁵⁷ IF Yaker and S Pattanayak, *Treasury single account: Concept, design and implementation issues*. (2010) International Monetary Fund.

⁵⁸ HM (n, 53)

⁵⁹ *ibid*

⁶⁰ *ibid*

⁶¹ Commonwealth of Australia Constitution Act 1900 (Cth) s 81 (Australia)

⁶² Public Governance, Performance and Accountability Act 2013 (Cth) (PGPA Act)

⁶³ Department of Finance 2020, 'Central Budget Management System: User Guide, Commonwealth of Australia, Canberra.

⁶⁴ Australian Office of Financial Management 2019, Annual Report 2018-19, Commonwealth of Australia, Canberra.

⁶⁵ Commonwealth of Australia 2018, Budget Paper No. 1: Budget Strategy and Outlook 2018-19, Australian Government Publishing Service, Canberra.

Implementation Challenges and Outcomes

The implementation of the Treasury Single Account system in Australia has encountered various challenges while achieving significant outcomes in public financial management. One of the primary challenges has been the technical integration of various government financial systems with the TSA infrastructure. This integration process required substantial investment in technology and careful coordination among multiple stakeholders to ensure seamless operation while maintaining service continuity.⁶⁶ A significant challenge has been the development and maintenance of efficient payment processing mechanisms capable of handling the volume and complexity of government transactions. This required extensive technical infrastructure development and regular updates to keep pace with evolving banking technology and security requirements. The government had to invest considerably in upgrading payment systems while ensuring they remained secure, reliable, and efficient. Cash flow forecasting has presented another notable challenge in the implementation process. Agencies needed to develop new capabilities and adapt their internal processes to meet the requirements for accurate and timely cash flow projections. This involved significant changes to existing procedures and the development of new skills among financial management staff across government agencies. The coordination of numerous government agencies and departments presented substantial administrative challenges during implementation. The Department of Finance needed to ensure effective communication and change management across all stakeholders, requiring significant resources for training and capacity building. This included developing comprehensive training materials and conducting regular workshops to build necessary capabilities among staff at all levels. Despite these challenges, the implementation of the TSA system has yielded significant positive outcomes for Australia's public financial management. The system has dramatically improved the government's ability to manage its cash resources efficiently, reducing idle balances and improving returns on surplus cash investments.⁶⁷ The consolidation of government banking arrangements has led to reduced banking fees and transaction costs, achieving economies of scale in banking operations.

The TSA implementation has enhanced transparency in government financial operations through improved monitoring and reporting capabilities. The centralized system provides better visibility of cash positions and movements, creating more effective audit trails and enabling more accurate financial reporting. This increased transparency has contributed to better decision-making in public financial management and improved accountability in the use of public funds.⁶⁸ Operational efficiency has improved significantly following TSA implementation. Processing times for government payments have been reduced, and the accuracy of financial reporting has increased. The system has enabled better coordination between agencies and improved control over government funds, leading to more effective cash management practices across the public sector.⁶⁹ The Australian TSA system has also demonstrated considerable flexibility in adapting to changing circumstances and requirements. The system has been able to accommodate new payment methods and technologies while maintaining robust control and security measures. This adaptability has been crucial in ensuring the system's continued effectiveness in supporting government financial operations.⁷⁰ The implementation has resulted in improved forecasting and planning capabilities for government agencies. With better access to real-time financial data and improved analytical tools, agencies can make more informed decisions about their cash requirements and financial planning. This has led to more efficient use of government resources and better alignment between cash availability and spending needs.

6. Comparative Analysis and Lessons Learnt

The implementation of TSA systems across Nigeria, Ghana, the United Kingdom and Australia has created an interesting case for using comparative analysis to distil diverse approaches to public financial management reform. Taking note of their respective experiences, there were common threads between the implementing strategy, challenges, and differing outcomes, each carrying useful lessons for other countries contemplating similar reforms. Underpinning this, the legal frameworks that support the implementation of TSA in these countries provide different insights into the development of constitutional and legislative underpinnings. In Nigeria, the TSA system has its underpinning from its 1999 Constitution, especially Sections 80 and 162,⁷¹ supported by the Fiscal Responsibility Act 2007 (Federal Republic of Nigeria 1999).⁷² In Australia, similarly, the underpinning is within Section 81 of its Constitution and the Public Governance, Performance and Accountability Act 2013 (Parliament of Australia 2015).⁷³ For the UK, there is slight variation in this respect: the leading legitimacy of TSA within a statutory framework has been provided for in the Government Resources and Accounts Act 2000.⁷⁴ As for Ghana, the implementation falls within the borders of the Financial Administration Act 2003 and the related regulations; this, therefore, makes it the most current in terms of legislation compared to the other countries.⁷⁵

⁶⁶ Australian Government Department of Finance 2018, Annual Report 2017-2018, Commonwealth of Australia, Canberra.

⁶⁷ *ibid*

⁶⁸ AG Panggeso, Nirwana, and Haliah, 'Transparency and accountability in public financial reporting: Implementation and challenges in the digital era: A systematic literature review'. (2024) 3(6) *International Journal of Business and Applied Economics* (IJBAE), 979-990.

⁶⁹ *ibid*

⁷⁰ Yaker and S Pattanayak (n, 57)

⁷¹ Constitution of the Federal Republic of Nigeria 1999 (as amended), ss 80, 162

⁷² (n, 19)

⁷³ Commonwealth of Australia Constitution Act 1900 (Cth) s 81 and Public Governance, Performance and Accountability Act 2013 (Cth); Parliament of Australia. 2013. Public Governance, Performance and Accountability Act 2013. No. 123, 2013. Canberra: Commonwealth of Australia.

⁷⁴ HM (n, 53)

⁷⁵ (n, 20)

A key difference arises in the timing and manner of implementation. Nigeria's TSA was introduced formally by directive in 2015, to effect an exponential shift from a fragmented to a centralized system.⁷⁶ Ghana adopted a more gradual implementation framework by first consolidating accounts at the Bank of Ghana before extending to commercial bank accounts.⁷⁷ In contrast to this is the more organic development of the TSA system in Australia, where it evolved from an established federal financial management framework.⁷⁸ The UK implemented a much more mature system whereby the existing agency banking arrangements underpin the Government Banking Service.

Technological integration is an important factor for all four countries, though each country's degree of sophistication and scope varies. Nigeria focused on technological modernization through the Integrated Tax Administration System.⁷⁹ Ghana developed its technological backbone through the Ghana Integrated Financial Management Information System (GIFMIS).⁸⁰ The UK uses the Integrated Banking Solution (IBS) through the Government Banking Service, while Australia integrates its system with its Central Budget Management System (CBMS).

Implementation challenges also show commonalities and differences between the four countries. All four countries had resistance from agencies that feared loss of financial control. Nigeria and Ghana had the same challenges with stakeholder resistance and development of technological infrastructure. The UK had more complex challenges related to managing complex agency banking arrangements and transaction reconciliation processes (Government Banking Service 2016). Australia's major challenges were related to technical integration and coordination with multiple stakeholders.

Outcomes from TSA implementation exhibit great improvement in all four countries but with diverging focuses. On the part of Nigeria, increases in non-oil revenues have been appreciable, along with improvement in tax compliance. In relation to Ghana, the country managed to post the improvements in tax-to-GDP ratio and enhances cash management capabilities. Cost savings generated significant outcomes through a decrease in cost of borrowing and efficiency in cash management in the UK. For Australia, some benefits include the possibility of eliminating idle balances and making better returns on cash investment. A comparative analysis of various risk management approaches followed in the countries depicts a few focuses across the countries. The UK has developed an overall risk management framework for the TSA's operations. Likewise, the Australian system has robust controls and oversight mechanisms; several features have been embedded into its operational framework. Both Nigeria and Ghana have given greater emphasis on institutional capacity building and strengthening of operational controls toward risk management.

The functions of the central banks are similar yet different in the four countries; all of them act as the main bankers to their respective governments. While the Central Bank of Nigeria maintains the account of the Consolidated Revenue Fund, the Bank of Ghana acts as the main repository of government funds. The Bank of England performs under specific statutory authority for government banking, while the Reserve Bank of Australia is the topmost institution in its TSA hierarchy.

The countries also vary in terms of engaging their stakeholders. For example, Nigeria and Ghana had intensive outreach and awareness creation to gain acceptance from government agencies. This was more in terms of formal memoranda of understanding in the UK between the participating entities, while Australia had a maximum program of documentation and training to make the stakeholders aware of how things would be done.

Another area of variation concerns the integration of tax administration systems with TSA operations. Nigeria's implementation included substantial tax administration reforms through the ITAS. Ghana utilized GIFMIS to improve tax collection and administration. Both the UK and Australia reveal further developed integration between tax administration and TSA operations, given the longer history of their implementation.

Going forward, all four countries continue to enhance their TSA systems through improvements in technology and processes. Nigeria and Ghana focus on strengthening digital infrastructure and institutional capacity, with the UK focusing on improving automation and reporting capabilities, while Australia continues its evolution through technological integration and process improvement.

A few lessons that come out from this comparative analysis relate first to the need for a sound legal framework, which has been realized from the experience of all the four countries. Equally important is technological integration into the systems, adding to effectiveness even though its implementation may differ given the core and capabilities. Thirdly, effective stakeholder engagement and capacity building are other critical variables for successful implementation, irrespective of the country's stage of development. This implementation should also be staged, something that was strongly brought out in the case of Ghana. In this way, such challenges are easier to manage while changes and learning can be made along the way. The critical role played by political commitment and institutional support in driving success around the TSA implementation process has been realized in the experiences of all four countries.

⁷⁶Office of the Accountant-General of Nigeria (n, 24).

⁷⁷Twum-Barima (n, 34)

⁷⁸(n, 66)

⁷⁹(n, 22)

⁸⁰Yaokumah and Biney (n, 37)

The study has also shown that a successful TSA implementation involves a trade-off between centralized control and operational flexibility. This is clearly reflected in both the UK and Australian systems, underpinned by well-developed agency banking arrangements that provide a framework for both central oversight and efficiency at the operational level. The experiences of Nigeria and Ghana so far demonstrate very well that this balance is achievable even within developing economies, provided due attention is paid to institutional capacity building and stakeholder engagement.

Finally, the comparative analysis underlines the important positive system change and enhancement over time. Indeed, each of the four countries has ongoing commitments toward improving its TSA system via continuous technological upgrade, process initiatives, and capacity building. It is this commitment to continuous improvement that keeps TSA systems as useful tools in public financial management and equipped to address changing circumstances and requirements. These lessons provide valuable insights for other countries considering or implementing TSA systems, highlighting the importance of careful planning, strong legal frameworks, technological integration, stakeholder engagement, and continuous improvement in achieving successful outcomes in public financial management reform.

7. Conclusion

TSA implementations in Nigeria, Ghana, the UK and Australia are examples of the transformation that comprehensive public financial management reforms could deliver. These case studies from different continents and economies give compelling testimony that TSA systems, if well implemented, significantly enhance the government's financial operations and fiscal transparency. A critical assessment of the experiences reveals three critical success factors: appropriate legislation, institutional capacity and continuous political will. Nigeria's implementation using Federal Government Circular No. TRY/A8&B8/2015 shows the extent to which policy pronouncements can trigger substantial reforms; this was done gradually by Ghana through the Financial Administration Act 2003, hence incorporating strategic steps. Their mature TSA systems, on the other hand, the UK and Australia equally demonstrate its long-term benefits, with developed banking arrangements and combined management system illustrating TSA's flexibility to accommodate complex government structures. Modern TSA implementation is fundamentally enabled by technology. These four countries all had colossal investment in technology, though differently. Nigeria and Ghana enacted major reforms through the Integrated Tax Administration System and GIFMIS, respectively, whereas the United Kingdom and Australia have carried further this integration process. These challenges ranged from stakeholder resistance to technical integration issues. Their successful resolution through stakeholder engagement, capacity building, and technological investment holds valuable lessons for other countries. The cases of Nigeria and Ghana, in particular, have great relevance for developing economies since they demonstrate that even initial resistance can be overturned with strategic communication and perseverance. The concrete accruing benefits that were recorded across the countries were increased revenue realization, operational cash management, reduced transaction cost, and improvement in operational transparency. This is evidenced by increased non-oil revenues in Nigeria, an improved tax-to-GDP ratio in Ghana, and operational efficiencies within the UK and Australia. The diverging experiences show that TSA implementation is demanding but rewarding for public financial management reform. Although the concept itself remains the same, it can be implemented in different ways within different national contexts. The overall key lessons pertain to the requirement of a sound legal framework, readiness of technology, stakeholder consultation, and continued political leadership-all balanced to maintain the centre of control while providing flexibility to operations.