

Treasury Single Account and the Financial Performance of Ministries, Departments and Agencies in Kwara State, Nigeria

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ABSTRACT

The implementation of the Treasury Single Account (TSA) has experienced varying levels of adoption across different government tiers, often facing resistance and negative perceptions among Ministries, Departments, and Agencies (MDAs) regarding its impact on budgetary discipline. The financial performance of MDAs is crucial for achieving improved revenue generation, financial transparency, and accountability, yet low compliance with TSA policies has hindered these objectives. This study investigates the effects of TSA on the financial performance of MDAs in Kwara State, Nigeria, employing a survey research design and purposive sampling techniques to select 14 unit heads from each MDA. Data were collected through structured questionnaires and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The findings indicate that the unification of government bank accounts significantly reduces financial leakages, enhances transparency, and mitigates financial fraud. Additionally, financial management control techniques positively influence MDAs' financial performance, with cash consolidation playing a notable role. While account unification positively impacts financial accountability, it remains statistically insignificant ($\beta = 11.8\%$, $p = 0.071$). Conversely, financial management control significantly enhances financial transparency ($p = 0.000$). The study concludes that TSA's key constructs—bank account unification, financial management control, and cash consolidation significantly impact MDAs' financial performance in Kwara State. These findings align with previous research, reinforcing TSA's critical role in strengthening financial governance. The study recommends that the government enact further legislation to ensure TSA compliance across all

MDAs and enhance its implementation to improve revenue generation, financial accountability, and transparency.

Keywords: Treasury Single Account, Financial Performance, Ministries, Department and Agencies.

I. INTRODUCTION

The Treasury Single Account (TSA) was first proposed in 2012 during the administration of former President Goodluck Jonathan to consolidate all government inflows from Ministries, Departments, and Agencies (MDAs) into a unified account. However, its full implementation began in 2015 under former President Muhammadu Buhari to restructure the banking system and enhance fiscal accountability (Oguntodu et al., 2019). Prior to TSA, over 10,000 bank accounts were scattered across different financial institutions, making it difficult to determine the government's overall financial position at any given time (Adebisi & Okike, 2019). The lack of transparency in public sector financial administration led to several agencies failing to remit the mandatory 25% of their annual revenues to the government, prompting the adoption of TSA as a solution (Dickson, 2022). Nigeria, like other countries that have institutionalized the TSA policy, aims to improve fiscal efficiency and accountability through the centralization of government cash flows (Lienert, 2019). TSA also aligns with the 1999 Nigerian Constitution, which mandates in Section 80(1) that all government revenues be consolidated into a single fund for effective management (Yusuf & Chiejina, 2018).

While the TSA policy has been praised for improving transparency and financial oversight, it has also sparked debates regarding its impact on liquidity in the banking sector. Some scholars argue that merging government funds into a single

account reduces the liquidity available to commercial banks, potentially limiting their ability to lend and stimulate economic growth (Uzochukwu&Olohi, 2019). Conversely, others highlight TSA's benefits in curbing corruption, ensuring efficient revenue collection, and promoting fiscal discipline (Guillamón et al., 2020). The Kwara State government adopted TSA in 2015, mandating state-owned institutions to establish separate treasury accounts to streamline revenue collection and enhance financial accountability (Omosidi et al., 2020). However, empirical evidence on the impact of TSA on the performance of MDAs, particularly in Kwara State, remains limited, creating a gap for further research (Chukwurah et al., 2020).

II. STATEMENT OF THE PROBLEM

The Nigerian Ministries, Departments, and Agencies (MDAs) have long been plagued by financial mismanagement, corruption, and revenue leakages (Achua, 2023). Reports of ghost workers, fraud, and embezzlement have led to massive financial losses in the public sector, affecting the country's economic development (Rotimi et al., 2021). Despite various financial reforms, billions of naira continue to be lost annually through both detected and undetected fraudulent activities within the MDAs. This mismanagement not only drains public resources but also hinders socio-economic growth and weakens fiscal discipline. Recognizing the need for financial accountability, the Nigerian government introduced the Treasury Single Account (TSA) in 2015 to centralize public funds and curb financial malpractice (Chukwurah et al., 2020). However, despite its adoption, many MDAs still operate multiple bank accounts with commercial banks, allowing for unregulated fund diversion and inefficiencies in public finance management (Kanu& Bashir, 2019).

While TSA implementation has improved revenue collection and financial oversight, its overall impact on the financial performance of MDAs remains debatable. Some scholars argue that TSA reduces liquidity in the banking sector, limiting their ability to lend and support economic growth (Uzochukwu&Olohi, 2019). Others highlight its role in enhancing financial transparency and curbing corruption (Guillamón et al., 2020). Empirical studies, such as those by Amaefule and Barigbon (2019), have reported mixed effects of TSA on government revenue, capital expenditure, and external reserves, raising concerns about its effectiveness in achieving optimal financial performance. While studies in

developed economies like the UK and Ghana have shown positive fiscal outcomes from TSA adoption, research on its effects in Kwara State's MDAs remains scarce (Osei&Boateng, 2018). Given the lack of comprehensive empirical evidence, this study seeks to examine the impact of TSA on the financial performance of MDAs in Kwara State, filling the existing research gap by evaluating its role in revenue generation, financial accountability, and expenditure management.

In light of this, the study examines the effect of treasury single account on the financial performance of ministries, departments and agencies in Kwara state, Nigeria. This study analyzes the financial performance of Ministries, Departments, and Agencies (MDAs) in Kwara State, focusing on the impact of the Treasury Single Account (TSA) on financial management and control. Kwara State's Internally Generated Revenue (IGR) reached approximately ₦35.8 billion in 2022, positioning it among the top revenue-generating states in Nigeria (Damilola, 2023). Given its diverse economic structure and significant number of MDAs, Kwara State provides a compelling case for examining how TSA centralization affects revenue generation, financial accountability, and transparency. TSA aims to minimize financial leakages, improve fiscal discipline, and enhance efficiency in resource utilization by consolidating government funds into a single account. While previous studies (Yusuf, 2019) emphasize TSA's role in reducing corruption and promoting financial discipline, limited research has explored its localized impact on Kwara State's MDAs. Investigating this relationship will provide valuable insights into how centralized financial management systems influence public sector performance, contributing to a broader understanding of TSA's effectiveness in Nigeria. In order to achieve this objective, this study hypothesized in its null form that:

H₀₁: The TSA (unification of government bank accounts, financial management control and cash consolidation) does not significantly affect the revenue generation of MDAs in Kara State.

H₀₂: TSA (unification of government bank accounts, financial management control and cash consolidation) has no significant effect on financial accountability MDAs in Kwara State.

H₀₃: TSA (unification of government bank accounts, financial management control and cashconsolidation) does not significantly affect the financial transparency of MDAs in Kara State.

III. LITERATURE REVIEW

Conceptual Review

Treasury Single Account

The Treasury Single Account (TSA) is a unified banking structure that consolidates government revenues into a single account managed by the Central Bank, enhancing efficiency, transparency, and accountability in public financial management (Yusuf, 2019). This system allows the government to process all payments and receipts centrally, providing a real-time overview of its cash position (Bashir, 2016). TSA is an e-collection initiative that automates revenue collection from Ministries, Departments, and Agencies (MDAs) and ensures that funds flow directly into the Consolidated Revenue Fund (CRF) at the Central Bank of Nigeria (CBN) through Remita e-collection and other digital payment channels (Tayo, 2019). One of TSA's key functions is to prevent revenue leakages by consolidating government bank accounts, which previously allowed MDAs to engage in unauthorized spending and mismanagement of funds (Kanu, 2019). According to the International Monetary Fund (IMF, 2020), TSA promotes efficient control over government cash balances, budget execution, and fiscal discipline while enhancing coordination between banking and accounting systems. However, concerns remain regarding TSA's impact on commercial banks' liquidity, as government funds are no longer stored in multiple accounts within commercial banks (Uzochukwu&Olohi, 2019). While some scholars argue that TSA has negatively affected bank profitability, others emphasize its role in reducing corruption and improving financial oversight (Guillamón et al., 2020).

Consolidation of Financial Resources of the Government

Financial consolidation involves centralizing the financial operations of multiple Ministries, Departments, and Agencies (MDAs) into a single Treasury Single Account (TSA) to enhance financial management, transparency, and cost efficiency (Investopedia, 2023). Pooling financial resources through TSA reduces transaction costs, limits revenue shortfalls, and prevents mismanagement (Onyekpere, 2019). Idle government cash balances in commercial banks contribute to inefficiencies, as they remain unproductive while the government incurs high borrowing costs to address supposed cash deficits (Pattanayak&Fainboim, 2019). TSA ensures that all government revenues are promptly collected,

accounted for, and allocated efficiently, eliminating revenue leakages and improving fiscal discipline (Kolapo, 2020). Additionally, it provides the government with a comprehensive view of its cash position, enabling better resource allocation and financial planning. The unification of government bank accounts minimizes financial mismanagement by reducing the ability of MDAs to divert funds, ensuring compliance with fiscal regulations (Onyekpere, 2019). The effective implementation of TSA in Nigeria is expected to strengthen public sector financial management, though further research is needed to assess its full impact on government revenue and expenditure control.

Financial Management Control

Financial management controls are strategies and processes designed to ensure that financial resources are efficiently utilized, expenditures are controlled, and accountability is maintained (Investopedia, 2023). These controls include budgeting, expenditure monitoring, internal auditing, and financial reporting, which are essential for protecting assets, supporting decision-making, and achieving financial goals. Strong financial controls are critical for inclusive institutions that promote trust, innovation, and sustainable development (Marwata&Alam, 2019). Effective public financial management leads to poverty reduction, gender equality, and balanced economic growth (Chris et al., 2020). Additionally, donor organizations and development agencies often integrate financial management systems into their projects, making a strong understanding of national budgeting and financial controls crucial (Andrew, 2022). Evaluating public financial management involves assessing performance through budgetary restraint, transparency, and operational efficiency (Modrigues, 2020). While developed nations frequently conduct value-for-money audits and program evaluations, developing countries, including Nigeria, often lack comprehensive Public Expenditure Reviews (PERs), limiting international comparisons of financial efficiency (Chris et al., 2020).

Financial Performance

Financial performance plays a crucial role in public sector governance, as efficient public financial management (PFM) systems are essential for achieving development goals and poverty reduction (Chris et al., 2020). A country's ability to generate revenue through equitable taxation and responsibly manage public spending is a fundamental aspect of statehood (Lawson, 2019).

Evaluating public financial management involves assessing institutions, policies, and practices to ensure accountability and financial sustainability (Olorunnishola et al., 2019). The Public Expenditure & Financial Accountability (PEFA) assessment framework, developed by organizations such as the World Bank, International Monetary Fund (IMF), and the European Union (EU), includes 31 key performance indicators (KPIs) to measure the effectiveness of public financial systems. Since 2005, over 100 countries have conducted nearly 300 PEFA assessments, reinforcing financial transparency, sustainability, and accountability (Olorunnishola et al., 2019).

Theoretical Review

Theory of Public Financial Management

The Public Financial Management (PFM) theory, developed by Musgrave (1959), emphasizes the efficient allocation, mobilization, and expenditure of financial resources for public welfare. The Treasury Single Account (TSA) aligns with this theory by ensuring transparent and accountable financial management in government institutions (Grubber, 2020). Effective financial controls, including budgeting, resource management, and risk mitigation, play a critical role in preventing financial leakages and mismanagement (Ogunniyi et al., 2023).

Despite the benefits, critics highlight the rigid control mechanisms and bureaucratic inefficiencies associated with TSA. While centralized financial management improves fiscal discipline, it can limit the autonomy of MDAs, delay fund disbursement, and create administrative bottlenecks (Iloeje et al., 2022). Furthermore, Yusuf (2019) notes that TSA helps reduce borrowing costs by providing a clear overview of cash flows, enhancing financial planning. However, Oloba and Nkuma (2019) caution that excessive regulations could hinder flexibility, reducing the responsiveness of MDAs to dynamic financial needs. Ultimately, the PFM theory supports TSA as a tool for financial accountability, but its implementation must balance efficiency with operational flexibility to maximize the financial performance of Ministries, Departments, and Agencies (MDAs).

Empirical Review

Iloeje and Okwo (2022) examined the Treasury Single Account (TSA) on Nigeria's financial management, focusing on revenue collection, public cash management, federation account distribution, and corruption control. Using

secondary data from the Central Bank of Nigeria's Statistical Bulletin for pre-adoption (2010-2014) and post-adoption (2015-2019) periods, and employing the T-test for analysis, the study found that TSA had a negligible and adverse effect on these financial aspects. Despite these findings, it is understood that the long-term sustainability of financial management control impacts financial performance, indicating a need for further continuous improvements in financial management practices. This research gap lies in determining the effects of TSA on public money management in Nigeria as well as in the current government regime if it is thoroughly implemented.

Allison and Ndukwe (2021) assessed the extent to which the implementation of the Treasury Single Account in Nigeria has contributed towards achieving public accountability in Nigeria's Public sectors. The content analysis method was used in the article to collect and analyse data. The study said that by fostering fiscal responsibility and guaranteeing efficient aggregate control over government cash balances, the Treasury Single Account implementation has, as intended, established centralised, transparent, and responsible revenue administration in Nigeria. The study failed to explore the comparative effectiveness of TSA with alternative public financial management reforms or the potential adaptations needed to address unique contextual factors in Nigeria.

Muwanbuli and Igoti (2021) assessed treasury single accounts on the financial performance of banks in Tanzania. The criteria in the sample are those banks that transact with government institutes and were established before 2008 using secondary data between 2008-2017. The data were analyzed by both Eviews 12 and Stata 16 using an ordinary least squares (OLS) regression model analysis. Findings from the results showed that the government deposits as a significant positive effect on net interest margin. The possible reason for the results is the fact that Tanzania commercial banks were over-reliant on government funds rather than mobilising funds from the unbanked among rural residents.

Owolabi and Achugamnu (2020) focused on Nigeria's Treasury Single Account Policy and Government Revenue. They gathered primary data from Lagos State public sector employees using a questionnaire. They used a questionnaire to collect primary data, The Analysis employed was the Wilcoxon Sign test at a 5% significance level. The findings demonstrated how TSA policy, together with strict oversight of government spending, has aided in the collection and submission of all

government income. In the study, the research gap is bent on the effects of TSA on fiscal discipline and economic stability.

Adetula et al. (2020) conducted a study on the influence of the Treasury Single Account (TSA) policy on government revenue in Nigeria, aimed to understand how TSA can prevent revenue leakage and reduce mismanagement and theft. Utilizing both primary and secondary data, the study employed a linear regression model to analyze the findings. The results indicated that continuous and effective monitoring of government expenditure, not just revenues, is essential for enhancing the effectiveness and efficiency of TSA. The study revealed that while TSA policy is critical for the centralized collection and transfer of government funds, maintaining stringent oversight of the executive branch is crucial to ensuring improved financial performance and accountability. The study identified a gap in the need to further investigate the mechanisms of effective monitoring of government expenditure in ensuring the sustained effectiveness of the TSA policy.

Nigeria's revenue generation costs are impacted by the Treasury Single Account, as investigated by Onyemowo, Suleiman, and Okwoli (2019). They gathered information from 389 employees of the Federal Ministry of Finance, Central Bank of Nigeria, Auditor General's Office, and Accountant General's Office through survey research. The data analysis method employed was linear regression. The study found TSA to be significant and showed a rise in revenue-generating costs, according to the study.

Gap Identified in Literature

Several studies have examined the Treasury Single Account (TSA) in both developed and developing countries, including Nigeria, focusing primarily on its implementation, efficiency, and operational effectiveness (Oguntodu, 2019). However, there is limited research on the impact of bank account unification, financial management control, and cash consolidation on financial performance in Nigeria, with most studies conducted in other developing economies. Empirical findings on TSA's effectiveness have been inconsistent, with some studies reporting positive effects on government revenue, accountability, and transparency, while others highlight implementation challenges and inefficiencies (Agbaje, 2019; Oguntodun, 2019). Additionally, methodological gaps exist, as prior studies predominantly relied on interviews and secondary data from Apex financial institution

bulletins (Pattanayak et al., 2019). To address these gaps, this study employs a Partial Least Squares-Structural Equation Modeling (PLS-SEM) approach, a robust multivariate analysis technique suited for evaluating latent variables. This method will provide a more reliable assessment of TSA's impact on the financial performance of MDAs in Kwara State, Nigeria, using revenue generation, financial accountability, and transparency as key indicators.

IV. METHODOLOGY

This study adopted a survey research design to examine the relationship between variables by quantifying their effects. The research utilized a structured questionnaire, hypothesis testing, and primary data analysis to address the research questions (Miller, 2019). The study was conducted in Kwara State, a key economic hub in north-central Nigeria, known for its high concentration of Ministries, Departments, and Agencies (MDAs), making it a suitable location for assessing the impact of the Treasury Single Account (TSA) on public sector financial performance. The study population comprised 7,314 staff across 23 MDAs, with a sample size of 179 determined using Taro Yamane's (1973) formula. Purposive sampling was employed to select participants. Data collection was conducted using a 5-point Likert scale questionnaire, allowing respondents to indicate their level of agreement from "Strongly Disagree" (SD) to "Strongly Agree" (SA) on various statements regarding TSA. Both descriptive and inferential statistics were used to analyze the collected data, summarizing respondents' socio-demographic characteristics and examining key research variables.

Model Specification

The study adapts the model from the empirical work Reus (2018). Thus, the model is specified as:

$$PFM = \beta_0 + \beta_1 FMC + \beta_2 CGB + \beta_3 UGF + e_i \dots \dots \dots i$$

Where: FMC = Financial management controls;
 CGB = Cost of government borrowing; UAG = Unification of various Accounts of government;
 PFM = Public financial management; E = Residual term; β = Coefficient for Xi

Considering the study's objectives, the model was modified to incorporate the relevant variables and adjusted to align with the available dataset for the selected sample size as follows:

The multiple regression models are:

$$RG = \beta_0 + \beta_1 UGBA + \beta_2 FMC + \beta_3 CC + e_i \dots \dots \dots ii$$

$FA = \beta_0 + \beta_1UGBA + \beta_2FMC + \beta_3CC + e_i$ iii
 $FT = \beta_0 + \beta_1UGBA + \beta_2FMC + \beta_3CC + e_i$ iv
 Where: RG = Revenue Generation; FA = Financial Accountability; FT = Financial Transparency;

UGBA =Unification of Government Bank Accounts; FMC = Financial Management Controls; CC = Cash consolidation; FP = Financial performance; e=Residual term; β =Coefficient for Xi

V. RESULTS AND DISCUSSION

Response Rate

Table 1: Summary of Response Rate

Detail	Copies	Rate (%)
Questionnaire distributed	233	100
Questionnaire returned	216	92.7
Questionnaire not returned	17	7.3
Questionnaire not usable	18	7.7
The questionnaire was returned and usable	198	85

Source: Field Survey, 2024

Table 1 summarizes the questionnaire response rate. Out of 233 distributed copies, 198 (85%) were returned and deemed suitable for analysis, while 17 (7.3%) were not returned. The

final response rate exceeded the minimum required sample size of 179, making it adequate for further analysis (Tabachnick&Fidell, 2019).

Assessment of Outliers

Table 2: Assessment of Outliers

Result Variable	N of Outliers	Case Number of Non-Missing Values		N of Valid Cases	Creating Function
		First	Last		
1 Unification1_1	2	1	198	198	SMEAN(UNI1)
2 Unification 3_1	1	1	198	198	SMEAN(UNI3)
3 Unification4_1	2	1	198	198	SMEAN(UNI4)
4 Control 2_1	2	1	198	198	SMEAN(CON2)
5 Control 3_1	1	1	198	198	SMEAN(CON3)
6 Control 5_1	1	1	198	198	SMEAN(CON5)
7 Consolidation2_1	2	1	198	198	SMEAN(CONS2)
8 Consolidation 4_1	2	1	198	198	SMEAN(CONS4)
9 FinPerf1_1	1	1	198	198	SMEAN(FINPERF1)
10 FinPerf 3_1	2	1	198	198	SMEAN(FINPERF3)
11 FinPerf4_1	2	1	198	198	SMEAN(FINPERF4)
Not Usable Questionnaire	18				

Source: Field Survey, 2024

An outlier is an extreme value that skews statistics, either for a single variable (univariate outlier) or an unusual combination of multiple variables (multivariate outlier)(Tabachnick&Fidell,

2019). This study used the Mahalanobis distance (D^2), a widely accepted technique for detecting multivariate outliers by measuring each observation's distance from the mean center in

multidimensional space (Hair et al., 2019). Following the recommended significance level of 0.001(Hair et al., 2019),18 outlier cases were

identified and removed. As a result,198 valid cases were used for analysis from the 216 usable questionnaire responses.

Socio-Demographic Characteristics of the Respondents

Table 3: Socio-Demographic Characteristics of the Respondents

Age		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 25	24	12.1	12.1	12.1
	25-35	80	40.4	40.4	52.5
	36-45	85	42.9	42.9	95.5
	Above 46	9	4.5	4.5	100.0
	Total	198	100.0	100.0	
Gender		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	121	61.1	61.1	61.1
	Female	77	38.9	38.9	100.0
	Total	198	100.0	100.0	
Marital		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	63	31.8	31.8	31.8
	Married	103	52.0	52.0	83.8
	Divorce	32	16.2	16.2	100.0
	Total	198	100.0	100.0	
Educational Qualification		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SSCE	26	13.1	13.1	13.1
	ND/NCE	85	42.9	42.9	56.1
	HND/BSC	80	40.4	40.4	96.5
	Others	7	3.5	3.5	100.0
	Total	198	100.0	100.0	
Working Experience		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	5-10 years	50	25.3	25.3	25.3
	11-15 years	93	47.0	47.0	72.2
	16-20 years	33	16.7	16.7	88.9
	above 21	22	11.1	11.1	100.0
	Total	198	100.0	100.0	
Professional Qualification		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	ACA/ANAN	31	15.7	15.7	15.7
	ACCA	2	1.0	1.0	16.7
	CITN	30	15.2	15.2	31.8
	Others	135	68.2	68.2	100.0
	Total	198	100.0	100.0	

Source: Field Survey, 2024

From table 3 above, the age distribution of respondents indicates that the majority (83.3%) fall between 25-45 years, representing the active workforce. Specifically, 12.1% are below 25 years, 40.4% fall between 25-35 years, 42.9% between 36-45 years, while only 4.5% are above 46 years. Regarding gender, 61.4% of respondents are male,

while 38.9% are female, suggesting a higher male representation in the formal sector. For marital status, 52% of respondents are married, 31.8% are single, and 16.2% are divorced. In terms of academic qualifications, the majority hold ND/NCE (42.9%) and HND/BSc (40.4%), indicating a high level of literacy among

respondents, ensuring reliable responses. Work experience distribution shows that 47% have 11-15 years of experience, while 41.4% have over 15 years, suggesting that most respondents are seasoned professionals. Lastly, for professional qualifications, 68.2% hold other certifications, while 15.7% have ACA/ANAN, 15.2% have CITN, and 1% holds ACCA. This suggests diverse professional expertise among respondents.

Test of Hypotheses

This was done by the assessment of the size and significance of the path relationship (i.e

path coefficient) between the dependent variable of each model and its multiple independent variables, the predictive accuracy of the model (R^2 coefficient of determination), the effect size of the specific independent variable on its corresponding dependent variable per model (f^2), further assessment of the predictive relevance of each model (Q^2).

H₀₁: Treasury single account does not have significant effect on revenue generation of MDAs in Kwara State.

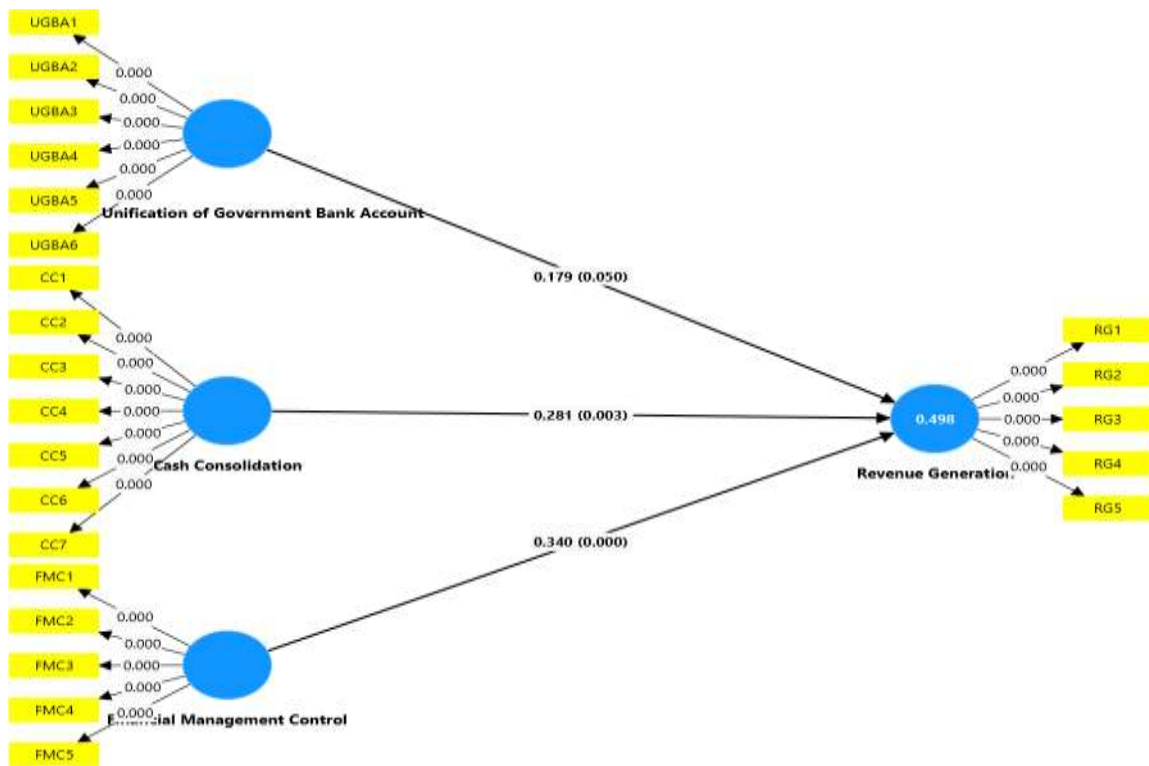


Figure 1: Size and Significance of the Path Relationship between Treasury Single Account and Revenue Generation of MDAS in Kwara State

Table 4: Size and Significance of the Path Relationship and Coefficient of Determination						
Hypothesis ($R^2 = 0.498$)	Beta(β) Value	Standard Error	T Statistics	P Values	Decision	
Cash Consolidation -> Revenue Generation	0.281	0.096	2.934	0.003	Null hypotheses	
Financial Management Control -> Revenue Generation	0.340	0.074	4.597	0.000	Null hypotheses	
Unification of Government Bank Account -> Revenue Generation	0.179	0.091	1.958	0.050	Alternative Hypotheses	

Source: SMART PLS Version 4.1.0 (2024)

Table 4 shows that cash consolidation and financial management control, key dimensions of the Treasury Single Account (TSA), significantly impact revenue generation with P-values of 0.003 and 0.000, leading to 28.1% and 34% increases, respectively. However, the unification of government bank accounts has a positive but

insignificant effect ($\beta = 17.9\%$, $P = 0.050$). With an R^2 value of 0.498, the model explains 49.8% of the variance in revenue generation, meeting the adequacy threshold recommended by Falk and Miller (1992). Therefore, the study confirms that TSA significantly enhances revenue generation in MDAs in Kwara State.

Table 4.1: Assessment of the Effect Size for Direct Relationship: F-Square

$(R^2 = 0.498)$	F ² change	Decision
Cash Consolidation -> Revenue Generation	0.058	Small effect
Financial Management Control -> Revenue Generation	0.120	Small effect
Unification of Government Bank Account -> Revenue Generation	0.031	Small effect

Source: SMART PLS Version 4.1.0 (2024)

Table 4.1 shows effect size which is the change in R^2 when a particular exogenous variable is excluded from the model. It is used to assess whether an omitted exogenous variable has a small, moderate or substantial impact on the endogenous variable (Hair et al., 2019). Sawilowsky (2009)

classified effect size (F^2) of 0.02, 0.15, and 0.35 as small, moderate and large respectively. From table 4.11, it can be seen that the three exogenous variables have 0.058, 0.120, and 0.031 effect sizes on endogenous variables when they are respectively removed from the first model.

Table 4.2: Predictive Relevance for Direct Relationship: Q-Square

Construct	Q ² predict
Revenue Generation	0.463

Source: SMART PLS Version 4.1.0 (2024)

Table 4.2 presents Stone-Geisser's Q^2 value (Geisser, 1974), which assesses the predictive relevance of the model alongside R^2 . A Q^2 value greater than zero indicates predictive relevance, with thresholds of 0.02, 0.15, and 0.35 signifying low, medium, and high predictive relevance, respectively (Chin, 1998). Based on this standard,

the study confirms that the first model demonstrates high predictive relevance (Hair et al., 2019).

Ho₂: Treasury single account does not have a significant effect on financial accountability of MDAs in Kwara State.

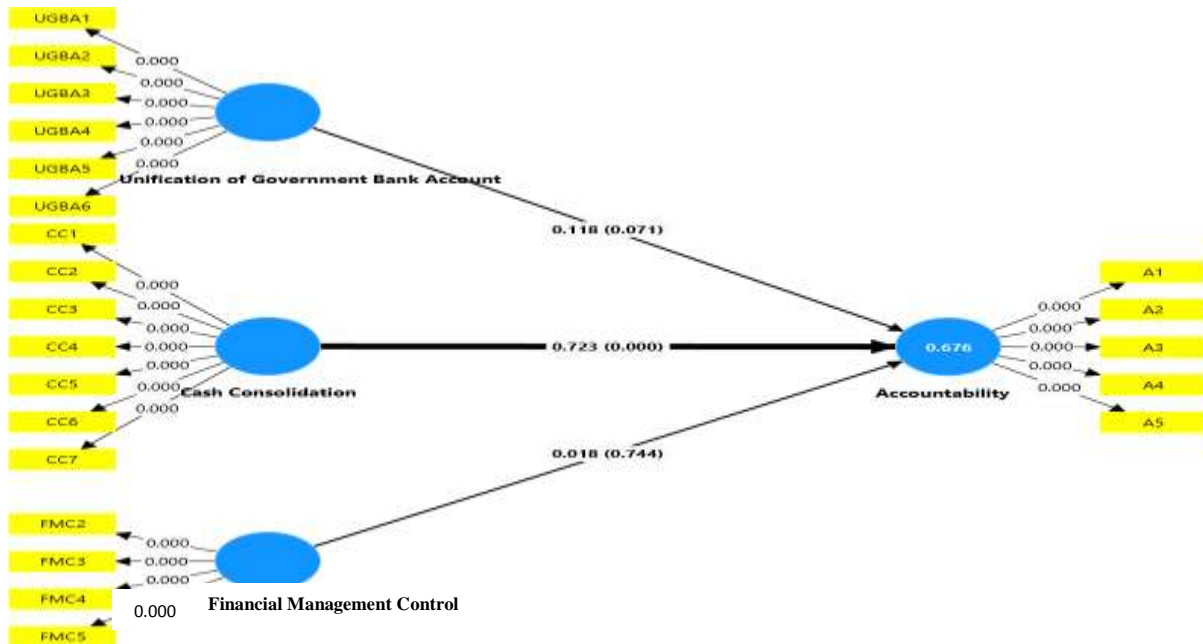


Figure 2: Size and Significance of the Path Relationship between Treasury Single Account and Financial Accountability of MDAS in Kwara State

Table 5: Size and Significance of the Path Relationship and Coefficient of Determination

Hypothesis (R ² = 0.676)	Beta(β) Value	Standard Error	T statistics	P values	Decision
Cash Consolidation -> Financial Accountability	0.723	0.069	10.429	0.000	Null hypotheses
Financial Management Control -> Financial Accountability	0.018	0.054	0.326	0.744	Alternative Hypotheses
Unification of Government Bank Account -> Financial Accountability	0.118	0.065	1.807	0.071	Alternative Hypotheses

Source: SMARTPLS Version 4.1.0 (2024)

Table 5 reveals that cash consolidation, a key dimension of the Treasury Single Account (TSA), has a significant positive effect on financial accountability, with a P-value of 0.000, leading to a 72.3% increase. However, financial management control and the unification of government bank accounts show positive but insignificant effects, with beta values of 1.8% (P = 0.744) and 11.8% (P = 0.071), respectively. Given that only one TSA

dimension significantly impacts financial accountability, the null hypothesis is accepted, indicating that TSA does not have a significant effect on the financial accountability of MDAs in Kwara State. The R² value of 0.676 suggests that 67.6% of the variance in financial accountability is explained by the model, which Falk and Miller (1992) consider highly adequate

Table 5.1: Assessment of the Effect Size for Direct Relationship: F-Square

(R ² = 0.676)	F ² Change	Decision
Cash Consolidation -> Financial Accountability	0.635	Large effect
Financial Management Control -> Financial Accountability	0.001	Small effect
Unification of Government Bank Account -> Financial Accountability	0.021	Small effect

Source: SMART PLS Version 4.1.0 (2024)

Table 5.1 presents the effect size (F²), which measures the change in R² when an exogenous variable is excluded from the model, helping to assess its impact on the endogenous variable (Hair, 2013). According to Sawilowsky (2009), effect sizes of 0.02, 0.15, and 0.35 are classified as small, moderate, and large, respectively. The results indicate that cash

consolidation has a large effect (0.635) on financial accountability, while financial management control (0.001) and the unification of government bank accounts (0.021) have small effects. This suggests that removing cash consolidation would significantly reduce the model's explanatory power, whereas excluding the other two variables would have minimal impact.

Table 5.2: Predictive Relevance for Direct Relationship: Q-Square

Construct	Q ² predict
Financial Accountability	0.654

Source: SMARTPLS Version 4.1.0 (2024)

Table 5.2 shows Stone-Geisser's Q² value (Geisser, 1974). It is the predictive relevance of the second model which is done in addition to R² for further measure of the model accuracy. If Q² is greater than Zero (0), it clearly shows the presence of predictive relevance. Chin (1998) asserted that Q² values of above 0.02, 0.15 and 0.35 indicate

low, medium and high predictive relevance. By this standard, therefore, the study can conclude that this second model has high path model predictive relevance (Hair et al., 2019).

H₀₃: Treasury single account does not have significant effect on financial transparency of MDAs in Kwara State.

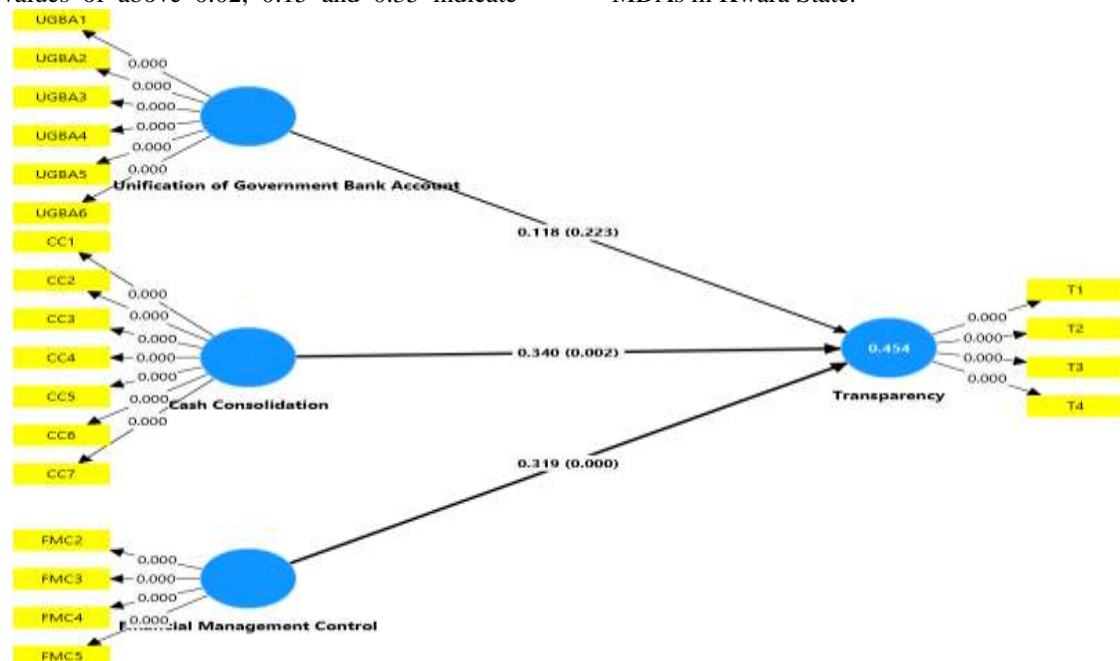


Figure 3: Size and Significance of the Path Relationship between Treasury Single Account and Financial Transparency of MDAS in Kwara State

Table 6: Size and Significance of the Path Relationship and Coefficient of Determination

Hypothesis ($R^2 = 0.454$)	Beta (β) Value	Standard Error	T statistics	P values	Decision
Cash Consolidation -> Financial Transparency	0.340	0.109	3.118	0.002	Null hypothesis
Financial Management Control -> Financial Transparency	0.319	0.069	4.644	0.000	Null hypothesis
Unification of Government Bank Account -> Financial Transparency	0.118	0.097	1.219	0.223	Alternative hypotheses

Source: SMARTPLS Version 4.1.0 (2024)

Table 6 reveals that cash consolidation and financial management control, key dimensions of the Treasury Single Account (TSA), significantly impact financial transparency, with P-values of 0.002 and 0.000, leading to increases of 34.0% and 31.9%, respectively. However, the unification of government bank accounts has a positive but insignificant effect ($\beta = 11.8\%$, $P =$

0.223). With an R^2 value of 0.454, the model explains 45.4% of the variance in financial transparency, meeting the adequacy threshold recommended by Falk and Miller (1992). Therefore, the study confirms that TSA significantly enhances financial transparency in MDAs in Kwara State.

Table 6.1: Assessment of the Effect Size for Direct Relationship: F-Square

($R^2 = 0.454$)	F^2 Change	Decision
Cash Consolidation -> Transparency	0.082	Small effect
Financial Management Control -> Transparency	0.118	Small effect
Unification of Government Bank Account -> Transparency	0.012	Small effect

Source: SMARTPLS Version 4.1.0 (2024)

Table 6.1 assesses the effect size (F^2) of cash consolidation, financial management control, and unification of government bank accounts on financial transparency. The effect sizes of 0.082, 0.118, and 0.012 indicate that none of these

variables have a medium or large impact on financial transparency when excluded from the model. This suggests that while these factors contribute to financial transparency, their individual effects are relatively small.

Table 6.2: Predictive Relevance for Direct Relationship: Q-Square

Construct	$Q^2_{predict}$
Financial Transparency	0.412

Source: SMARTPLS Version 4.1.0 (2024)

Table 6.2 presents Stone-Geisser's Q^2 value, confirming the predictive relevance of the model. With a Q^2 value of 0.412, the model demonstrates high predictive relevance (Hair et al.,

2019), indicating its strong ability to predict financial transparency. Following the presentation of the hypothesized effects, Table 4.19 summarizes the major findings for clarity and reference.

Table 6.3: Summary of Findings of Hypotheses Testing

Hypotheses	Statement of Hypotheses	Conclusion
H0 ₁ :	Treasury single account does not have a significant effect on the revenue generation of MDAs in Kwara State	Rejected
H0 ₂ :	Treasury single account does have a significant impact on the financial accountability of MDAs in Kwara State.	Accepted
H0 ₃ :	Treasury single account does not have a significant effect on the financial transparency of MDAs in Kwara State	Rejected

Source: Field Survey, 2024

VI. DISCUSSION OF FINDINGS

The findings from the empirical review suggest that the implementation of the Treasury Single Account (TSA) has had mixed effects on financial management, revenue generation, and public accountability in Nigeria and other countries. Iloeje and Okwo (2022) found that while TSA implementation had a negligible and adverse effect on Nigeria's financial management in the short term, the long-term sustainability of financial control mechanisms remains an area for improvement. This aligns with the results of Allison and Ndukwe (2021), who concluded that TSA has fostered fiscal responsibility and centralized control over government finances, contributing to improved transparency and accountability. However, their study did not compare TSA with alternative financial management strategies, highlighting the need for further exploration into its adaptability and comparative effectiveness.

Similarly, studies conducted outside Nigeria, such as that by Muwanbuli and Igoti (2021) in Tanzania, indicated that TSA positively influenced bank performance by increasing net interest margins. However, the over-reliance on government funds rather than financial mobilization from the private sector suggests that TSA may have unintended consequences for financial institutions. In contrast, Owolabi and Achugamnu (2020) found that TSA has strengthened revenue collection and submission processes in Nigeria, but its effects on fiscal discipline and economic stability remain uncertain.

Furthermore, the study by Adetula et al. (2020) emphasized that TSA is crucial in preventing revenue leakages and financial mismanagement, but its effectiveness depends on stringent monitoring of government expenditure. This suggests that TSA alone may not be sufficient for achieving optimal financial performance; rather, an integrated approach combining revenue oversight and expenditure control is necessary.

Likewise, Onyemowo et al. (2019) highlighted that TSA increased revenue generation costs, indicating that while it enhances transparency and accountability, it may also introduce additional administrative burdens. Overall, the findings confirm that TSA plays a significant role in financial accountability, revenue mobilization, and public sector efficiency. However, its full potential can only be realized through continuous policy refinements, proper oversight, and addressing implementation challenges to ensure sustained financial stability and economic growth.

VII. CONCLUSION AND RECOMMENDATIONS

This study examined the impact of the Treasury Single Account (TSA) on the financial performance of Ministries, Departments, and Agencies (MDAs) in Kwara State, Nigeria. The findings revealed that the three key dimensions of TSA-unification of government bank accounts, financial management control, and cash consolidation-significantly influence the financial performance of MDAs. The study concludes that TSA is a critical financial management tool that enhances revenue generation, financial transparency, and accountability within government institutions. These results align with previous research, reinforcing the effectiveness of TSA in improving public financial management and reducing leakages.

Recommendations

Based on the findings, the study makes the following recommendations:

- i. Government should enact and enforce laws to enhance the effectiveness of TSA components-unification of government bank accounts, financial management control, and cash consolidation. These legal measures will ensure MDAs comply with financial policies, ultimately improving

- revenue generation, financial transparency, and accountability.
- ii. MDAs should fully integrate TSA mechanisms into their financial operations. The widespread adoption of TSA tools will enhance the efficiency of public financial management, streamline revenue collection, and minimize the risk of financial mismanagement.
- iii. Government should improve financial oversight and monitoring systems within MDAs to ensure the continuous effectiveness of TSA. Strengthening financial management control will foster discipline in public expenditure and enhance accountability.

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