

CHALLENGES AND OPPORTUNITIES IN PUBLIC SECTOR BUDGET ACCOUNTING: A CASE STUDY FROM SOUTH EAST NIGERIA

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Abstract

The study is titled "Budget accounting in the public sector – A study of a state ministry of finance in south east Nigeria". The study investigates a problem budget conceptualization, planning, implementation and variance reporting associated with our public parastatals. With the objectives of looking at the quality of staff of the ministry, the contribution of the budgeting process at the ministry and evaluation of budget policy decisions in the state research questions preceded the hypothesis. The study incorporates previous research done by other scholars in the area under study in the literature review. The methodology of study involved primary data as respondents were made up of staff of the ministry. The Pearson method was used. The questionnaire was designed in a Likert structured form because the structured questions provided respondents with possible answers from where they would be required to select those that apply (Monga, 2005). It is noted that the Likert structured questions are easier for the respondents to answer; more reliable because of the fixed presentation of questions and responses. Copies of the returned questionnaire were used to analyze the data for easy comprehension. In analyzing the data the three hypotheses used indicates adequacy of staff quality, the state's growth can be impaired by poor budgeting practice and that the state's budget policy is effective. This view is supported by (Dale & Duncalf 1985; Ebrahimipour & Lee 1988; Flynn, Schroeder & Sakakibara 1994). Other studies have demonstrated that support for internal audit effectiveness (Jill 1998; Schwartz, Dunfee & Kline (2005). Mihret, Dessalegn Getie and Yismaw, Aderajew Wondim (2007). The research concludes that the problem being studied was not very significant. It is obvious from the findings that the role of accounting in budgeting by the state ministry was significantly effective because of capable work force, proper budget conceptualization, supervision, planning, monitoring and implementation. By so doing the budget policy decisions of the state has been in congruence with the objectives of policy makers. In these days of dwindling oil receipts and by extension lower federal allocations to the states state governments in addition to managing their limited resources are also advised to explore ways of raising money outside their oil revenue dependent federal allocation. Taxation is the major source of revenue for the state under study. But since there are fiscal loopholes in tax administration the role of accounting in budgeting can be extended to tax administration for improved revenue generation and subsequent appropriation. Because of the importance of budgeting and auditing to economic activity in both private and private sector, the scarcity of resources to apportion among competing needs new techniques can be studied to enrich literature and new theories explored to improve the art of budgeting for sustainable development.

Keywords: Budget accounting, public sector, ministry of finance, south-east and Nigeria

1.0 Introduction

For many years man as an inquisitive being has continuously struggled to acquire a better standard of living. In order to manage or utilize his resources. The development of an organized community (society) has evolved in many areas over centuries, Budgeting is no exception. Government which have the right to intervene in the economic process so as to protect the interest of the nation. In our country (Nigeria) a lot of budgeting have occurred which are framework in addressing governments goals and translating them to policies. In modern times budgeting has become rather complex especially as needs increase and resources get more scarce. Budgeting which is vital in development of our nation as a whole has fallen short of required standards due to inappropriate procedures applied at the various budgeting processes. The term budget is derived from the French word “Budgette” which means a “Leather bag or a “Wallet”. It is a statement of the financial plan of the government that shows the income and expenditure of the government during a fiscal or financial year.

According to Tayler “Budget is a financial plan of government for a definite period usually one year. Budget serves as a tool for accountability and also plans, manage economic policies. Budgets can be formulated as surplus the expected revenue is higher than the expected expenditure, in balanced budget expected revenue and expected expenditure are equal so no variances are expected. In budget deficit it is expected that revenue for the period would be less than expected income; hence the short fall in the budget is financial by borrowing. Budgeting is one of the most important areas of policymaking. Through budgets, governments indicate how much it is willing to spend on public purposes, set substantive policy priorities within overall spending levels, determine the amount that must be borrowed in order to finance approved spending levels, and thus influence the economy. The ability to make timely and sensible fiscal choices is therefore regarded as one of the hallmarks of sound governance (Galston, 2012). Galston (2012) further posits that timely budget interventions affect public trust and confidence in the institutions and processes of self-government in democracies. In the case of Nigeria, timeliness in the budget process will promote the systematic and overall achievement of the Vision 20:2020 without shifting any development burden to other implementation periods .Unfortunately, scarcely has budget implementation at the federal level commenced officially in January of any fiscal year for the past 10 years except in 2001 and 2007 fiscal years.

It will also hinder the prospects of overcoming some of the developmental challenges facing Nigeria as encapsulated in the first four years of the National Implementation Plan (NIP) 2010-2013iv. While several reasons have been adduced for the late submission and poor performance of the federal budget, the budget process has been adjudged to be the culprit. Indeed the budgeting process and the corresponding budget implementation have been frowned at by the 7th National Assembly to the point that the House of Representatives in its Legislative

Agenda resolved to get the fundamentals of the budget process, right. (Insert table 1.1 here). The public and civil society alike have adjudged the current federal budget process weak and unable to address the nagging fiscal challenge – timeliness v of the budget process. Incidentally, few studies on the subject matter did not contextually situate, the federal budget process let alone consider the institutional bottlenecks of the Nigerian budget process (Oni and Olomola, 2006; Olomola, 2007; Osafo-Kwako and Apampa, 2009).

This research makes a start in filling that gap by contextually situating and analyzing as it should be, the federal budget process. This is with the view to defining what constitutes the federal budget process, carefully bringing to the fore the institutional bottlenecks hindering the timeliness of the process and thus proffering areas for reform that will enhance timeliness and efficiency. Accordingly, the paper seeks to provide answers to the following questions: what constitute the budget process and what is the nature of federal budget process in Nigeria? What is the institutional framework upon which the federal budget processes hinges? What are its implications, limitations, and the required actions to be taken for effective budget process? What are the experiences of other countries with similar political and democratic structure in budget process? Are there lessons to be learned?

The rest of the paper is structured as follows: section 2 provides the conceptual meaning of budget process as well as an overview of the federal government budget process. Section 3 examines the institutional framework for budgeting in Nigeria while section 4 reviews the literature on country experiences in budget process and draws lessons therefrom. Section 5 evaluates the Institutional shortcomings of the federal budget process and concludes by recommending some possible reform options that will enhance timeliness and efficiency of the budget process in Nigeria.

According to Abdulahi (2007) a government budget is a political and administrative instruments by which executive and legislative bodies allocate resources that are scarce among various organs of government either at the Federal or State level. To ensure good budget implementation in Nigeria, public officers in Federal ministries and government parastatals are supposed to be well trained, qualified and with a reasonable attitude of integrity in carrying out budgetary functions. According to the Governor of Enugu state, His Excellency Rt Honourable Ifeanyi Ugwuanyi on the occasion of the presentation of the year 2017 proposed budget to the Enugu state House of assembly on 23rd December 2016. Titled “The budget of Economic recovery and Inclusive development”

The budget is so named because it intends to break through the storm of the present economic hardship in the country by making huge investment in physical and social infrastructure both at state and local government level and to stimulate economic activities at all levels for better economic growth. His Excellency said that if the projects were handled properly as articulated in 2017. The budget will impact positively on the lives of our people in the Seventeen (17) local government areas of the state. His Excellency said the administration will imbibe

transparency and accountability in managing public resources on behalf of the good people of the state. Accountability is essential in budget as it will ensure effective public expenditure management and zero tolerance to corruption in all government businesses.

According to Abogun & Fagbemi (2011) challenges to the full implementation of the annual Federal Government budget has been of major concern to the Federal government in recent years. This necessitated government implementing several policies aimed at improving on its revenue generation, collection, spending effectiveness and efficiencies. In this regard the government through the Federal ministry of finance/Budget office of the Federation has been engaging key stakeholders to work out optimal budget implementation strategies. These included engagements through workshops. Including “Strengthening budget implementation for enhanced project execution and service delivery” and “Enhancing internally generated system in the Federal public service. Budget must have direct impacts on the society at large, otherwise it would be unnecessary.

It is obvious that budget spells out policies with which the government of a nation intends to use and improve the standard of living of the citizens through infrastructural development, job creation etc. Budget in our country lacks adequate preparation, evaluation and supervision as this leads to poor budget implementation and weak legislative functions. It is appalling to know that budget forecast figures are subject to change in the execution and allocation, due to inadequate handling of the entire budget process, from conceptualization to implementation. The role of accounting in budgeting cannot be overemphasized as the research will look forward (seek) to provide alternative solution to the identified problems in the course of the study.

1.1 Objectives of the study:

The objective of this research work is to examine the extent of the role of accounting in budgeting in the ministry of finance the state. To make conclusions, other more specific objectives of this study include the following:

- a. To find out the quality of staff involved in the budgeting process in the state ministry of Finance.
- b. To determine whether poor budgeting affect the growth and development of the state.
- c. To evaluate budget policy decision in the state

1.2 Statement of Hypothesis

The researcher formulate research hypothesis using the above research questions both null and alternative hypothesis were formulated.

H0₁: The quality of staff involved in the budgetary process is inadequate.

H0₂: Poor budget implementation does not affect the state growth and development. **H0₃:** The budget policy decision in the state is not effective.

2.0 Introduction

The budget represents major steps in achieving desired goals in the Federal, State or Local government levels. If properly handled and well implemented. The purpose of budgeting is to give those targets and plan financial values, making the progress easily measurable and to transform the strategic ideas into understandable operations. Hanninen (2013). The budgeting process implies setting strategic goals and objectives, developing forecasts for revenues, costs, productions, cash flows and other important factors. Moreover it is a process in which the budget is determined over the year's budget are checked regularly to know if the targets are reached. When budgets are properly implemented the standard of living would improve generally. Businesses face challenges in budgeting funds for the company location.

Accountants familiar with the local area help estimate the advantages and disadvantages of selecting particular geographic locations and aid in the decision to purchase or rent a building for company operations. The savings offset the costs of accountant services in cases in which the accountant understands special loans and financing opportunities open to the company. Hiring an accountant to focus on the budget also allows the business owner to concentrate on the day-to-day operations, with only small interruptions to review the accountant's budgeting work and discuss the business plans.

2.1 Conceptual clarification

Meaning of budget, budgeting and accounting can be found from a French word "budgette" which means a small bag of leather. In 1773, the prime minister of Britain came with the documents about the plan of expenditure for the year, from then the word "budget" is used. A budget is a quantitative expression of a financial plan for a defined period usually a year. It may include revenue, resource quantities, costs and expenses, assets, liability and cash flows. It expresses strategic plans in measurable terms.

Budgeting is a process of creating a plan in order to balance your expenses with your income. Budgeting is a tool of planning and control, it involves steps of setting short term objectives, specifying programs and expressing them.

The American Institute of Certified Public Accountants (AICPA) defined accounting as the art of recording, classifying and summarizing in a significant manner and in terms of money, transactions and events which are in part of a financial character and interpreting the result there after.

Accounting information is essential in planning, organizing, budgeting and budgetary control, decision making, reporting and coordination.

In every human endeavour accounting is involved either directly or indirectly, individuals and organizations all account for one thing or the other.

The role of accounting cannot be over emphasized as this is an important aspect required to efficiently manage the resources of any country or economy.

Internal auditing (IA) serves as an important link in the business and financial reporting processes of corporations and not-for-profit providers (Reynolds 2000). Internal auditors play a key role in monitoring a company's risk profile and identifying areas to improve risk management (Goodwin-Stewart & Kent 2006). The aim of internal auditing is to improve organizational efficiency and effectiveness through constructive criticism. Unegbu & Obi (2007) defined internal audit as part of the internal control system put in place by management of an Organization to ensure adherence to stipulated work procedure and as aid to management. According to Unegbu & Obi (2007) Internal audit measures, analyses and evaluates the efficiency and effectiveness of other controls established by management in order to ensure smooth administration, control cost minimization, and ensure capacity utilization and maximum benefit derivation. In the view of Adeniji (2004) Internal audit is part of the internal control system put in place by management of an organization.

The Institute of Internal Auditors (IIA, 1999a) defined internal auditing as an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. This definition signifies that internal audit has undergone a paradigm shift from an emphasis on accountability about the past to improving future outcomes to help auditors operate more effectively and efficiently (Nagy & Cenker, 2002; Stern, 1994; Goodwin, 2004). Internal audit is effectively control if it meets the intended outcome it is supposed to bring about. Sawyer (1995) states, internal auditor's job is not done until defects are corrected and remain corrected.

Van Gansberghe (2005) explains that internal audit effectiveness in the public sector should be evaluated by the extent to which it contributes to the demonstration of effective and efficient service delivery, as this drives the demand for improved internal audit services. Based on the results of a consultative forum that focused on improving public sector internal audit, Van Gansberghe (2005) identified perceptions and ownership; organization and governance framework; legislation; improved professionalism; conceptual framework; and also resources as factors influencing internal audit effectiveness. Effective internal audit undertakes an independent evaluation of financial and operating information and of systems and procedures, to provide useful recommendations for improvements as necessary. The effectiveness of internal audit greatly contributes to the effectiveness of each auditee in Particular and the organization at large (Dittenhofer, 2001). Dittenhofer (2001) has also observed that if internal audit quality is maintained, it will contribute to the appropriateness of procedures

and operations of the auditor, and thereby internal audit contributes to effectiveness of the auditee and the organization as a whole.

Using agency theory, Xiangdong (1997) explained the role that internal audit plays in an economy and points out that internal audit has an advantage over external audit in obtaining information quickly and finding problems at an earlier stage; and Spraakman (1997), applying the theory of transaction cost economics, demonstrated how internal audit recommendations are important to the management of government organizations. Prior literature relating to internal audit effectiveness has either focused on the internal audit's ability to plan, execute and objectively communicate useful findings (Xiangdong, 1997; Spraakman, 1997; Dittenhofer, 2001); or taken a broader view and included factors that transcend the boundary of a single organization (Van Gansberghe, 2005). This study attempts to introduce a different perspective for evaluation of internal audit effectiveness by identifying factors within an organization that impact on audit effectiveness. Internal audit quality, which is determined by the internal audit department's capability to provide useful findings and recommendations, is central to audit effectiveness. Internal audit has to prove that it is of value to the organization and earn a reputation in the organization (Sawyer, 1995). Internal audit has to evaluate its performance and continually improve its service (Ziegenfus, 2000). Audit quality is a function of the level of staff expertise, the scope of services provided and the extent to which audits are properly planned, executed and communicated.

Audit findings and recommendations would not serve much purpose unless management is committed to implement them. Adams (1994) used agency theory to explain that it is in the interest of management to maintain a strong internal audit department. Implementation of audit recommendations is highly relevant to audit effectiveness (Van Gansberghe, 2005) and the management of an organization is viewed as the customer receiving internal audit services. As a result, management's commitment to use audit recommendations and its support in strengthening internal audit is vital to audit effectiveness (Sawyer, 1995). Organizational setting refers to the organizational profile, internal organization and budgetary status of the internal audit office; and also the organizational policies and procedures that guide operation of auditors. It provides the context in which internal audit operates. Thus, organizational setting can exert influence on the level of effectiveness that internal audit could achieve.

Management Control in Public Sector In the eye of Woolf (1986) the public sector is primarily composed of non-profit making organizations. Management control in its broadest context is the means by which an organization carries out its objectives effectively and efficiently. Public sector management can be generally distinguished as having hierarchical structures composed of responsibility centers, units, sections, departments and divisions. Central government department, if changes are made for certain services they are usually nominal and have a

little impact on the level of services offered. Autonomous bodies are subjected to high degree of Central government control. Local government authorities receive by far the largest proportion of their funds through the rate support grant or allocation. They can equally raise revenue locally, primarily by levying rates; the extent of their power is strictly monitored by central government. Therefore, the management and control of the public purse is the heart of government administration. The internal audit reports directly to the chief executive, the financial regulations, however, enjoins the chief executive of each ministry to ensure that the accounting and finance functions and internal audit functions are placed under the direct control of suitable competent accountants.

Internal Audit Quality Internal audit quality, which is demonstrated by the office's capability to provide useful audit findings and recommendations, is one of the most prominent factors on which audit effectiveness is anchored. The performance standards of the IIA (1999) require the auditor to plan and perform the work such that he or she would be able to arrive at useful audit findings and forward recommendations for improvement. The office's ability to properly plan, perform and communicate the results of audits is a proxy for audit quality. Therefore, audit quality is arguably a function of extensive staff expertise; reasonableness of the scope of service; and effective planning, execution and communication of internal audits.

Top Management Support The management literature offers ample evidence for the key role of top management support in the success of almost all programs and processes within an organization. Fernandez & Rainey (2006) argued, based on a literature review that top management support and commitment to change play a crucial role in organizational renewal, as senior managers can mobilize the critical mass needed to follow through on efforts launched by one or two visionary thinkers. A number of empirical studies have found top management support for quality to be a key factor in its improvement.

Organizational Setting Organizational setting includes the status of internal audit in the organizational structure; the probity of internal audit office's internal organization; budgetary status of the internal audit office; and the existence of sound established criteria to evaluate auditees' practices. In order to make internal auditing effective, there should exist clear policies and procedures against which organizational practices are to be gauged.

Objectives of budgeting

Controlling: It serves as a basis for control against which performance can be measured.

Budget serves as a basis for policy and programme to be followed under planned conditions. Forecasting: Forecasting are converted into budgets it enables the government look ahead, government also plans changing conditions that will prevail during forth coming projects. Forecast help the government for futuristic determination.

Types of budgeting

- a.** Fixed budget: this type of budget is designed to remain unchanged irrespective of the level of activity actually attained.
- b.** Flexible budget: The chartered Institute of management Accountants, London defines flexible budget as a budget which by recognizing different cost behavior patterns is designed to change as volume of output changes.
- c.** Basic budget: this is a budget which is prepared for use unaltered over a long period of time. It does not take into consideration current conditions and can be attainable under standard conditions.
- d.** Current budgets: They are budget related to current happenings (conditions) and is prepared for use over a short period of time.
- e.** Long term budget: A long term budget is prepared for periods longer than a year. These budgets helps in business forecasting and forward planning. Capital expenditure budgets and research development budgets are examples of long term budget. Short term budget: This is a budget prepared for a period less than a year.
- f.** Zero base budgeting: It could also be called budgeting from the beginning without reference to any base past budgets. It is defined as a planning and budgeting process which requires justification of an entire budget to be analyzed on why money should be spent on a project. It discourages waste of resources because activities are reevaluated each time a budget is set
- g.** Traditional budget: this budget takes into consideration the previous year's budget by adjusting expenses based on inflation rate, market situation etc. past year's revenue and costs forms an essential part.
- h.** Programme budget: This type of budget is designed for a specific programme. It includes only revenue and expenses for a specific programme.
- i.** Performance budget: This type of budget analysis, identifies and measures progress towards the short term and long term objectives of a budget.

Factors affecting good budgeting system in the public sector according to Udeh (2013), she listed the features that are very necessary in a good budgetary control system: They are as follows:

- a.** There is the need for a consensus in the organization to implement such a budgetary control measure.
- b.** The outputs, targets and objectives for the organization are agreed and used as the bases for measuring achievement.
- c.** The organization is broken down into responsibility centres, where each centre is identify activities.
- d.** A monitoring and evaluation device is adopted to judge the performance of every department within the total system.

- e. A continuous process is adopted for comparing achievement with the budget.
- f. A detailed plan is formulated into comprehensive budget.

Limitations of budgetary control

- a. Budgetary control starts with the formulation of budgets which are mere estimates.
- b. Budgets deals with conditions which are constantly changing, therefore budgets estimates lose much of their usefulness under changing conditions because of their rigidity.
- c. The system of budgetary control is based on quantitative data and represent only an impersonal appraisal to the conduct of business activities.

Possible solutions of budgetary control

- 1. The adequacy of the budgetary control system to a very large extent depends upon the accuracy with which estimates are made and should be handled with utmost care.
- 2. For efficiency it is necessary that budgetary control system should be kept adequately flexible.
- 3. The budgetary control system should be supported by proper management of personal administration.

2.2 Theoretical frame work

Definitions of Budget and budgetary control according to Tayler “Budget is a financial plan of government for a definite period, usually one year.”

According to Abdulahi: (2007) a government budget is a political and administrative instruments by which the executive and legislative bodies allocate resources that are scarce among various organs of government either at the Federal, or State levels.

Budgetary control as defined by the chartered institute of management Accountants London defines it as the establishment of budgets, relating the responsibilities of executives to the requirements of a policy and the continuous comparison of actual with budgeted results either to secure by individual actions the objectives of that policy or to provide a firm basis for its revision.

A budgetary control system secures control over performance and costs in the different parts of a business.

- i. By establishing budgets. ii. By comparing actual attainments against the budget and
- iii. By taking corrective action and remedial measures or revision of budgets, if necessary.

Budgetary control is also define as the act of adhering to the plan.

Administration of budgetary control

The administration of budgetary control is the responsibility of the budget committee through the budget officer. It is also a common principle that the budget of the particular activity which they control. The function of the

budget officer is to interpret the guiding decisions of the budget committee and advise the responsible executive with a view to securing a budget which is compatible with the other sections.

It is important to ensure that the scheme budgetary control is properly explained to each individual concerned with its operation in the manner more appropriate to defining what is required of that person.

During the operation of the scheme, a full liason should be maintained between the budget committee and the executive and persons responsible for the implementation of the departmental policies.

The budget committee must ensure that through its officers or liason that periodic statement are more effective when prepared frequently and promptly and accounting statement should be organized with this view.

The frequency of this statement as suggested with regard to the period of the budget should be largely determined by the requirement of the person exercising the control. Consideration should also be given to the point at which the cost of frequency of statement becomes excessive. Normally it is a matter of routine check that all items of expenditure charged against a person budget results from the action taken by the person.

According to Adeniyi (2001 pg 379) Budgetary control is part of the overall system of responsibility accounting within an organization. It is a system of accounting in which cost and revenues are analyzed in accordance with areas of personal responsibilities so that performance of the budget holders can be monitored in financial terms. Hence budget plays an accountability role in governmental, organization and circle.

Decision on budget and actual comparison statement

Preparation of budget and actual comparism statement is the responsibility of the budget officer and it has been found as an advantageous procedure for the result represented by the budget. In comparing capital expenditure budget with actual expenditure, the figures prepared from the normal accounting records may not be adequate in themselves for control purposes. To decide whether further items can be ordered without ultimately overspending the budget, it may be necessary to know, in addition, the value of outstanding orders to items not yet received for which no entries has been made in accounts.

Following the careful consideration of the result shown by the budget and actual comparism statement.

Decision may be taken as follows:

1. To take corrective measures with regards to expenditure where the budget standard is not yet achieved.
2. To properly investigate cases where the budget has been exceeding an appreciable margin and to consider the implication of such results.
3. To adjust the budgets.
4. To correct errors made in compilation of budget.

5. To allow for the introduction or improvement of methods not anticipated in the initial setting of the budget or any other changes.

6. To discard budgets where the policy on which the budget is prepared has become impracticable and substitute a new budget.

Budgeting and Budgetary controls in Government

The budgeting and budgetary control systems in government is governed by a whole lot of regulatory framework, some which has instruments of control as systems of authorization of expenditure by warrant, supplementary estimates, authority to incur expenditure, auditing, budget implementation and monitoring process, all of which are aimed at ensuring conformity with budget efficiency, effectiveness and economy.

Ikpe and Obah (2001:109) highlighted the following budgetary control system in government. **a.** Due process certification

This is a budgetary control measure aimed at the following:

i. To ensure that “due process” is followed in the award of capital project contracts. **ii.**

To reduce cost by scrutinizing every project awarded by the government. **iii.** To ensure that funds are no longer diverted to private pockets **IV.** To monitor capital expenditures strictly.

v. To streamline the approval limits in the award of capital projects.

b. Standardization of government Accounting.

This is a reform effort by the federal government aimed at standardizing all government accounts at all levels through budgeting standards and reporting procedures.

Financial Authorities and their legal Aspect

Government businesses in the process of making policies, programmes, activities or functions in accordance with laid down rules. This rules become stricter especially in relation to accounting and reporting for the collection and use of government funds which supports the process of governance.

The legal formalities in the areas of government accountability and financial control included established laws, rules, regulation, customs and accepted norms of behavioral guidelines. The laws in Nigeria in view of the interchanging nature of government between military and democratically elected government are of two types.

The laws made by the military both at the federal and state levels are known as decrees. Laws made by elected governments at the federal and state House of assembly are known as act of parliament.

The authority for financial transactions in public sector is derived from the constitution, the finance (control and management) ordinance 195, and various laws in respect of a number of a number of financial activities such as

revenue collection authorization and incurring of expenditure, central banking, Foreign exchange market audits etc.

The constitution of the Federal Government of Nigeria 1999 as amended till date has a clear picture of the financial rules and regulations of the three tiers of government.

These documents are actually an implication of the public finance ordinance of 1985 and the finance (control and management) ordinance 1958 from where they derive their authority.

All these documented law and regulations are aimed at instituting accountability in the collection and management of government in finance.

2.3 Literature on the subject matter

The role of Government Budget for Accountability.

In order to really appreciate important roles of government budget in enhancing economic activities and accountability in the country. These major functions must be looked into:

Fore casting: A budget is an express provision of the government to generate revenue on its economic activities in the coming financial year.

This anticipatory nature of budget makes it an important tool of forecasting. Budget which is being prepared prior to the year, in which it will be implemented based on the anticipated revenue from various services.

In Nigeria shares from oil account and other local taxes. It is a useful tool for forecasting future trends in the economy which is usually for anticipated revenue and expenditures for the coming year.

Planning: Budget is also a tool for government to plan its policies and programmes and its implementation. Government uses the budget to plan how to generate revenues and the priority projects to be embarked upon in the year with the aim of engineering the economic activities of the economy. It is therefore the qualification of government proposal plans in financial terms for the following accounting year.

Authorization: the approval of the yearly appropriation bill is by the national assembly is an authorization to the executives to sign and spend public funds as contained in the budget documents for a specific project.

Performance and measurement: A budget is a parameter for evaluating the performance of government with respect to the achievement of stated objectives. It serves as a basis for making comparism between the budgeted and actual for the period. The variance helps to prepare and implement a better budget in the next financial year. This is the most important function of the budget which dorms a guide to making a better decisions on plans and priorities in the next financial year.

In working on the variance, the various responsible government parastatals and agencies are thoroughly evaluated on their performance towards the whole budgeted aims and objectives.

Communication: Since the budget contains all policies and programmes which the government plans to execute the following year, it serves as a communication tool between the government through its agencies and the society. It gives a clear picture of the economy in the next year and what to be expected at the end of its implementation. It communicates economic direction of the government to the society and provides likely indices to be expected at the end of its implementation. The lack of accountability by the government, its agencies and parastatals in the past has led to some degree of lack of interest (apathy) in the budget and budgetary process in Nigeria.

Major types of budget on Government

Government's spending profile and the desired level of economic activity will to a large extent determine the type of budget to be executed by the government in any given period.

There are three main types of government budget which are as follows:

1. Balanced budget
2. Surplus budget
3. Deficit budget

Balanced budget: A budget is said to be balanced when total government revenue equals total government expenditure for a given period. In this case the total spending in the economy remains unchanged, and as such economic activities will not be affected. However the budget will have an expansionary effect in the economy in some cases.

Surplus budget: It is the opposite of deficit budget, because its implementation reduces economic activity. This is when government receives more than it spends in a given financial year. When government spends less than it generates. It will impact negatively in the economic activity and thus reduces the level of employment and as such results in a net decrease in demand for goods and services. Surplus budget can be minimized by the government by employing surplus earning to write off some national debt.

Deficit budget: A deficit budget is characterized by a high spending profile over and above the amount of fund anticipated by the government for the financial year. Government tend to spend excessively which in other words was designed to increase the level of economic activity.

Deficit budget has an inflationary impact in the economy as the government spends more than it can generate. Deficit budget is used when there is recession and depression to increase economic activity and also address the problem of unemployment.

The level of economic activity of an economy can take form of prosperity, recession, depression and recovery. The various degree of economic activity will determine the fiscal policies to be adopted by the government. Prosperity- This is when an economy is experiencing an overall level of high economic activity.

Recession- When the level of economic activity in a given economy drops drastically?

Depression- This is when an economic activity drops to a given economic cycle.

Recovery- This is when the economic activity begins to show an upward movement or begins to rise.

The true position of any economy can be measured by using such economic indices as gross domestic product (GDP) level of employment, per capita income, rate of inflation and price level.

For budget to play an important role as a tool in government parastatals, there must be an active participation, involvement, acceptance and commitments of top level management and line management who are responsible for budget implementation.

This means that all who are involved in the budgetary process should be carried along right from the planning stage, to the implementation and evaluation stage of the budgeting process.

It will enable them to easily dictate the variance stage of the budgeted and actual. To help them dictate where implementation failed and the factors responsible for its failure and what corrective measures to be taken for future budgets.

Subsequently those who are involved in the planning and implementation of budgets should be held accountable for under or

Lack of performance but if they work in accordance with the provision of the budget they owe no explanation.

This chapter gives an insight to the gaps that exist relating to various aspects of budgeting, its overviews and in government circle which leads to the rationale in carrying out the primary research on those issues.

In this section we try to define the concept – budget process and highlight the nature and composition of the budget process of the federal government. A budget process is a system of rules governing the decision-making that leads to a budget, from its formulation, through its legislative approval, to its execution and evaluation. This system of rules is rooted in constitutional mandates, statutory requirements, House and Senate rules and practices (as in the federal level), and administrative directives (Bill and Keith, 2004). The budget process can dictate both the degree to which a policy debate can actually occur as well as the policy outcomes. Not only that, the system of rules provides several avenues by which the Parliament and/or the President can change, reform, or bungle the various elements of the budget process towards actualizing an effective federal budget. 2.1

The Nigerian Budget Process In Nigeria, the preparation of the budget is a shared responsibility of the Executive and Legislative arm of Developing Country Studies www.iiste.org ISSN 2224-607X (Paper) ISSN 2225-0565 (Online) Vol 2, No.6, 2012 66 the Federal Government. The budget, which is officially referred to as the Appropriation Act, is introduced by the Executive, approved by the Legislature and signed into law by the President. A summary of the Nigerian budget process is set forth below. Budget Planning/Formulation the Budget

Office of the Ministry of Finance develops the budget in accordance with the Federal Government's fiscal policy. The Budget Office meets early in the fiscal year with key revenue generating agencies (including the Federal Inland Revenue Service, Nigerian Customs Service and the NNPC) as well as key economic agencies (including NPC, NBS and CBN) to assess and determine trends in revenue performance and macroeconomic indicators and the implication of such trends for the next three fiscal years.

This discussion leads to the preparation of a Medium-Term Revenue Framework ("MTRF") pursuant to which projected revenue from various oil and non-oil sources is determined over the medium-term. Following this determination with respect to revenue, the Medium-Term Expenditure Framework ("MTEF") is developed outlining key areas of expenditure (statutory transfers, debt service, MDAs' Expenditure) as well as the projected fiscal balance. If this fiscal balance is a deficit, sources of financing this deficit are also considered. MDAs' expenditures comprise both capital and recurrent expenditures. Since 2005, the Government has used the Medium-Term Sector Strategies to prioritize and align the capital expenditure of largespending MDAs with the development objectives of the Government. Historically, this has been focused on NEEDS, the MDGs, the Seven-Point Agenda and more recently, the Vision 20:2020 and the First National Implementation Plan (NIP). The MTEF is further developed into a formal Medium-Term Expenditure Framework Report, which includes the Fiscal Strategy Paper and MDAs expenditure ceilings.

This formal MTEF/Fiscal Strategy Paper is required, under the Fiscal Responsibility Act, to be presented by the Minister of Finance first to the Federal Executive Council and then to the National Assembly for consideration and approval. Budget Call Circular and Preparation of the Executive Budget Proposal. Once the MTEF, Fiscal Strategy Paper and MDAs' expenditure ceilings have been approved by the Federal Executive Council, the Budget Office, under the supervision of the Minister of Finance, issues a "Call Circular". The Call Circular instructs the MDAs to allocate their allotted capital expenditure ceilings across their existing and new projects, programmes and other initiatives. MDAs are also required to submit estimates of their recurrent expenditure requirements for personnel costs and overhead. The Budget Office evaluates and consolidates the submissions of the various MDAs and prepares the draft budget.

This process most times, takes place in August. Presidential Submission to the National Assembly the draft budget is presented by the Minister of Finance to the President for approval. The approved budget, together with supporting documents, is formally presented by the President to the National Assembly for consideration and appropriation, typically at a joint session of the Senate and the House of Representatives. Legislative Scrutiny and Approval the budget is considered separately by the House and Senate of the National Assembly in accordance with the legislative practice and procedures. The two houses harmonize their drafts and the

recommendations of the various committees are considered and collated with the oversight of the MDAs. The harmonized budget is approved separately by each chamber of the National Assembly, after which it is presented as the Developing Country Studies www.iiste.org ISSN 2224-607X (Paper) ISSN 2225-0565 (Online) Vol 2, No.6, 2012 67 Appropriation Bill to the President for assent.

Once the President assents to the Appropriation Bill, it becomes an Act of parliament passed into law. It should however be noted that during the deliberation of the Appropriation Bill in both Chambers of the National Assembly, all the relevant Committees in both Houses review and recommend changes to various segments of the budget. During the process, there is usually “horse trading” between the executive and the legislature looking for a common ground for speedy passage of the Appropriation Bill. Various parameters used in drafting the budget are debated and in some cases adjusted by the relevant Committees in the House of Representatives, particularly by the Finance, Appropriation, National Planning and Legislative Budget during their deliberation on the Medium Term Expenditure Framework submitted by the Executive to the National Assembly.

Their decisions guide the general debate in the plenary who also adjust other benchmarks such as the oil price benchmark, the production of crude oil, and the size of funding for oil and gas production in the joint venture agreement, as well as the level of debt repayments to be made in any fiscal year. In the past the budget allocation for running the legislature is also debated upon but it is now on first line charge and no longer subject to debate and horse trading. The debates and horse trading that ensue during legislative scrutiny of the Appropriation often leave the public wondering whether or not the legislature has the constitutional right to propose increases or not and whether it should only raise issues and queries and request for reasonable explanation. This are some of the issues contained in the Institutional bottlenecks that prolong the passage of the budget and eventually reduce the implementation period of the budget. Budget Implementation The implementation of the budget is carried out by the various Ministries, Department, and Agencies (MDAs) of the federal government. Funds for capital projects are released on a quarterly basis to the relevant spending MDAs in line with what is allocated to them in the budget. It should be noted that the Federal Ministry of Finance instituted since 2005, a cash Management Committee, that ensures funds availability for the smooth financing of government budget.

This structure reduces discretionary borrowing from the overdraft (Ways and Means) account of the Central Bank and avoids delays towards completing capital projects. Monitoring and Evaluation of the Federal Budget the oversight of budget implementation is the final stage of the budget process. The monitoring is done by the Ministry of Finance, the National Planning Commission (NPC), the National Assembly, the National Economic Intelligence Agency

(NEIA), the Presidential Monitoring Committee (PBMC), the Office of the Auditor General of the Federation and the Accountant General of the Federation. Actual inspection of the capital projects are carried by these agencies in various capacities, predominant among them is the Ministry of Finance; the National Planning Commission and National Assembly through its think-tank – the Policy Analysis and Research Project (PARP) which is now, National Institute for Legislative Studies (NILS). While copies of the budget Implementation reports are on the website of the Federal Ministry of Finance, such reports from the PARP now NILS is made available to the National Assembly presiding officers and relevant Committees. As it were, the Executive has a lot to do in the budget process. The institutional framework guiding the activities of the Executive in the budget process is mainly the Fiscal Responsibility Act; administrative manual and civil service guidelines, and the Constitution. It should be noted the Constitution in section 81 only stipulates that the President can at any time before the expiration of the fiscal year cause to be laid before the two chambers of the National Assembly the Appropriation Bill. It is not certain when the budget process activities of the Executive begins in the year, but desk review shows that call for budget circular most times are issued in August by the Minister of Finance. With the bureaucratic “red-tape” in civil service, much time is wasted before the final compiled budget document is sent to the President for approval and onward submission to the National Assembly for scrutiny and approval in line with its statutory responsibility. The Parliamentary budget process in stage 13 is regulated by the “Standing Orders” and “Rules” of the House and Senate. Again, here there is no fixed time period for the completion of the process. It depends on the allotment of time issued by the leadership of respective Chambers.

The first reading of an appropriation bill does not follow the usual pattern of the Clerk reading the Short Title of the bill. Rather, when the President of the Federal Republic of Nigeria has publicly presented the Appropriation Bill to the National Assembly in a joint sitting, it is regarded that the bill has been read the first time. This does not however apply to a supplementary appropriation bill and other money bills. For the second reading, the Chairman Rule and Business Committee do fix a day for the Second reading in consonance with the leadership. At the end of the debate in the second reading, the President of the Senate or the Speaker then refers the appropriation bill is referred to Appropriation Committee with all other portfolio Committees serving as subcommittees. These standing Committees become subcommittees of the Appropriation committee and can organise hearings and scrutinize the appropriation bill. The appropriation committee consolidates the report and reports to the Committee of Supply following order 61 of the House of Representatives. The third reading involves the proceedings in the Committee of Supply and passage. The Committee of Supply as in the case of Appropriation looks at the Appropriation Bill clause by clause. After the passage in both chambers, the report is sent to the Super Committee for harmonization. After the harmonization of the report, it is sent back to the two

houses for adoption. If a money bill (Appropriation Bill) has been passed by one of the Chambers of the National Assembly but not yet passed by the other Chamber within a period of two months from the commencement of the financial year, the President of the Senate is empowered by the Constitution (Section 59, of the 1999 Constitution even as amended) to within fourteen days thereafter arrange for and convene a meeting of the Joint Finance Committee to examine the bill with the view to resolving the differences between the two Houses.

The implication is that, the Chamber that has not passed the bill is discharged of it and the joint finance committee now acts as the Conference Committee. Where the Joint Finance Committee fails to resolve the difference, the bill is referred to the National Assembly sitting at a Joint Meeting. If the bill is eventually passed at such joint meeting, it is presented to the President for assent. In the event that the President withholds assent or fails to signify his assent to the Appropriation Bill or any Money Bill within thirty days, the National Assembly will by two-thirds majority of members of both Houses sitting in a Joint Session of the National Assembly over-ride the President's veto, and thus pass the bill again which Developing Country Studies www.iiste.org ISSN 2224-607X (Paper) ISSN 2225-0565 (Online) Vol 2, No.6, 2012 69 shall become law and the assent of the President shall not be required. 3. Current Institutional Framework for the Federal Budget Process Nigeria's budget process is currently governed by the Constitution, the Finance (Control & Management) Act of 1958 and the Fiscal Responsibility Act of 2007. Each of these instruments provides mandate and specific roles for the executive and legislators to play in the budgeting process. While some provide timeframe, others are silent. The Constitution largely dominates the federal process which, while adequately responding to concerns of the time, created a system of rules that have proved inadequate in present circumstances. We shall in turn itemize and analyze the specific mandates, roles and time frame provided by each instrument. The annual budget's estimates of revenue and expenditure are proposed by the President and laid before both houses of the National Assembly through the Appropriation Bill. The Appropriation Bill becomes an Act after it has been passed by both houses of the National Assembly and assented to by the President. The fiscal year for Nigeria runs from 1st January to 31st December every year. 3.1 The Legal Framework for the Federal Budget Process.

The Constitution Nigeria operates a federal system whereby there is power at the centre and at the sub-national units, each deriving its powers from the Constitution. It follows therefore that the constitution provides the essential features of the financial procedures that are followed in Nigeria. Accordingly, the executive arm at the federal level must adhere to the provisions of sections 80-82 of the Nigerian Constitution in the federal budget process. This gives the budget a legal backing following section 81 (1) of the 1999 Constitution (even as amended); without which the actions of the federal government will be null and void and the budget becomes a mere document. The Constitution grants the power of the "purse" to the legislature but does not provide or

establish any specific procedure for the consideration of budgetary legislation. The Constitution in section 81 provides that the President shall cause to be prepared and laid before the each House of National Assembly at any time in each financial year estimates of the revenues and expenditures of the Federation for the next following financial year. Section 82 provides that if the Appropriation Bill in respect of any financial year has not been passed into law by the beginning of the financial year, the President may authorize the withdrawal of moneys from the Consolidated Revenue Fund (CRF) of the Federation for the purpose of meeting expenditure necessary to carry on the services of the Government of the Federation for a period not exceeding six months or until the coming into operation of the Appropriation Act, whichever is earlier.

Again section 59 stipulates that where the President within thirty days after the presentation of the Appropriation Bill to him fails to signify his assent or where he withholds assent, then the Bill shall again be presented to the National Assembly sitting at a joint meeting, and if passed by two-third majority of members of both Houses at such joint sitting, the Bill shall become law and the assent of the President shall not be required. 3.2 Statutory Requirements (framework) for the Federal Budget Process Finance (Control and Management) Act and Fiscal Responsibility Act. The Finance (Control and Management) Act 1958 though outdated, and the Fiscal Responsibility Act (FRA) 2007 provide modalities for the preparation and appropriation of money bills; fiscal rules regarding the size Developing Country Studies www.iiste.org ISSN 2224-607X (Paper) ISSN 2225-0565 (Online) Vol 2, No.6, 2012 70 of the budget deficit and revenue forecast; and institutionalize the modern approach to budgeting based on the Medium-Term Expenditure Framework (MTEF). While the Finance (Control and Management) Act 1958 has no specified time frame, the FRA 2007 in part II section 11 specifies that the MTEF for the next three financial years (upon which the yearly budget estimates revolves), must be prepared and laid before the National Assembly not later than four months before the commencement of the next financial year. Similarly in part VI, and section 33, the FRA provides that the executive arm of the federal government shall at least 30 days before the deadline for the submission of its budget proposals place at the disposal of the National Assembly, the revenue estimates for the following year, including the net current revenue and the respective memorandum items.

Furthermore, section 34 stipulates that the estimated revenue targets shall be broken down by the executive arm of government into monthly collection targets, including where applicable, a separable description of measures to combat tax fraud and evasion. Indeed the broad objective of the Act is to enhance the prudent management of the nation's financial resources with a view to ensuring long-term macroeconomic stability, among others. It institutionalized the MediumTerm Expenditure Framework (MTEF) to strengthen the capacity of the public financial management system to allocate and utilize available resources in the most efficient manner in the

medium-term. This is in consonance with Section 11 (1b) of the Act which provides that the Minister of the Federal Republic of Nigeria shall cause to be prepared and laid before the National Assembly for consideration a medium-term expenditure framework for the next three fiscal years that would guide the preparation of the annual budget. The law provides that the preparation and laying should not be later than 4 months before the commencement of the next fiscal year. Also, the President is expected to make wide consultations with stakeholders in the preparation of the MTEF document. Since the FRA was enacted, three MTEFs have been prepared: the 2010-2012, 2011-2013 and 2012-2015 MTEF. The three MTEFs also suffered from late submission. However, the documents so far submitted, covered most of the essential components stipulated in the FRA, notably a Macroeconomic Framework, a Fiscal Strategy Paper, Expenditure and Revenue Framework, a Consolidated Debt Statement as well as a statement describing the nature and fiscal significance of contingent liabilities. Senate Rules and House Standing Orders the legislature in scrutinizing the budget proposal of the executive employs its procedure based on its standard orders and rules. The House Standing Orders in Order 12 and section 16 stipulates the procedure on Money Bill (Budget). Section 16 stipulates that during each year, there shall be introduced into the House, an Appropriation Bill which shall contain the estimated financial requirement for expenditure on revenue accounts on all the services of the government for the succeeding financial year. The details of these financial requirements shall be contained in the Estimates which shall be presented at the same time. Section 16 (1b) stipulates that on presentation, the appropriation bill shall be deemed to have been read the first time and a date be fixed for commencement of the second reading. Subsection 2 of same section 16 stipulates that the Rules and Business Committee shall determine the number of days to be allotted for the second reading of the bill. Section 16 (4a-d) stipulates that when the bill has been read the second time, it shall be committed to the appropriations committee. The standing Committee of the House shall for this purpose be deemed to be sub-Committees of the Appropriations Committee and shall consider estimates for Developing Country Studies www.iiste.org ISSN 2224-607X (Paper) ISSN 2225-0565 (Online) Vol 2, No.6, 2012 71 the Ministries, Departments and Agencies which come under charge. After the consideration, the sub-Committees shall report back to the Appropriation Committee. The appropriation Committee after deliberating on the report of the sub-Committee shall then report to the Committee of the Whole House which is also known as “Committee of Supply”. Whenever the need arises for the Appropriations Committee to seek clarification on any issue relating to the budget of any Ministry, Department or Agency as submitted by a Standing Committee, the Appropriations Committee may invite the affected Ministry, Department or Agency in company of the leadership of the Standing Committee to defend or clarify as may be necessary. The budgetary provision submitted by the Appropriations Committee to the Committee of Supply on any Ministry or Department shall be agreed to a signed by the

leadership of each Standing Committee. These provisions are time bound, yet there is no provisional timeframe upon which these processes and indeed others should be completed. The same process is also observed in the Senate Standard Rules. The time frame given usually depends on the discretion of the President of the Senate or Speaker of the House of Representatives who is at liberty to apportion 2 or 3 weeks or even a month as the case may be for the Committees to look into the Appropriation Bill. 4.0 Overview of Country Experiences in the Budget Process in the United States of America, the budget process is made up of four steps (www.cbpp.org). In the first step, the President initiates the annual budget process by presenting his budget proposal to Congress. This usually occurs in early February. In fact, the President is required to submit to Congress a proposed detailed budget request for the coming federal fiscal year, by the first Monday in February (however, in years where there is a change in administration, the budget is submitted later). Congress is free to adopt or reject any of the president's recommendations. This is because the President's budget does not have the force of law, but it is a comprehensive examination of federal revenues and spending, including any initiatives recommended by the President, and it is a start of extensive interaction with Congress. At the second stage, Congress adopts a budget resolution to guide it as it acts on various spending bills. Although lacking the force of law, the resolution establishes targets and assumptions that often dictate results. At this stage, Saturno (2004) reports that within six weeks of the President's budget submission, congressional committees are required to submit their views and estimates of spending and revenues within their respective jurisdictions to the House and Senate Budget Committees. At the third stage, each of the thirteen appropriations subcommittees divides the funds allocated to it in the budget resolution among the agency programs within its jurisdiction. Each appropriations bill must pass the House and Senate in identical form and be signed by the president. A procedural rule called a "point of order" can be raised on the House or Senate floor to block an appropriations bill inconsistent with the resolution. At the fourth stage, Congress often passes a "reconciliation bill" making changes to existing law so that it conforms with the numbers in the budget resolution.

The budget process must be completed by September 30th, the end of the fiscal year. Often not all of the appropriation bills have been signed into law by that date, in which case Congress must pass a "continuing resolution" to provide temporary funding to keep the government running. In addition, Congress often passes a "rescission bill" to revoke money appropriated for Developing Country Studies www.iiste.org ISSN 2224-607X (Paper) ISSN 2225-0565 (Online) Vol 2, No.6, 2012 72 the current fiscal year, but not yet spent. "Supplemental appropriation bills" are enacted to provide funding in addition to that previously designated for the current fiscal year. In India, the budget process is a multi-stage process which flows from a high-powered policy document (Five Year Plan) that provides the overall direction and basic framework for policies, programmes and schemes

for the Ministries and Department as well as for the Annual Budget Plans. The budget process starts with the planning commission calling for plan proposals from the Ministries and Departments (India, 2007). The Ministries and Department assess the performance and requirements of all their schemes and programmes and, based on this assessment, propose outlays to the commission. The document detailing these outlays is called the Statement of Budget Estimates (SBE).

The SBE of a Ministry of Department lists the expenditure proposed to be incurred during a particular financial year on the different programmes and schemes of the Ministry. These outlays are supplemented by non-plan expenditures which cover the salaries, wages and other recurrent expenditure of the Ministry or Department. The planning Commission holds separate meetings with each Ministry and Department on their SBE and, based on the discussions, gives an indication of the resources that may be available to the Ministry or Department. After that, the Planning Commission consolidates all the SBEs and submits the consolidated document to the Ministry of Finance for its approval. As it were, the Ministry of Finance which is the agency with primary responsibility for the budget, informs the Planning Commission as to the available resources while the later adjusts the proposed outlays for Ministries and Departments to arrive at approved estimates for each. The Budget estimates (BE) which are the approved estimates for the Ministries from the Planning Commission are then incorporated into the Budget document, which is presented to the Parliament by the Minister of Finance on 28th February every year. The relevant Parliamentary Standing Committee for each Ministry before passing or approving their respective budgets, discusses the policies and programmes of the Ministry/Department concerned, reviews performance and makes recommendations. In Pakistan, the budget process is governed by constitutional provisions. The constitution requires that the federal government presents an annual budget statement to the National Assembly in respect of each financial year in line with article 80 (1). The budget statement is an estimate of receipts and expenditure for that year and is required to show separately expenditure charged to the Federal Consolidated Fund.

The powers of the National Assembly vary depending upon the source from which the expenditure will be funded. The elements of the budget relating to expenditure charged upon the Federal Consolidated Fund may be discussed in the National Assembly but cannot be put to a vote. Whether an item is chargeable to the fund is authenticated by the Prime Minister in a prepared schedule. The schedule is presented to the National Assembly but not open to discussion or a vote. Other expenditure, not chargeable to the fund, is presented in the form of demands for grants and may be debated and voted upon. Demands for grants must have the support of the federal government. The business of the National Assembly in relation to the budget process is governed by the rules and Procedure and Conduct of Business in the National Assembly Rules 2007. Specific rules relate to the budget process as

enshrined in Rules 182197. These rules essentially govern the manner in which the National Assembly participates in the Developing Country Studies www.iiste.org ISSN 2224-607X (Paper) ISSN 2225-0565 (Online) Vol 2, No.6, 2012 73 budgetary process. Prior to presentation of the budget to the National Assembly, it is discussed and approved by the cabinet. The National Assembly rules provide that the budget shall be presented to the National Assembly by the Finance Minister on a date determined by the leader of the House. No other business is transacted on a budget day. A period of two days is allowed before the discussion of the budget proposal to enable members read the document. Thereafter, at least four (4) days are allocated for budget discussion which is taken in three stages. They are; a general discussion of the budget as a whole; discussion on appropriations (in respect of expenditure charged to the fund); and discussions and voting on demands for grants. The process generally takes around twelve to seventeen working days for the various stages of the budget debate in the National Assembly. It should be noted that the Constitution prevents the Senate from taking active role in the consideration of the budget even though they are to be copied as it is being presented to the National Assembly. They can discuss the budget proposals and make recommendations to the National Assembly while its recommendations are however non-binding.

5. Framework for the Evaluation of the Institutional Shortcomings of the Federal Budget Process and Reform Options

The need for an effective and efficient budget process cannot be over-emphasized. However, it is important to understand the Institutional Framework for the federal budgeting process in Nigeria and within a contextual framework without which it will be difficult if not impossible to figure out how it can be made effective. It should be noted that the federal (and indeed State budget process) is rooted in constitutional mandates, statutory requirements, House and senate rules and practices, and administrative directives (Bill and Keith, 2004). With this contextual framework, it becomes easier to just pox Nigeria's Institutional framework for budgeting and thus investigate avenues through which the President and/or the Parliament do bungle the various elements of the budget process. Such framework also makes it easier to proffer reform options of the various elements of the budget process. This calls for close examination of the Constitutional provisions in relation to that; the statutory requirements; the House and Senates rules and practices; as well as the administrative directives with the view of identifying and correcting lapses therefrom. An examination of the constitutional mandates for the executive with respect to the budgeting process (see section 3) shows a clear absence of time frame for budget presentation by the executive to the National Assembly. Section 81 of the Constitution is too loose in aggravating the problem of poor budget implementation arising from delay in presenting the budget for consideration by the National Assembly and needs to be amended. It is important to attach a time frame within which the President shall cause to be prepared and laid before each House of the National Assembly in each financial year, estimates of the revenues and expenditures of the Federation for the

next following financial year. Without this provision, it will be almost impossible for the President to submit budget proposals early despite the provisions of the Fiscal Responsibility Act which tries to instill discipline of time-frame but cannot supercede the grand norm. Similarly long time frame for authorization of expenditure in default of appropriations from the consolidated revenue fund (CRF) of the federal government created by section 82 of the 1999 Constitution (as amended) is another institutional shortcoming and should be shortened. The new amendment to that section should authorize the President to withdraw moneys from the CRF of the Federation for the purpose Developing Country Studies www.iiste.org ISSN 2224-607X (Paper) ISSN 2225-0565 (Online) Vol 2, No.6, 2012 74 of meeting expenditure necessary to carry on the services of the government of the federation for a period not exceeding three months or until the coming into operation of the Appropriation Act, whichever is earlier. Such provisions in our view will enhance the timeliness of the budget process. While the provisions in the FRA as regards the budgeting process is commendable, for the submission of MTEF and revenue estimates to the National Assembly 4 months before the end of the financial year, it still cannot take precedence to the Constitution which provides in section 81 that the President may cause to be laid before the National Assembly copies of the Appropriation Bill at any time before the expiration of the fiscal year. Indeed part VI, and section 33, of the FRA which provides that the executive arm of the federal government shall at least 30 days before the deadline for the submission of its budget proposals place at the disposal of the National Assembly, the revenue estimates for the following year, including the net current revenue and the respective memorandum items, merely reinforces the provision of the Constitution in section 81 and will make more sense if the timeframe in that section of the Constitution is amended (included).

This removal of the open-ended time frame will therefore subject the executive to the discipline of timeliness in submitting the budget proposal to the National Assembly for scrutiny and eventual passage. To that extent, the FRA will significantly helped matters towards effective budget process. Inadvertently, there is no extant law that provides for a specific time-frame for the submission of the federal budget. An examination of the Senate Standing Rules and House Standing Orders show that there is no specified time period upon which the two Houses will scrutinize the budget and submit same to the President for assent. It is important that the leadership of the National Assembly should look into this and amend the Senate Rules and House Standing Orders accordingly to provide for specific time frames. The relevant Order (Order XII) and section (section 16 for the House Standing Orders) as well as its subsections should have clear indication of time-frame upon which the Appropriation Bill shall be considered and duly passed by it. Even in the section 11 of same Order XII where provision was made for the meeting of Conference Committee, it is also important that a timeframe is provided either for a Bill or most importantly for an Appropriation Bill. What is obtainable is that provisions of certain periods are to usually

decided by the relevant officers/Committees; particularly the Rules and Business Committee Chairman, the Speaker, and the Appropriations Committee. This is not healthy for the timeliness of the budgeting process.

3.0 Methodology of study

This research concentrates on the Enugu state ministry of finance, all the staff respondents were chosen from the graduate cadre and were all from the senior staff level. The choice of these staff is hinged on the role forensic accounting report can contribute to the overall financial reporting standard of banks due to their knowledge of forensic accounting and its perceived relationship with corporate governance measured by board performance. Thus, their perception in this will be highly beneficial to the study.

The primary source was used in generating data for this research. Primary data according to Kotler (1997) are data gathered for a specific research. They are first-hand information obtained for the purpose of the study. Primary data was obtained through survey using questionnaire.

The accuracy of statistical inference based on sample depends on the adequacy of sample and sampling method. The problems of estimating the characteristics of a population would be very simple if the data were uniform and having the same pattern as the population. The researcher purposively selected forty members of staff from this ministry.

For presentation and data analysis, table and percentage was used to summarize the data gathered for clarity and comprehension while the Pearson moment correlation was used to test the hypothesis.

When Pearson's r is close to 1...

This means that there is a strong relationship between your two variables. This means that changes in one variable are strongly correlated with changes in the second variable. If for instance, Pearson's r is 0.985 which is very close to 1 it is reasonable to conclude that there is a strong relationship between the two variables. However, we cannot make any other conclusions about this relationship, based on this number.

When Pearson's r is close to 0...

This means that there is a weak relationship between the variables. This means that changes in one variable are not correlated with changes in the second variable. If our Pearson's r were 0.01, we could conclude that our variables were not strongly correlated.

When Pearson's r is positive (+)...

This means that as one variable increases in value, the second variable also increase in value. Similarly, as one variable decreases in value, the second variable also decreases in value. This means there is a positive correlation. For instance if the Pearson's r value is 0.985 was it is taken as positive because SPSS did not put a negative sign

in front of it. So, positive is the default. In other words changes in the independent variable result in significant response by the dependent variable.

When Pearson's r is negative (-)...

This means that as one variable increases in value, the second variable decreases in value. This is called a negative correlation. In for instance the Pearson's r value is positive at 0.985 and the Pearson's r negative value of -0.985 it stands to reason that one should conclude that when the independent variable moves in a certain direction then the dependent variable moves significantly in the opposite direction.

4.0 Data analysis and discussion of findings

Data Presentation Table 1 Demographic distribution of respondents

Respondent	Number	Percentage (absolute)	Percentage (relative)
Director	1	2.56%	0.0256
Deputy Directors	4	10.26%	0.1026
Accounting/Finance Officers	27	69.23%	0.6923
Auditors	3	7.69%	0.0769
Other	4	10.26%	0.1026
Total	39	100%	1.000

Source: researcher (2017)

Table 2 Highest qualification of respondents

Respondent	Number	Percentage (absolute)	Percentage (relative)
O' Levels	3	7.69%	0.0769
OND	0	0.00%	0.0000
HND/B.Sc	32	82.05%	0.8205
Masters	4	10.26%	0.1026
Ph.D	0	0.00%	0.0000
Total	39	100%	1.0000

Source: researcher (2017)

Table 3 How long have you worked in the ministry of finance?

Respondent	Number	Percentage (absolute)	Percentage (relative)
Less than 3 years	0	0.00%	0.0000
3-5 years	4	10.26%	0.1026
6-8 years	10	25.64%	0.2564

Research Article

9 – 12 years	17	43.59%	0.4359
Above 12 years	8	20.51%	0.2051
Total	39	100%	1.0000

Source: researcher (2017)

Table 4: How will you describe your knowledge of budgeting?

Respondent	Number	Percentage (absolute)	Percentage (relative)
Very poor	0	0.00%	0.0000
Poor	1	2.04%	0.0204
Fair	0	0.00%	0.0000
Good	33	67.35%	0.6735
Very good	15	30.61%	0.3061
Total	39	100%	1.0000

Source: researcher (2017)

Table 5 How effective is the budget in achieving government policy objectives?

Respondent	Number	Percentage (absolute)	Percentage (relative)
Low effectiveness	0	0.00%	0.0000
Fairly effective	1	2.56%	0.0256
Quite effective	6	15.38%	0.1538
Very effective	30	76.92%	0.7692
Exceptionally effective	2	5.13%	0.0513
Total	39	100%	1.0000

Source: researcher (2017)

Table 6: Where your answer to Table 5 above is below effective where the major cause lies?

Respondent	Number	Percentage (absolute)	Percentage (relative)
Budget conception	0	0.00%	0.0000
Budget planning	1	14.29%	0.1429
Budget provisioning	0	0.00%	0.0000
Budget implementation	6	85.71%	0.8571
Budget actual assessment	0	0.00%	0.0000
Total	7	100%	1.0000

Research Article

Source: researcher (2017)

Table 7: Which of these factors is a major consequence for budgetary problems?

Respondent	Number	Percentage (absolute)	Percentage (relative)
Political interference	3	7.70%	0.0770
Lack of skilled manpower	6	15.38%	0.1538
Lop-sided priorities	6	15.38%	0.1538
Funding	24	61.54%	0.6154
None of the above	0	0.00%	0.0000
Total	39	100%	1.0000

Source: researcher (2017)

Table 8: How do you rate budget conceptualization, supervision planning, monitoring and implementation by the relevant regulatory authorities?

Respondent	Number	Percentage (absolute)	Percentage (relative)
Very poor	0	0.00%	0.0000
Poor	2	5.13%	0.0513
Fair	2	5.13%	0.0513
Good	13	33.33%	0.3333
Very good	22	56.41%	0.5641
Total	39	100%	1.0000

Source: researcher (2017)

Table 9: How do you rate the qualifications and operational competence of the budgeting staff in the ministry of finance?

Respondent	Number	Percentage (absolute)	Percentage (relative)
Not qualified	1	2.56%	0.0256
Poorly qualified	5	12.82%	0.128
Fairly qualified	10	25.64%	0.2564
Very qualified	22	56.41%	0.5641
Exceptionally qualified	1	2.56%	0.0256
Total	39	100%	1.0000

Source: researcher (2017)

10. Which role is the most fiscally challenging to the ministry of finance?

Research Article

Budget conceptualization

Respondent	Number	Percentage (absolute)	Percentage (relative)
Budget conceptualization	2	5.13%	0.0513
Budget planning	2	5.13%	0.0513
Budget funding	10	25.64%	0.2564
Budget implementation	21	53.85%	0.5385
Budget variance reporting	4	10.26%	0.1026
Total	39	100%	1.0000

Source: researcher (2017)

The denotations of Q1 to Q10 represents relative percentages derived from the ten questions in the questionnaire. Q1 for instance stands for question 1 and Q10 for question 10.

Findings of the study Hypotheses Testing Hypothesis 1

1. **H0:** The quality of staff involved in the budgetary process is inadequate.

	Q1	Q2	Q3	Q4	MEAN
Senior cadre					
H0:	0.1026	0.0769	0.1026	0.0204	0.07563
H1:	0.8974	0.9231	0.8974	0.9796	0.92437
P-VALUE CAL	0.000985				
P-VALUE TAB	0.035				

Source: Researcher's Excel computer worksheet

The decision is to reject the null hypotheses since the calculated value is less than the table value. Therefore, from the above the null hypothesis is rejected since the calculated P-value is less than the table P-value at 95% confidence interval. So the null hypothesis which states that the quality of staff involved in the budgetary process is inadequate is rejected. Alternatively the hypothesis which states that the quality of staff involved in the budgetary process is adequate is accepted.

Hypothesis 2

H0: Poor budget implementation does not affect the state growth and development.

	Q7	Q9	Q10	MEAN
Senior cadre				
H0:	0.3846	0.1538	0.4615	0.3333
H1:	0.6154	0.8462	0.5385	0.6667

Research Article

P-VALUE CAL 0.00048

P-VALUE TAB 0.025

Source: *Researcher's Excel computer worksheet*

The decision is to reject the null hypotheses since the calculated value is less than the table value. Therefore, from the above the null hypothesis is rejected since the calculated P-value is less than the table P-value at 95%confidence interval. So the null hypothesis which states that poor budget implementation does not affect Enugu state growth and development is rejected. Alternatively the hypothesis which states that poor budget implementation affects Enugu state growth and development is accepted.

Hypothesis 3

1. **H₀:** The budget policy decision in the state is not effective.

	Q5	Q6	Q8	MEAN
Senior cadre				
H ₀ :	0.2308	0.1429	0.4359	0.2699
H ₁ :	0.7692	0.8571	0.5641	0.7301

P-VALUE CAL 0.00085

P-VALUE TAB 0.025

Source: *Researcher's Excel computer worksheet*

The decision is to reject the null hypotheses since the calculated value is less than the table value. Therefore, from the above the null hypothesis is rejected since the calculated P-value is less than the table P-value at 95%confidence interval. So the null hypothesis which states that the budget policy decision in the state is not effective is rejected. Alternatively the hypothesis which states that the budget policy in the state is effective is accepted.

Discussions of findings

Based on the analyses of information presented above, the following findings were noted. The quality of staff involved in the stages of budgeting is adequate. Secondly, the growth and development of the state can be affected by poor budget implementation. The budget policy in the state has also been adjudged as effective. This view is supported by (Dale & Duncalf 1985; Ebrahimpour & Lee 1988; Flynn, Schroeder & Sakakibara 1994). Other studies have demonstrated that support for internal audit effectiveness (Jill 1998; Schwartz, Dunfee & Kline (2005). Mihret, Dessalegn Getie and Yismaw, Aderajew Wondim (2007).

5.0 Conclusion

The research concludes that the problem being studied was not very significant. It is obvious from the findings that the role of accounting in budgeting by Enugu state ministry was significantly effective because of capable work force, proper budget conceptualization, supervision, planning, monitoring and implementation. By so doing the budget policy decisions of the state has been in congruence with the objectives of policy makers.

6.0 Recommendations

In these days of dwindling oil receipts and by extension lower federal allocations to the states state governments in addition to managing their limited resources are also advised to explore ways of raising money outside their oil revenue dependent federal allocation. Taxation is the major source of revenue for the state under study. But since there are fiscal loopholes in tax administration the role of accounting in budgeting can be extended to tax administration for improved revenue generation and subsequent appropriation.

Because of the importance of budgeting and auditing to economic activity in both private and private sector, the scarcity of resources to apportion among competing needs new techniques can be studied to enrich literature and new theories explored to improve the art of budgeting for sustainable development.

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