

AN ASSESSMENT OF BUDGET APPROVAL IN NIGERIA

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ABSTRACT

The study examined the problems and resolution of budget approval in Nigeria. Data were collected from primary sources through questionnaires administered. The study covered both junior and senior staff of budget unit and departments in the faculty of management sciences; Federal University of Oye-Ekiti, Ekiti State and SPSS statistic was employed for data analysis using variance, standard deviation, skewness and others. The findings of the study showed clearly that budget monitory has a great impact on budget approval. The study concluded that people of grass root should be given a proper attention during the budget preparation, corruption should be totally erased from individual mind which would go a long way to improve budget execution; and check and balance should be put in place with the use of information technology for proper monitory of budget implementation.

Keywords: Budget Approval, Corruption, standard deviation, skewness, Lack of finance, Nigeria.

1.0 INTRODUCTION

1.1 Background of the Study

The economy of this country faced a lot of challenges especially during the budget preparation and approval. Nigeria has enough resources that could be used to improve its economy but utilisation is the major issue the country facing presently and this is called for proper budget preparation and approval in the country. The budget approval

in Nigeria needs adequate monitoring by independent bodies in order to guide against budget padding which necessitates the study to carry out an assessment of budget approval in Nigeria. Olaoye (2014) said that annual budget faced a lot of problems which had hindered its expected outcomes as a result of bad government and political interest.

Ekhaton and Chima (2015) said that budget has made it possible for proper functioning of public sector in a country which anticipates citizens' demand and approval with a consideration of political desires. Ekeocha (2012) said that good governance requires periodical and rational policies that could not be seen in budgetary aspect of public sector in Nigeria today. He said further that budget preparation has not been certain in the country as a result of inadequate preparation which has affected executive and legislative approval. Igbara, Tordee, Nwadike and Abuba (2016) said that budget ensures public accountability with the help of coordination but this has not been actualized in Nigeria.

Furthermore, Igboeche (2017) said that budget is a quantitative statement of proposed government revenue and expenditure for the coming year. He said further that expenditure is incurred outside the appropriation act and revenue is diverted to another area. Igboeche (2017) said that budgetary aspect of government can only be attainable if it can be prepared to a particular period and appropriate authorization must be obtained before expenditure could be incurred.

(Itua) 2017 said that Nigeria Police Force stole important documents required for passing 2017 budget from the senate chamber with the support of executive which led to accusation of ItaEnang. Adebayo (2016) said that ItaEnang replaced original document presented by President Buhari with a new document that has greatly affected budgetary implementation in the country. Komolafe (2017) said that government spent funds that have been appropriated for almost five months before it was signed into law by Acting President, Yemi Osinbajo in June 12, 2017. Ehigiamusoe and Umar (2013) said that budget had been suffered from implementation since 1999 as a result of late presentation of budget, delayed in president's assent and inadequate release of funds to Ministries, Departments and Agencies (MDAs).

He said further that budget oversight had increased since 1999 which has made it impossible to reduce corruption in different Ministries, Departments and Agencies (MDAs) and this has necessitated change on budget implementation in the country.

1.2 Statement of the Problem

Nigeria has enough resources that could be used to improve its economy but utilisation is the major issue the country facing presently. The country's economy is confronting with a lot of problems as a result of inappropriate budget approval which produces negative multiplier on the economy.

In the studies above, (Itua) 2017 said that Nigeria Police Force stole important documents required for passing 2017 budget from the senate chamber with the support of executive and Adebayo (2016) said that ItaEnang replaced original document presented by President Buhari with a new document that has greatly affected budgetary implementation in the country.

Also Komolafe (2017) said that government spent funds that have been appropriated for almost five months before it was signed into law by Acting President, Yemi Osinbajo in June 12, 2017; Ehigiamusoe and Umar (2013) said that budget had been suffered from implementation since 1999 as a result of late presentation of budget, delayed in president's assent and inadequate release of funds to Ministries, Departments and Agencies (MDAs).

It was also discovered that corruption, improper monitoring and lack of finance has been the major issues on budget implementation.

As a result of all these issues, there is a need for proper assessment of budget approval in Nigeria and this called for a gap to be filled by collecting and analyzing public opinions on problems of budgeting and its approval in Nigeria and provide possible solution to the issues.

1.3 Research Questions

The study examined and provided answers to the following questions:

- i. To what level does corruption affects budget approval in Nigeria?
- ii. To what degree does budget monitoring affect budget approval in Nigeria?
- iii. To what extend does lack of finance affects budget approval in Nigeria?

1.4 The objective of the study

The main objective examines the problems and resolution of budget approval in Nigeria. However, the study explored the following specific objectives:

- i. To determine how corruption affect budget approval in Nigeria.
- ii. To examine the impact of budget approval monitoring in Nigeria.
- iii. To assess the lack of finance on budget approval in Nigeria.

1.5 Research Hypotheses

In the course of this study, the following hypotheses are formulated:

H₀₁: There is no significant relationship between corruption and budget approval in Nigeria.

H₀₂: There is no significant relationship between budget monitoring and budget approval in Nigeria.

H₀₃: There is no significant relationship between lack of finance and budget approval in Nigeria.

1.6 Scope of the Study

The study covered budget unit in the Bursary Department and departments in faculty of management sciences, Federal University of Oye-Ekiti, Ekiti State.

2.0 LITERATURE REVIEWS

The literature captured conceptual and empirical reviews for the assessment of budget approval in Nigeria.

2.1 Conceptual Review

Balmori (2004) defined budget as a monetary instrument for macroeconomic management with the purpose of ensuring efficiency and effectiveness. Omolehinwa (2003) said that budget is a process of examining people in an organisation and considering problems other might impose in an environment. Houlton (1982) said that budget is the process of assessing actual result with the budgeted activities. Ican (2019) defined budget as a statement prepared for specific period with the purpose of achieving a stated goal through the performance measurement.

2.1.1 Causes of Budget Failure in Nigeria

Olurankinse (2013) enlisted the causes of poor budget performance in Nigeria as all stake holders were not adequately involved in the budget implementation, there were no adequate consultation and review from different quarters, there were a lot of impositions from different offices and the government agencies were in habit of incurring expenditure without budgetary provisions.

2.1.2 Consequences of Budget Failure in Nigeria

Olurankinse (2013) gave the consequences of budget failure in Nigeria as it does not encourage investors as a result of unavailability of facility, the standard of living will be reduced, the economic development will be reduced and increases unemployment rate. Adeniran and Bodunrin (2018) gave consequences of budget failure in Nigeria as it reduces level of economic growth and it decreases level of budget execution in the country

2.2 Empirical Review

Igbara et al (2016) said that public sector budget must be done to increase government activities with the provision of adequate solution to conflict in the country and they suggested a model of public sector budgeting that discusses on human being with the use of questionnaire for data collection.

Stotsky (2016) said that budget must take gender equality into consideration by providing for women’s development in the country and used questionnaire for data collection. Okeke (2013) said that budget preparation must capture essential items in the country such as health, education, security, employment, essential amenities, agriculture and aviation needs and used primary data for the analysis.

Posner and Park (2007) said that executive and legislature must come together for the proper execution of budget in a country and said further that Institute of Chartered Accountants of Nigeria (ICAN) and Economic and Financial Crimes Commission (EFCC) should be strengthened for budget execution. They conclude through the data collected from public opinion.

3.0 RESEARCH METHOD

The study covered both junior staff and senior staff of budget unit and departments in faculty of management sciences; Federal University of Oye-Ekiti, Ekiti State and forty (40) questionnaires were administered and SPSS statistic was employed for data analysis using variance, standard deviation, skewness and others.

3.1 Model Specification

The study used the research of Tawose (2012) with modification in the dependent and independent variables; the model for the study is stated as follows:

$$\text{BUDAPPROVAL} = f(\text{BUDPROBLEMS}) \text{ ----} 3.1$$

Explicitly, it can be re-stated as below:

$$\text{BUDAPPROVAL} = \beta_0 + \beta_1 \text{BUDPROBLEMS} + \epsilon_i \text{ -----} 3.2$$

Where:

BUDAPPROVAL = Budget Approval

BUDPROBLEMS = Budget Problems (corruption, budget monitoring and lack of finance)

β_0 = Intercept

β_1 = shift parameters

ϵ_i = Error terms (ϵ)

Explained (dependent) variable = BUDAPPROVAL

Explanatory (Independent) variables = BUDPROBLEMS

A priori Expectation

It shows that there is a positive relationship between budget approval and budget problems and expressed as $\beta_1 > 0$

4.0 RESULTS AND DISCUSSION

4.1 Descriptive Statistics

The descriptive statistics result in table 1 shows that Corruption affects budget approval in Nigeria with a minimum of 1, maximum of 5, mean 1.38of and standard deviation of 0.774.

Budget monitory affect budget approval in Nigeria with a minimum of 1, maximum of 5, mean 2.78of and standard deviation of 1.121.

Lack of finance affects budget approval in Nigeria with a minimum of 1, maximum of 5, mean 2.12of and standard deviation of 1.418.

The summary clearly showed that budget monitory has a great impact on budget approval.

Table 1 Summary of Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Corruption affects budget approval in Nigeria	40	1	5	1.38	.774
Budget monitory affect budget approval in Nigeria	40	1	5	2.78	1.121
Lack of finance affects budget approval in Nigeria	40	1	5	2.12	1.418
Valid N (listwise)	40				

Table 2 Statistics

	Corruption affects budget approval in nigeria	Budget monitory affect budget approval in Nigeria	Lack of finance affects budget approval in nigeria
N	40	40	40
Valid	40	40	40
Missing	0	0	0
Mean	1.38	2.78	2.13
Std. Error of Mean	.122	.177	.224
Median	1.00	2.00	1.50
Mode	1	2	1
Std. Deviation	.774	1.121	1.418
Variance	.599	1.256	2.010
Skewness	3.059	.355	.962
Std. Error of Skewness	.374	.374	.374
Kurtosis	11.874	-1.108	-.514
Std. Error of Kurtosis	.733	.733	.733
Range	4	4	4
Minimum	1	1	1
Maximum	5	5	5
Sum	55	111	85

Corruption affects budget approval in Nigeria

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly agree	29	72.5	72.5	72.5
Agree	9	22.5	22.5	95.0
Valid Undecided	1	2.5	2.5	97.5
Disagree	1	2.5	2.5	100.0
Total	40	100.0	100.0	

Table 3: Budget monitory affect budget approval in Nigeria

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly agree	3	7.5	7.5	7.5
Agree	19	47.5	47.5	55.0
Valid Undecided	4	10.0	10.0	65.0
strongly disagree	12	30.0	30.0	95.0
Disagree	2	5.0	5.0	100.0
Total	40	100.0	100.0	

Table 4: Lack of finance affects budget approval in Nigeria

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly agree	20	50.0	50.0	50.0
Agree	8	20.0	20.0	70.0
Valid Undecided	3	7.5	7.5	77.5
strongly disagree	5	12.5	12.5	90.0
Disagree	4	10.0	10.0	100.0
Total	40	100.0	100.0	

5.0 CONCLUSION AND RECOMMENDATION

Budget serves as a means of articulating government activities towards its citizens but it is majorly hindered by people around its approval and implementation.

The problems can be reduced if the following are taking into consideration:

The people of grass root should be given a proper attention during the budget preparation and implementation.

Corruption should be totally erased from individual mind which would go a long way to improve budget execution.

The check and balance should be put in place with the use of information technology for the monitory budget implementation.

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APPENDIX

Questionnaire on Problems and Resolution of Budget approval in Nigeria

Section A: Personal Data

Please tick (x) in the most appropriate option from the list of options that followed each question

- 1. Gender: Male () or Female ()
- 2. Age: 20-30 years () 31-40() 41- 50() above 50()
- 3. Working experience: 0-5 years () 6-10 years () 11- 15 years() above 15 years()
- 4. Education background: HND () B.Sc () MBA/MSc () Ph.D ()
- 5. Position in the University: Academic staff () Non-Academic staff ()
- 6. Marital status: Single () Married ()

Section B: Expression of opinion

Research Questions	Strongly Agree	Agree	Undecided	Disagree	Disagree
Corruption affects budget approval in Nigeria					
Budget monitoring affect budget approval in Nigeria					
Lack of finance affects budget approval in Nigeria					