

Original Research Article

BUDGET IMPLEMENTATION AND CONTROL REFORMS: TOOL FOR MACRO ECONOMIC GROWTH IN NIGERIA. (1999-2013).

ABSTRACT

This study reviewed the performance of 1999-2013 budgets of the federal government of Nigeria with a view to analyzing the reforms on budget implementation and control as a tool for macro-economic growth in Nigeria. The study employed ex-post facto descriptive research design. The respondents comprised of Accountants and Economists who are in the federal civil service in Enugu state. The primary data were collected with the aid of a structured 5-point likert scale questionnaires. Secondary data were generated from journals, and other scholarly publications. Three Hypotheses were formulated and tested in this study. The questionnaires were distributed to a sample size of 308 from a population of 1338 using Taro Yamane (1967) formula while Analysis of Variance (ANOVA) was also employed to test the hypotheses. The findings showed that poor project conceptualisation, design or planning practices by Ministries, Departments and Agencies (MDAs) resulted into low resources management. Respondents also perceived that there is no significant reduction in the personnel and overhead cost budgets allocated to the public service. The study concludes that the effectiveness of Medium Term Revenue Framework and Medium Term Expenditure Framework can be achieved through budget discipline. Participatory monitoring and assessment of government projects by host community-members and identifications of opportunities/Challenges for Government Services are recommended.

Keywords: fiscal policy, budgeting, macro economics, Nigerian economy, budget implementation

INTRODUCTION

According to Abdullahi (2007), a government budget is a political and administrative instruments by which the executive and legislative bodies endeavour to allocate scarce resources among the various organs of government either at state levels or federal level. It is basically a tool for selecting a particular mix of public and private goods and services. In the public sector, budget performs the same allocative functions that the price mechanism performs in the private sector. The budgetary reforms objectives of the federal government of Nigeria adopted in 1999 was aimed at reducing the excessive share of the budget being allocated to the public service by way of personnel and overhead costs (estimated at over 60%), reducing the cost of governance in general, improving resource management by curtailing wasteful expenditure and increasing the level of productivity and efficiency through budget discipline. Paradoxically, the government expenditure has lost its objective as it becomes more concerned with recurrent expenditure and less concerned with capital expenditure. (Ige, 2004). The habits of contractors making remobilization claims before reviving abandoned projects also contributed to high cost of governance in Nigeria. The result of this was that large sums of money were released and the

economy overheated with cheap money resulting in lack of any real progress in project implementation. (Aku, 2009). In terms of ensuring budget discipline in Nigeria, public officers in Ministries and extra ministerial departments are yet to imbibe the culture of incurring expenditures only for essential purposes, in order to control costs. Public officers instead see government resources (money) as a “national cake”. (Abubakar, 1999). According to Ochonma, (2009) budget failure is not new in Nigeria. It cannot be blamed on the global economic crisis experienced in 2008-2009. The reason may be that the executives both at the federal and state levels have often diverted public funds into their personal foreign and local banks accounts. Hence not matching budget execution with budget provisions.

A budget is also a tool for management direction and control of the work which an agency or department plans to do. A budget has four characteristics; equilibrium, comprehensive, unity, periodicity (Abdullahi, 2007). In Nigeria, budget implementation has been a major issue of concern. Issue of poor implementation has constrained achievement of most spelt-out development goals and objectives. This are manifested in many abandoned development projects. Poor implementation has also made execution a weak link in the budget process. In past decade, for instance, the rate of capital budget implementation has varied widely as follows:

2002 – 2003: 50%.

2004 - 2005: average of 92%.

2008: 43% as at November 30th. Obadan, (2008).

According to Aganga (2010), 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 the Government implementing several policies aimed at improving on its revenue generation and collection, and 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 workout optimal budget implementation strategies. These included engagements through Workshops (including “Strengthening budget implementation for enhanced project execution & service delivery”; and “Enhancing Internally Generated Revenue (IGR) generation, collection & remittance system in the federal public service”. The main objective of this study is to analyze the key objectives of the budget implementation and control reforms as a tool for Macro economic growth in Nigeria. The specific objectives are to find out the extent to which personnel and overhead cost budgets allocated to the public service has been reduced; to identify the effects of improved resource management through curtailing of wasteful expenditure and ascertain the level of productivity and efficiency increase through budget discipline. This study will help to increase knowledge of the literature that focuses on budget implementation and control reforms. In the light of growing importance of ensuring that budgetary provisions matches with the outcomes, this study will provide some useful information for all the tiers of government and non-governmental organizations who make use of budget in Nigeria. The outcome of the formulated hypotheses and data collected through primary and secondary sources will provide managerial information to both policy makers in the private sectors and

organizations in the international scene. Besides, it will serve as a reference to researchers, academics, and students in the management of social sciences.

BUDGET REFORM OBJECTIVES

The role of budget in an economy cannot be overemphasized. A budget is an important instrument of national resource mobilization, allocation and economic management. It is an economic instrument for facilitating and realizing the vision of the government in a given fiscal year. If a national budget is to serve as an effective instrument for promoting growth and development of a country, there should be proper linkage and management of all the stages of budgeting. A budget has to be well-designed, effectively and efficiently implemented, adequately monitored and its performance well evaluated. With regard to Nigeria's budgets over the years, there is a sharp contrast as expected, between budgeting under military regimes and budgeting under civilian administration. Whereas the former was ad hoc and beclouded with arbitrariness, the latter is often subjected to scrutiny at various stages by the executive and legislative arms of government before the budget is finally approved. (Budget Office of the federation, 2005).

In Nigeria, the reform of the budget process was a major plank of the Public Service Reform (PSR) embarked upon since the inception of civilian administration in 1999. Prior to this time the country was under military rule during which the budget process was thrown into total disarray with some noticeable defects. Thus, the objectives of the budgetary reforms were to:

- reduce the excessive share of the budget being allocated to the public service by way of personnel and overhead costs (estimated at over 60%),
- reduce the cost of governance in general,
- improve resource management by curtailing wasteful expenditure and increasing the level of productivity and efficiency, and
- ensure budget discipline (adherence to limits). (Budget Office of the Federation, 2005).

This paper seek to provide answers to the following questions

To what extent has personnel and overhead cost budgets allocated to the public service being reduced?

To what extent has there been improvement in resource management through curtailing of wasteful expenditure?

To what extent has the level of productivity and efficiency increased through budget discipline?

BUDGETARY PROCEDURES AT DIFFERENT LEVELS OF GOVERNMENT

According to Abdullahi, (2007), The budgetary procedures at different levels of government connotes the term Budget Cycle. They are as follows:

2.2.1 Budget Formulation.

Budget formulation involves the following steps:

- (1) Establishment of budget committee by the ministry of finance or budget and planning (office of the Accountant general).
- (2) Budget committee will then send a call circular to the various ministries and extra ministerial departments calling on all accounting officers to start preparation for the next financial year's budget. The ministries and extra ministerial department will then respond by sending back advance copies of their proposals known as Advance proposals.

Advance Proposals: These are proposed budget of ministries and departments sent to budget committee. The reasons why advance proposals are required are:

- i, To ensure that non essential items are not given preference over essential items.
- ii, To ensure that existing government regulation and instructions with regard to staff and other services matters have been followed in preparing the proposals.

The advance proposals are screened by a budget committee with the affecting ministries in attendance. After screening the advance proposals, they are sent back to their respective ministries to prepare clean copies out of the proposals. The total expenditure and revenue of government for the coming financial year is thus ascertained when all the estimates from various ministries and parastatals have been collected together.

Legislative Authorization.

The draft estimates containing the total expenditure and revenue of government for the coming financial year in a bounded form called Appropriation bill is then sent to the National /State Houses of Assembly by the governors or president as the case may be. Abdullahi, (2007),

Executive Approval.

The Appropriation bill so approved by the House or National Assembly and assented by the Governor/ President becomes an Appropriation Act.

The executive will prepare and submit a supplementary estimate to the house for consideration in case there is need for additional expenditure to be incurred and the amount allocated will not be enough or there is need to incur expenditure which provision has not been made in the annual estimates. Abdullahi, (2007),

Budget Implementation.

This stage of the budget cycle is what this seminar paper seeks to address. After the approval of budget, the Governor or President gives go ahead through the Commissioner or Minister of Finance to start spending from the approved budget. The Commissioner or Minister of Finance in turn instruct the Accountant General to communicate to all the accounting officers by warrant called General Warrant to execute their approved budgets. Abdullahi, (2007),

Budget Control.

This stage of the budget cycle is also what this seminar papers seeks to discuss. Budget control involves:

- i, complying with budgetary provisions as no expenditure is to be incurred which is not contained in the approved budget.
- ii, focusing on the individual items for which expenditures were made with the goal of assuring that items were legally contracted for and supplied.
- iii, limiting government/ public expenditures as strictly as possibly.
- iv, inducing processes and procedures to permit the more effective spending of public monies.

The ministry of finance exercises control before and after the approval of the estimate in various ways. Some control systems are Authority to Incur supplementary Expenditure (AISE) and local Purchase Order (LPO), etc. Abdullahi(2007).

Budget Review.

This involves:

- 1, Going back to formulation stage and seeing whether there are lapses which need serious attention before the preparation of another Year's budget.
- 2, Making references to the budget in order to identify the budget variances.
- 3, Accountability of budget operatives: The woeful implementation of the budget was blamed on among some factors, the delay in the passage of the Appropriation Bill by the National Assembly/ State Houses of Assembly, the failure of the various Ministries, Departments and Agencies (MDAs) to understand early enough the Public Procurement Act introduced by government for budget execution and the politically influenced oversight function of the Legislators over budget implementation. (Abdullahi, 2007).

Nzewi (2009), approached the issue of differences in budget provisions and development outcomes by assessing the variances in the budgets of governments to determine whether the budget variance can be said to be within normal limit. His Findings showed that there was significant difference between the observed variances and the expected variances. Another findings of the study was that government budgets are regarded primarily as a means of obtaining authorization from the legislature to spend government funds and not necessarily as targets to be met. The implication of these findings according to Nzewi (2009), was that government budget cannot serve as an effective instrument for evaluation of performance neither can it serve as an effective instrument for measuring efficiency. It recommended as part of the rebranding project, changing the mind set of all those involved in budget preparation, approval and execution, to perceive government budget as one in which significant deviation from set targets will not be tolerated. Ubaka (2011), carried out a similar study on public sector budgeting to determine its impacts on some selected macro-economic indicators. Among the findings of the study was that national budgets vary significantly from actual finances meaning that government did not tailor her expenditure in line with approved budget. While agreeing that budget should serve as a tool for planning, accountability and control of government finances, Augusto (2005),

observed that over the years various government have not utilized the annual budget for the designated purposes because, the budget were unrealistic and lacking in financial discipline. The budgets also demonstrated short term outlook for government spending and no value for money. Furthermore the budgets were characterized by weak monitoring low accountability and lack of transparency, and there were no political buy-in priorities. This necessitated a break from the old practice and the enthronement of a new system designed to develop a more consistent and realistic budgeting framework, that all set government spending at a spending from need to availability (Augusto, 2005). Dangin (2007), identified the objectives of the reform in public financial management to include maintenance of fiscal discipline, promotion of effective allocation, improvement in efficiency in the provision of services and development of a sound financial management capacity. He suggested improvement in budget and budgetary process to maintain momentum in the budget reforms, encourage the passage of legislation to support stable budgeting and adequate consultation during budget preparation. He stressed the need for a workable balance between the role of the executive and the legislature and to provide for an active debate on strategic budget priorities and needs ahead of detailed budget estimate preparation. Another suggestion was that government efforts should be channelled towards raising the efficiency of budgeting, improving transparency in actual government expenditure and capacity building within the budget system (Dangin, 2007).

Horngren et al, (2008) pointed out that the result of a survey carried out in north America shows that most managers still agree that budgeting, correctly used has significantly value to management.

Empirical evidence on the evaluation of budget implementation and control reforms objectives as a tool for macro-economic growth in Nigeria has been scanty. This gap in the literature is the focus of this study.

1999 BUDGET IMPLEMENTATION AND CONTROL APPRAISAL

The presentation is tabulated to facilitate reading.

Objective	Result	Impact on the economy and society
(1) To expand revenue base by exploring new sources	There is no evidence that anything substantial was achieved	The economy and society have continued to rely on a single sector- the oil sector for revenue
(ii) To improve internal security	There were reports about an improvement in the provision of operational equipment to some of the security agencies, especially the police. But it is	Internal security remained a big challenge by the close of the budget year.

	difficult to say that internal security was substantially improved	
(iii) Privatization of state-owned enterprises	Substantial progress was made. Most steps outlined were taken	Privatization of state- owned enterprises where hijacked by some disgruntled politicians and the impact was partly achieved.
(iv) To enhance efforts in capacity building and utilization	We have no evidence that anything positive was achieved. An assessment by the government indicates a decline in capacity utilization.	Mainly falling output rising unemployment and increased external dependence. A review by the government as summarized in Budget 2000, confirms these effects.
(v) To reduce level of unemployment	The researcher did not get any reliable data to assess this but the government itself admitted that unemployment was rising	Unemployment remained a serious problem in the society by the end of the budget year.
(vi) To improve the purchasing power of the citizenry	There were pay increase particularly in the public sector, But given the small size of public sector workers in the population, we doubt if the pay increases in the sector amounted to a general improvement in purchasing power.	There were still serious problem in the society by the end of the budget year.
(vii) To sustain single digit inflation rate	This was not achieved. Inflation rose to over 10.5%	Even though the desired single digit inflation rate was not achieved, it remained fairly stable at about 10.5%.
(x) To achieve at least 3.0% overall growth rate of the GDP	This was not achieved information available indicates a growth rate of less than 2.0%	This must be a factor in the growing unemployment and poverty in the society

(x) To maintain appropriate fiscal, monetary and exchange rate policies in order to achieve macro economic stability.	Several of the action which defined the “appropriate” policies were taken but macroeconomic stability was not achieved. In the case of the exchange rate, the depreciation of the Naira continued.	The expected stability was not achieved. For instance in its overview preparatory to Budget 2000, the government stated as follows. “On assumption of officer this Administration Found that some of the economic measures of the immediate past exacerbated the instability which had plagued the economy for quite sometime”. And instability was still evident by the close of the year.
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224 Source: AKPAKPAN (2000), Publication of the CBN (Vol. 24 No. 2 April June 2000).

225 **REVIEW OF BUDGET 2000 IMPLEMENTATION AND CONTROL**

226 Selected indicators of macroeconomic performance 1999-2001 (in percentage unless otherwise
227 indicated)

Indicator	1999 (%)	2000(%)
Real GDP Growth Rate	2.7	2.8
Growth Rate of Per Capital Income	(0.1)	0.1
Growth Rate of Agriculture valued Added	3.7	3.3
Growth Rate of industrial value Added	(1.4)	(0.8)
Capital Utilization	32.0	30.0
Unemployment	3.3	4.0
Inflation Rate	7.6	5.4
Growth Rate of Narrow Money (M1)	40.6	42.4
Growth Rate Of Broad Money (M2)	32.4	38.3
External Reserves (Us \$ billion)	5.4	8.78
Balance of payments (% of GDP)	(3.1)	-

Average AFEM/IFEM exchange		
Rate (₦/\$)	94.83	102.02
External Debt stock (Us\$ billion)	28.04	28.60

228 Sources(1) *CBN Annual Report and statement of Accounts 1998; and monetary credit, foreign*
 229 *Trade and exchange policy guideline 1998-2000 and the federal Budget 1998– 2000.*

230 In table above, the real Sector, the growth rate of the economy was more or less stunted in the
 231 year 2000. The real GDP grew at the rate of 2.8% which was not significantly different from the
 232 growth rate in the previous year. Similarly, industrial capacity utilization and the growth rate of
 233 agricultural value-added were not significantly different from the levels attained in 1998 and
 234 1999. Industrial value-added has been declining since 1997, the decline in the year 2000 being
 235 0.8% (Taiwo, 2001). The poverty Alleviation programme (PAP) was launched in the year 2000
 236 to address the problem of high incidence of poverty in the country. This programme was geared
 237 towards Socio-economic empowerment of the people. Socio-economic empowerment was to be
 238 achieved through programme targeting and direct provision of employment opportunities.
 239 However, in spite of the PAP, it is generally acknowledge that there has been no significant
 240 reduction in the incidence of poverty in Nigeria.

241 **REVIEW OF THE 2001 BUDGET IMPLEMENTATION AND CONTROL**

242 According to Iyoha, 2002, Total Federally collectible revenue for 2001 budget was estimated at
 243 N2.126 billion which was N441,500 million or 26.2% higher than the estimate for year 2000.
 244 The increase in revenue was expected from the oil sector, which was expected to yield
 245 N1,673,200.0 million, compared with N1,339,400.0 million in the year 2000. The projections are
 246 based on reference price of \$22 per barrel and crude oil production of 2.4112 million barrels per
 247 day.

248 **APPRAISAL OF THE 2002 BUDGET IMPLEMENTATION AND CONTROL**

249 According to Sanusi, 2002, a relatively stable macroeconomic environment was maintained in
 250 the 2002 fiscal year compared to 2001. Specifically, the inflation rate decelerated from 18.9% in
 251 December 2001 to 13.6% in October, 2002 and was projected to moderate further by end of
 252 2002. The improved inflation performance reflected the impact of tight monetary policy and the
 253 moderating effect of good agricultural harvests on food prices. However, the targets of single-
 254 digit inflation rate was not achieved, due to the effect of expansionary fiscal operations of all
 255 tiers of government as well as the constraints imposed by structural factors on output growth.
 256 The fiscal operations of the Federal Government also showed some improvements. Provisional
 257 data on federal government operations indicated that in the first ten months of 2002, the
 258 cumulative retained revenue of the Federal Government amounted to N665.7 billion, including
 259 proceeds of the draw down of external reserves, excess crude account and recovered looted funds

260 (which the CBN classifies as financing items), representing a shortfall of 23.6% below the
261 proportionate budget estimate for the period. The shortfall is traced to lower receipts from oil and
262 non-oil sources.

263 **OVERVIEW OF DEVELOPMENT IN 2003 BUDGET**

264 According to Sanusi, 2004, the overall performance of the economy in 2003 was mixed.
265 Available data from the Federal Office of Statistics (FOS) revealed that the economy showed a
266 steady growth performance during the year. The real gross domestic product (GDP), measured at
267 1990 constant prices, grew by an impressive 10.2%, compared with the 3.5% achieved in 2002.
268 Both the oil and non-oil sectors contributed to the improved performance. Specifically, oil
269 production, including condensates grew 23.9% over the level a year earlier, while aggregate non-
270 oil output rose by 4.5%.

271 The agricultural sector contributed substantially to the growth in non-oil GDP. Influenced by
272 improved capacity utilization and policy environment, the manufacturing sector also recorded a
273 modest recovery.

274 **REVIEW OF BUDGET 2005**

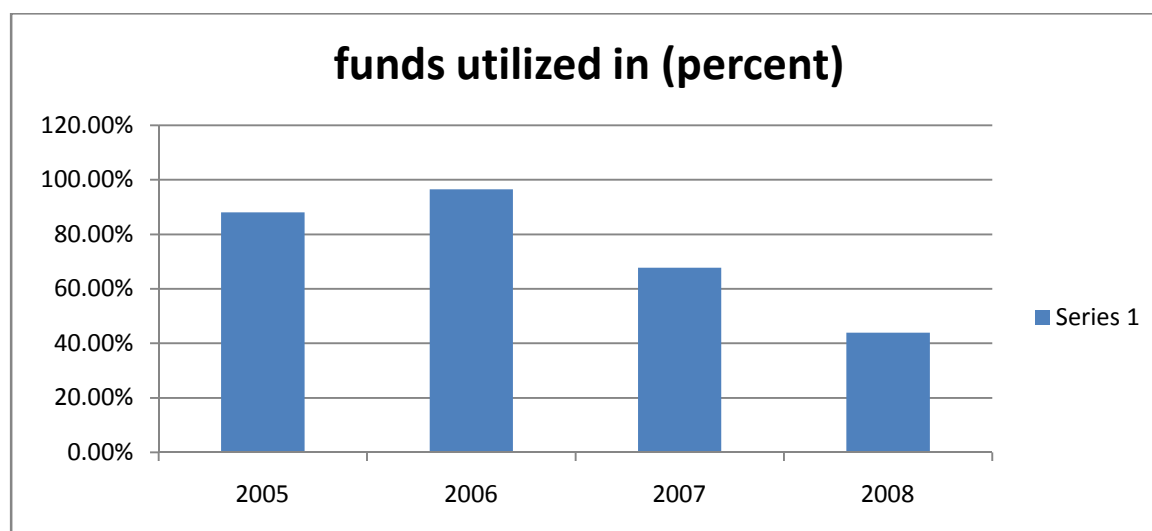
275 According to Obasanjo, 2006, the total projected revenue for 2005 was N1.6 trillion (this
276 included N165 billion from the “Excess Crude” account and N100 billion from independent
277 revenue).

278 In the course of the 2005 fiscal year, revenue projections had to be revised downwards because
279 of the situation in the Niger Delta. Total actual revenues in 2005 was therefore only about N1.4
280 trillion. ⁷ Against the actual revenues of N1.4 trillion in 2005, the 2005 Appropriation Act
281 authorized aggregate spending of N1.8 trillion, representing a growth of 38%. This was made up
282 of statutory transfers of N90 billion, debt service of N356 billion and MDA spending of N1.4
283 trillion representing a growth of 52%. The MDA spending comprised Recurrent (Non-Debt)
284 Expenditure of N737 billion and Capital Expenditure of N617 billion respectively.

285 **CAPITAL BUDGET IMPLEMENTATION, 2005-2008**

286 According to Obadan 2008, capital budget implementation in terms of the proportion of funds
287 released that was utilized showed declining performance 88.1% in 2005, 96.5% in 2006, 67.8%
288 in 2007 and 43.9% in 2008.

289 Chart: Proportion of funds released that was actually utilized (2005-2008).



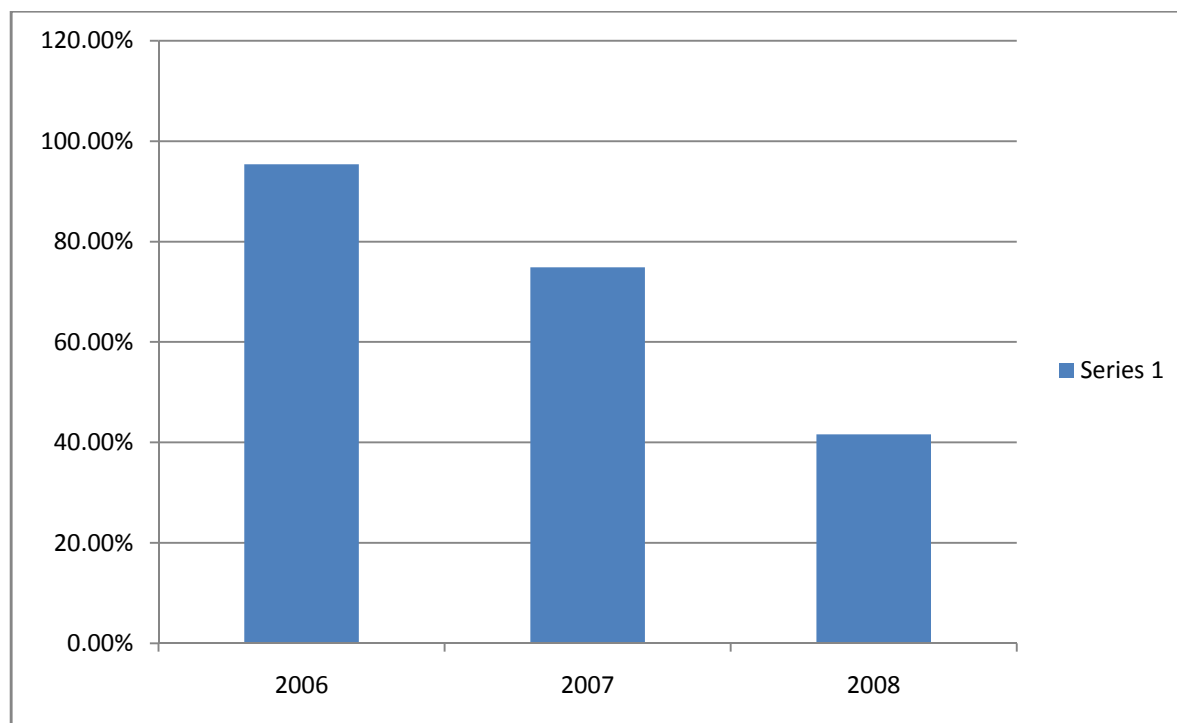
Source: 2008 Federal capital Budget implementation Report.

Table: Funds utilization in relation to capital Budgets of MDAs

	2006	2007	2008
Total deviation of Funds utilization from Budget (N million)	-25,680.9	-173,384	-455,714.6
Average variance between funds utilization and budget (N million)	-597.2	-3,853.0	-13,403.4
No. of MDAs that utilized their budget fully (N million)	8	0	0
No. of MDAs that utilized a proportion of their budgets (N million)	35	34	34
No of MDAs that utilized more funds than their budget (N million)	0	11	0
Funds utilization as a proportion of total budget (overall performance.)	95.4	74.9	41.6

Source: 2008 Federal capital Budget implementation Report.

Chart: MDAs fund utilization in Relation to Capital budget (%) for 2006-2008

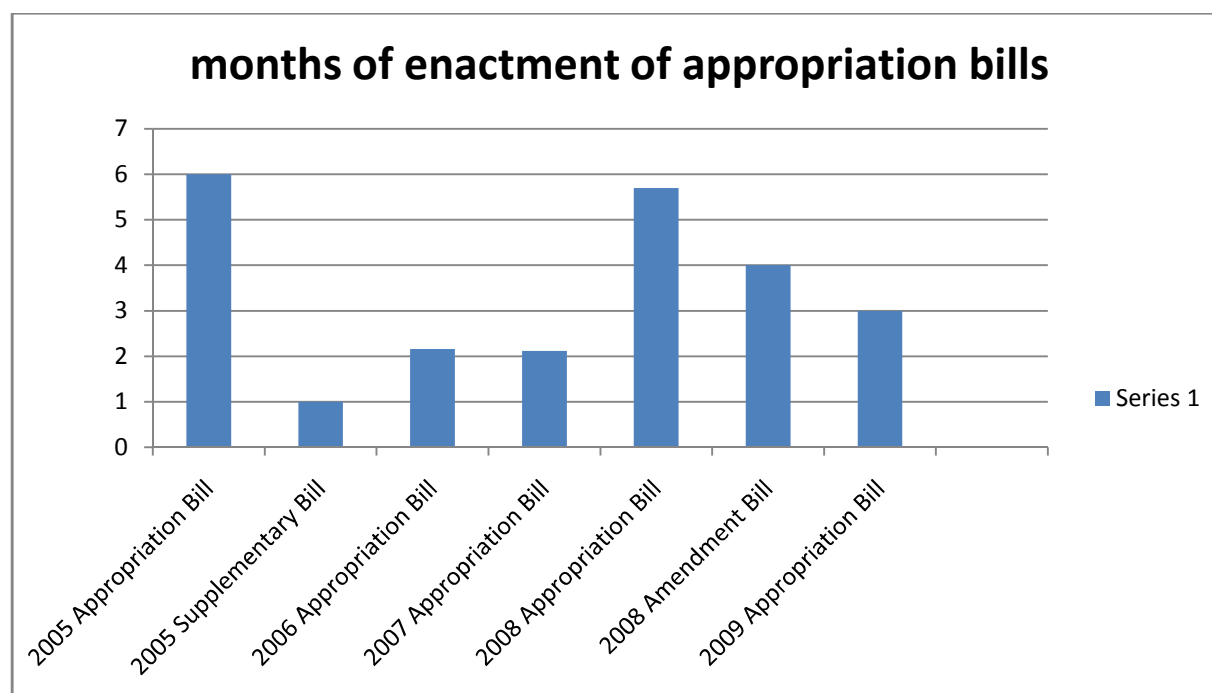


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296 Source: 2008 Federal capital Budget implementation Report

297 The overall funds utilization rate in 2008 at 41.6% is much lower compared to the corresponding
298 figures for 2006 and 2007.

299 Chart: TIME-LAG BETWEEN PRESENTATION AND ENACTMENT OF APPROPRIATION
300 BILLS (MONTH)



301

302 Source: National Assembly.

303 Table: DATES OF PRESENTATIONS & ENACTMENT OF APPROPRIATION BILL FOR
304 2004 TO 2007.

S/N	TITLE OF BILL	DATE PRESENTED	DATE ASSENTED	TIME LAG
1	(HB 124) Appropriation Bill 2005.	12/10/2004	12/04/05	6 months
2	Supplementary Appropriation Bill, 2005	16/11/2005	17/12/05	1 month.
3	Appropriation Bill 2006	6/12/2005	22/02/06	2 months, 16 days
4	Appropriation Bill 2007	11/10/2006	22/12/06	2 months, 12 days
5	Appropriation (Amendment) Bill 2007	5/9/2007	n.a	n.a
6	Appropriation Bill 2008	8/11/2007	14/04/08	5 months, 7 days
7	(HB 100) Appropriation Bill 2008	2/7/2008	Late October 2008	4 months
8	(HB 143) Supplementary Appropriation Bill, 2008	23/10/2008	Early Nov, 2008	Two weeks
9	(HB 158)	2/12/2008	10/03/09	3 months

	Appropriation Bill 2009			
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305 Source: National Assembly (2009). n. a denotes not available

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307 **OVERALL MACROECONOMIC PERFORMANCE IN 2009**

308 A sample MDA's Capital Budget Utilization Report as at Dec 2009 (in N million).

MDA	First Quarter Release	Second Quarter Release	Payment through AIEs	Total Releases	Total cash backed	Total Cash utilized	% utilizati on
Police Formation and commands	2,801.43	-	-	2,801.43	2801.43	431.55	15.40 %
Power	28,324.81	15,502.48	-	43,827.35	43,827.35	5,778.57	13.18%
Transport	1,539.85	16,060.20	13,805.28	31,405.33	31,405.33	8,724.73	27.78%
Health	13,633.45	4,577.39	-	18,210.84	18,155.91	4,727.38	26.04%
Agric & Water Resources	26,887.32	19,799.70	-	46,687.02	46,560.41	27,475.61	59.01%
Education	12,622.07	3,511.90	-	16,133.97	16,118.70	6,580.51	40.83%
FCTA	3178.63	29,046.37	-	32,225.00	32,225.00	22,832.97	70.85%
Works	29,128.87	101,355.19	-	130,484.06	130,484.06	49,265.04	37.76%

309 Total average utilization by all MDA's 24.92%.

Source: The office of

310 Accountant General of the Federation & Budget Office of the Federation(2010).

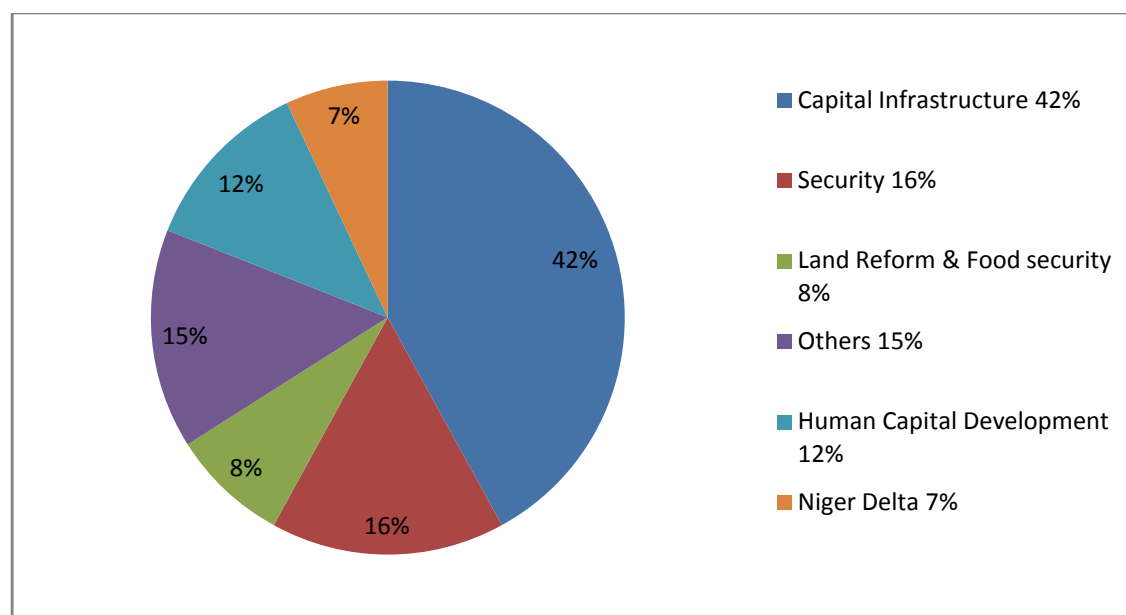
311 As at end of the last quarter of 2009, the federal Government's external debt stock reduced by
312 2.5% to US \$3,627.5 million from US \$ 3,720.36 million as at 31. December 2008. The domestic
313 debt stock, however, increased by 7.21% from N2,320.3, million as at end of 2008 to N2,487.83
314 billion as at March 2009. The actual debt service payments for domestic debt and external debt at
315 the end of the first quarter stood at N119.2 billion and US \$93.05 million respectively.

Capital budget implementation averaged 20.68% in the first quarter (ie N33.26 billion out of N160.84 billion cash backed by the office of the Accountant- General). This was in spite of the early release of the quarter capital warrants for ongoing projects. Only four of the 45 MDAs reviewed utilized over 50% of the fund provided for their ongoing capital project. The federal and inter-Governmental Affairs had utilization rates of 71.68% and 64.19% respectively. While about 73% of the MDAs utilized below 20.68%. Twenty (or 45%) of the MDAs failed to utilize any portion of the funds.

REVIEW OF 2010 BUDGET IMPLEMENTATION AND CONTROL

The 2010 Budgets were designed to stimulate the economy in view of the negative effects of the global economic crisis. The increased spending outlay in the 2010 Budgets is in line with what governments in other countries are doing to ameliorate the effects of the crisis and set their economies on a path of recovery. The Budgets were designed such that the allocation of resources to priority sectors, particularly critical infrastructure, would provide the enabling environment for the acceleration of sustainable economic growth and development, driven by the private sector(Budget Office of the Federation, 2011). With the objective of achieving the government's developmental goals, the 2010 budget focused on the implementation of projects/ programmes that would help achieve the desired national economic recovery. In this respect, about 90% of the total capital expenditure in the 2010 Appropriation Act were allocated to the government's priority sectors which include critical infrastructure development; human capital development, land Reform & food Security etc.

Chart: Capital Budget Allocation under the 2010 Appropriation Act.



Source: Budget office of the federation, (2011).

While the full implementation of the capital budget along these lines was expected, recent reviews of MDA's capital project's implementation according to Office of the Accountant

General of the federation in 2011, revealed poor implementation of capital projects/programmes due largely to weak project conceptualization, costing, planning and project management. That is in spite of the government's efforts at removing bottlenecks in the procurement process and finding of critical projects through activities of the cash management committee (Office of Budget of the federation, 2011). According to Office of the Accountant General of the federation OAGF, only N642.47 billion (or 70.42%) of the cash-backed amount had been utilized by MDAs as at 31st Dec, 2010. When compared against the total releases for the period rather than the cash-backed amount. The percentage utilization rate declines to 66.4%.

Table: A sample of MDA's capital budget utilization (as at 31st Dec 2010).

MDA'S	TOTAL		UTILIZATION		
	RELEASED	CASH-BACKED	TOTAL	% OF CASH BACKED AMOUNT	% OF TOTAL RELEASES
POWER	70,125,900,227	70,072,273,560	47,509,059,026	67.80	67.75
TRANSPORT	44,311,855,533	44,311,855,533	22,379,818,751	50.51	50.51
HEALTH	33,570,452,816	33,562,153,452	17,745,264,501	52.87	52.86
AGRICULTURE	26,730,652,327	26,725,719,041	17,885,989,373	66.92	66.91
WATER RESOURCES	51,164,315,628	51,164,315,628	40,658,359,978	79.47	79.47
EDUCATION	33,363,404,106	32,988,285,456	22,171,892,034	67.21	66.46
WORKS	107,469,616,597	107,350,330,989	92,621,140,701	86.28	86.18
NIGER DELTA	42,855,307,378	42,855,307,376	34,966,120,465	81.59	81.59
FCTA	68,221,823,649	64,411,894,742	54,836,779,610	85.13	80.38
POLICE FORMATION & COMMANDS	27,115,224,515	27,115,224,515	17,285,000,319	63.75	63.75
TOTAL AVERAGE UTILIZATION (BY ALL MDA'S)				70.42	66.4

Source: Office of the Accountant General of the Federation & Budget Office of the federation.

The implementation of the capital budget in 2010 was extended to 31st march, 2011 in order to improve the outcome utilization. Office of the Accountant General Of the Federation & Budget Office of the federation (2011).

BUDGET 2011 IMPLEMENTATION AND CONTROL APPRAISAL

Following the government's fiscal stimulus programmes of 2009 and 2010, the 2011 budget, in consideration of developments in the global economy, focused mainly on fiscal consolidation and improving the efficiency and quality of government spending. The MDAs' capital projects implementation of capital projects revealed some lapses. This was because 2011 was a transition

year; characterised with the inauguration of a new cabinet; and delays in the amendment to the 2011 budget which was concluded only at end of may 2011. Budget office of the federation, (2012).

As at 30th June, 2011 an aggregate of N227.81 billion had been released through first quarter Development Capital warrant of N111.0 billion, first quarter Augmentation Warrant of N100.0 billion and Authority to incur Expenditure (AIEs) of N19.69 billion for the implementation of MDAs' capital projects/ programmes as contained in the 2011 Appropriation Act. Of this amount, a total of N196.69 billion (or 86.34%) of the total of releases had been cash backed. Only N128.72 billion (or 65.44%) of the total amount cash-backed had been utilized by MDAs as at 30th June, 2011.

A sample of MDA's capital budget utilization (as at 30th June, 2011).

MDA'S	TOTAL		UTILIZATION		
	RELEASED	CASH-BACKED	TOTAL	% OF CASH BACKED AMOUNT	% OF TOTAL RELEASES
POWER	18,134,267,275	18,134,267,275	9,346,543,040	51.54	51.54
TRANSPORT	10,945,768,176	10,919,741,656	3,667,094,656	33.58	33.50
HEALTH	8,230,338,637	8,230,338,637	3,784,254,567	45.98	45.98
AGRICULTURE	8,065,797,534	8,011,586,653	2,416,730,892	30.17	29.96
WATER RESOURCES	7,461,319,043	7,461,319,043	4,895,427,288	65.61	65.61
EDUCATION	6,015,954,256	6,015,954,256	2,048,241,226	34.05	34.05
WORKS	31,775,680,646	31,775,680,646	27,090,421,201	85.26	85.26
NIGER DELTA	19,899,179,340	19,899,179,340	15,937,470,257	94.31	94.31
FCTA	10,518,067,101	10,518,067,101	10,511,893,493	99.94	99.94
POLICE FORMATION & COMMANDS	2,779,297,659	2,779,297,659	1,473,560,706	53.02	53.02
TOTAL AVERAGE UTILIZATION (BY ALL MDA'S)				65.44	56.55

Source: Office of the Accountant General of the Federation and Budget of the Federation.

BUDGET 2012 IMPLEMENTATION AND CONTROL APPRAISAL

The 2012 Budget was crafted with a theme - fiscal consolidation and inclusive growth. To achieve this goal, the Budget was founded on four Pillars – macroeconomic stability, structural reforms, strengthening governance and institutions, and investing in priorities. As such, Government sought to improve on its revenue collections while scaling up spending to the

379 priority sectors in order to ensure the completion of key ongoing and some flagship projects
 380 within the medium-term. A focal point was on encouraging domestic enterprise to thrive,
 381 improving on the business climate and so, encourage capital inflows while creating jobs. Okogu,
 382 (2012). Data from the Office of the Accountant General of the Federation (OAGF) on the
 383 implementation of the 2012 Budget showed that a total of N1,257.87 billion was received into
 384 the Federation Account in the first quarter indicating a shortfall of N304.11 billion (or 19.47%)
 385 when compared to the quarterly projection of N1,561.98 billion. This largely contributed to the
 386 shortfall in receipts from Federation Account to fund the Federal budget by N206.65 billion (or
 387 23.21%). A quarterly estimate of N890.25 billion was projected to fund the Budget but only
 388 N683.61 billion was realized in the first quarter of the year. This shortfall made the full
 389 implementation of the budget in the first quarter difficult and challenging.
 390 On the expenditure side, the Budget Office, in line with extant financial regulations, made
 391 releases of recurrent and capital votes in the first quarter prior to the signing of the 2012
 392 Appropriation Act in April, 2012.

393 The implementation of the Budget in the first quarter suffered from the extension of the period
 394 for implementation of the 2011 capital expenditure to 31 March 2012 and the late passage of the
 395 2012 Budget. These factors meant that MDAs focused on the implementation of their 2011
 396 ongoing capital projects and programmes in the quarter while their procurement processes
 397 continued towards implementing their projects in the proposed 2012 Budget. Against this
 398 backdrop, utilization of the capital budget releases effectively commenced in April when the
 399 2012 Budget was signed into law. Budget office of the federation, (2012).

400

401 **Year 2012 Expenditure Developments And Revision**

402 A total of N4,877.21 billion was appropriated for expenditure in 2012. Of this amount,
 403 N4,697.21 billion was for the regular budget for 2012 while N180 billion was for the
 404 implementation of social safety net and specific infrastructure projects and programmes under
 405 the *Subsidy Reinvestment and Empowerment Programme* (SURE-P). The regular budget for
 406 2012 was made up of N2, 425.05 billion (or 49.72%) for recurrent (non-debt) expenditure,
 407 N559.58 billion (or 11.47%) for recurrent (debt services) expenditure, N372.59 billion (or
 408 7.64%) for Statutory Transfers, and N1,339.99 billion (or 27.47%) for Capital expenditure.
 409 Budget office of the federation, (2012).

410 **A sample of MDA's capital budget utilization (as at 31st March, 2012).**

MDA'S	TOTAL		UTILIZATION		
	RELEASED	CASH-BACKED	TOTAL	% OF CASH BACKED	% OF TOTAL RELEAS

				AMOUNT	ES
POWER	19,430,098,320	4,769,107,281	0	0	0
TRANSPORT	13,079,244,441	3,952,938,399	0	0	0
HEALTH	15,706,168,869	5,351,826,295	0	0	0
AGRICULTURE	12,550,306,904	11,540,339,905	0	0	0
WATER RESOURCES	8,388,407,572	4,586,578,788	0	0	0
EDUCATION	15,354,345,004	2,237,728,823	0	0	0
WORKS	42,192,777,182	41,921,271,817	0	0	0
NIGER DELTA	16,073,230,536	16,073,230,536	0	0	0
FCTA	12,869,889,930	12,869,889,930	0	0	0
POLICE FORMATION & COMMANDS	2,539,779,415	2,539,779,415	0	0	0
TOTAL AVERAGE UTILIZATION (BY ALL MDA'S)				0	0

Source: Office of the Accountant General of the Federation and Budget of the Federation.

BUDGET 2013 IMPLEMENTATION AND CONTROL APPRAISAL

The 2013 Budget which was designed with the theme “fiscal consolidation with inclusive growth” builds on the 2012 budget which was anchored on four main pillars of macroeconomic stability, structural reforms, governance and institutions and investing in priority sectors.

Data from the office of the Accountant General of the federation (OAGF), showed that a net sum of N1,395.07 billion was available for sharing among the three tiers of government in the first quarter of 2013. This implied a shortfall of N495.80 billion (or 26.22%) in the first quarter. The sum of N826.74 billion, including revenue from other sources was received to fund the federal budget in first quarter of 2013 thereby representing a shortfall of N198.32 billion (or 19.32%). This significantly affected the smooth take-off of the implementation of the 2013 budget in the first quarter.

2013 Expenditure Developments

A total of N5,260.74 billion was appropriated for expenditure in 2013. Of this amount, N4,987.24 billion was for the regular budget for 2013 while N273.5 billion was for the implementation of social safety net and specific infrastructure projects and programmes under the subsidy Reinvestment and Empowerment programme (SURE-P). The regular budget for 2013 was made up of N2,386.03 billion (or 47.84%) for recurrent (non-debt) expenditure,

431 N591.76 billion(or 11.87%) for recurrent (debt services) expenditure, N387.98 billion (or
432 7.78%) for statutory transfers and N1,621.48billion (or 32.51%) for capital expenditure.

433 Table 2.19. Percentage Personnel, Overhead and Capital Expenditure Trends (2008-2013)

	2008 Budget	2009 Budget	2010 Budget	2011 Budget	2012 Budget	2013 Budget
Personnel Costs (MDAs)	29.88%	24.08%	28.66%	40.01%	33.89%	3.37%
Capital Spending	29.66%	36.00%	34.20%	25.57%	27.47%	21.01%
Overheads	12%	27.20%	23.06%	14.07%	5.57%	-15.94%
Recurrent (Non Debt)	41.88%	51.28%	51.72%	54.07%	49.72%	-1.62%

434 Source: Budget office of the federation and Office of the Accountant general of the federation.

435 REFORM STRATEGIES AND IMPLEMENTATION PROCEDURES

436 The budgetary reforms which commenced in 2000 have five major planks. They are
437 administrative procedures, budget preparation, management of government spending, budget
438 implementation as well as monitoring and evaluation. The management of government spending
439 is achieved through limits imposed by established fiscal rule. The fiscal rule is a statement of
440 limits on disposable revenue projections and fiscal deficit over a budget period. In the case of
441 the Federal Government, it is oil price based using projections of oil prices that are lower than
442 the expected international price of oil over the budget period. It also focuses on savings from the
443 Federal Government debt deals. The oil price-based fiscal rule de-links government expenditure
444 from the price of oil by budgeting at a conservative oil price. For instance, in 2004, the
445 government budgeted at a price of US\$25, US\$30 in 2005, US\$35 in 2006 and US\$40 per barrel
446 of oil in 2007. This has enabled government to save every dollar above the budgeted price and
447 there is a mechanism in place to ensure judicious use of the savings. The oil price-based fiscal
448 rule and Medium-Term Expenditure Framework (MTEF) in budgeting have significantly
449 enhanced public expenditure management and macro-economic stability. As part of the
450 budgetary reform measures, steps were taken in 2005 to develop a medium-term expenditure
451 framework which places emphasis on multi-year (three years) budgeting. The revenue estimates
452 were also based on a Medium Term Revenue Framework (MTRF). In Nigeria, the MTEF seeks
453 to

- 454 1. planning by MDAs and increased programme sustainability; and
- 455 2. provide MDAs with a improve macro-economic balance by developing a consistent and
456 realistic resource framework;
- 457 3. improve the allocation of resources to strategic priorities among and within sectors;

458 4. increase the commitment to predictability of both policy and funding for better hard budget
459 constraint and increased incentives for efficient and effective use of funds. **Budget Office of**
460 **the federation (2005).**

461 **FAST TRACKING THE BUDGET IMPLEMENTATION PROCESS**

462 In October 2008, according to budget office of the Federation, the Federal Executive Council, at
463 its sitting observed with dismay, the slow pace of Budget implementation by MDA's.
464 Consequently, it set up a committee, headed by the Head of the Civil Service of the Federation,
465 to examine the budget implementation process, with a view to identifying the problems and
466 proffering solutions.

467 The committee came out with the following five major bureaucratic Causes of delays in the
468 Budget implementation process as follows:

469 1, Lack of familiarity and understanding of extant laws, regulations and guidelines that govern
470 the process of project execution by MDA's;

471 2, Delays in obtaining approvals of Ministers and Permanent Secretaries for various stages of the
472 procurement process;

473 3, Delays in processing payments,

474 4, Challenges in documentation and

475 5, Delays in processing memos to council.

476 No doubt, these bureaucratic obstacles are important. But the low implementation could have
477 been due to more fundamental factors that transcend bureaucratic delays. (Budget
478 Implementation Handbook, Budget office of the Federation, October, 2008).

479

480 Table: SUMMARY OF NEW TIME-LINES IN THE BUDGET IMPLEMENTATION
481 PROCESS

S/N	ACTION	TIME-LINE	BEGINNING OF TIME -LINE
I	Procurement Planning	2 months	From the date of releases of Budget
Ii	Response to BPP requests for clarifications	2 weeks	From the date of request

Iii	Submission of Memos to Council	2 weeks	From the date of issuance of “NO Objection” Certificate by the BPP.
Iv	Award of Contracts	5 months	From the date of Release of Budget
V	Payment of Contractors	2 weeks	From the date of Approval of payment by the Honourable Minister or in his her absence, the accounting officer.

482 **Source:** Nigeria Federal Executive Council, Budget implementation Handbook, October, 2008.

483 Table: KEY BUDGETARY REFORM STRATEGIES IN NIGERIA

	MAIN ASPECTS OF BUDGETARY REFORM	KEY REFORM STRATEGIES
1	Administrative Procedures	-Establishment of the Budget Office of the Federation headed by a Director-General who also doubled as Special Adviser to the President on Budget matters
2	Budget Preparation	-Medium-Term Revenue Framework -Medium-Term Expenditure Framework -Fiscal Strategy Paper -Medium-Term Sector Strategies -Interactive Sessions -Annual budgets with projects and programmes linked to medium-term plans
3	Management of Government spending	-Oil-price-based fiscal rule, -Debt/GDP limit, -Aggregate expenditure limit,

		-Limits by major expenditure heads, MDA limits (envelopes).
4	Budget Implementation	-Use of Cash Management Committee to better manage the release of funds -MDA now granted flexibility to manage the release of their capital budgets subject to set limits -Timely and predictable release of capital budget -Introduction of electronic payment process for payroll -Publication of releases on BOF website
5	Monitoring and Evaluation	-Timely monthly returns to OAGF by MDA -Publication of budget performance report -OPEN initiative led by OSSAP-MDGs -Involvement of Civil Society in budget monitoring and evaluation

484 Source: Budget Office of the federation, 2005.

485 The overall **goal** of a performance review is to help ensure that an MTSS (or equivalent) remains
 486 relevant and effective at achieving sector goals and objectives.

487 The overall **purpose** of a performance review is to agree a set of recommendations which can be
 488 used to adjust the sector MTSS (or equivalent).

489 The specific **objective** of the review include:

Review progress made in implementing the MTSS (or equivalent) against agreed sector output and output targets.

Identify the Strengths, Weaknesses, Opportunities and Threats (SWOT) of MTSS (or equivalent) strategies plans and budgets. Nwobodo and Abdulkareem, 2014.

COST SAVING MEASURE POLICIES

The following guidelines were introduced in 2009 as part of government's response to the global economic crisis and its resultant decline in revenues. These measures were designed to institute more efficient public expenditure priorities over the medium-term horizon, and accordingly, have also been applied to the 2010 budget. These measures include:

- **Procurement and Maintenance:** Direct procurement of technical items and components of a specialized nature are to be ordered from the manufacturers to maintain standards and save costs.
- **Procurement of Vehicles:** Expenditure on non-priority procurement of vehicles has been deferred, with a modest pooled fund provided to provide for urgent and priority procurement.
- **Construction of New Buildings:** Expenditure relating to the construction, purchase or acquisition of new office buildings was deferred.
- **Procurement for Furnishing and Equipment of Non Priority Offices:** Expenditure relating to the construction, purchase or acquisition of new office buildings was deferred. (Budget Office of the federation and Federal Ministry of Finance, 2012).

PUBLIC SECTOR PROCUREMENT REFORMS

According to Ekpenkhio (2003), on assumption of Office in 1999, the President of the Federal Republic of Nigeria observed that the time-tested approach in conducting government business had degenerated to such an extent that the Public Service Rules, Financial Regulations and Ethics and Norms of the Service were jettisoned either due to sheer ignorance or for selfish reasons. The President's preface to the Financial Regulations in January, 2000 aptly slated as follows:

- All the elements that enhance efficiency reliability and continuity of the system have been tampered with resulting in major and severe setbacks for the conduct of Government business.
 - Furthermore, the President observed and emphasized that transparency in Government procedures was necessary to usher in a great and dynamic economy to ensure a just and egalitarian society.
- To this end, the Government commissioned the World Bank in collaboration with some Nigerian Private Sector Specialists to undertake studies of its Financial Systems and general procurement related activities. Specifically, the World Bank was requested to assist the Nigerian Government with a process of enthroning efficiency, accountability, integrity and transparency in

Government Procurement and Financial Management Systems. The clear objective was – and still is – to reduce the scope of corruption in public procurement and so improve the efficiency in the management of Nigeria’s public expenditures. At the end of the exercise, two reports, namely the Country Report on the Financial Systems and the Country Procurement Assessment Report were produced. The comprehensive review of the country’s public procurement system covered the existing legal framework; organizational responsibilities and capabilities within government; present procedures and practices; the reliability of government accounting systems and the effectiveness of budgeting systems in directing resources for intended purposes. Ekpenkhio (2003).

The Task Force created for this purpose was assisted by international and national consultants, financed by the World Bank. Two Workshops were held and finally the Country Procurement Assessment Report (CPAR) was produced. The CPAR identified five major weaknesses in the existing procurement systems in Nigeria namely:

- i) that Nigeria lacks a modern law on Public Procurement and permanent oversight body to provide guidance and monitor purchasing entities.
- ii) bribery and corruption;
- iii) that due that the Finance (Control and Management) Act, 1958, together with the Financial Regulations which set basic rules for managing public expenditure have gaps, deficiencies and faulty implementation of existing regulations on procurement (e.g. lack of permanent arrangements for control and surveillance) which create opportunities to inflation and lack of regular adjustments on the thresholds of the approving limits of the Tender Boards, their authorization were constantly being eroded resulting in abuses, prominent among which is splitting of contracts;
- iv) that there was proliferation of tender boards which were perceived by the private sector as sources of delays and non transparency. In addition, these tender boards appeared to have limited mandates with powers to decide contracts de facto resting with the Permanent Secretary and the Minister/ Commissioner;
- v) that Customs systems and procedures were cumbersome and major causes of delay in clearing goods, and hence a source of corruption; and
- vi) that Procurement is often carried out by staff who substantially lack relevant training. Ekpenkhio (2003).

BENEFITS OF PROCUREMENT REFORMS

- (a) Procurement system will become transparent and create equal assess for bidders of public sector contracts.
- (b) Through efficient and effective management of Nigeria’s economic resources, all avenues of wastages and leakages in the economy as a result of inefficiency in the award of Government contracts and procurements would be minimized thereby increasing Government revenue base.

- (c) It will enable Contractors have a fair hearing as there will be a statutory contract Appeal Board where aggrieved Contractors and Suppliers would file their protests; and
- (d) It will assist in the codification of all the relevant laws in the aegis of procurement as already done under the Corrupt Practices and other Related Offences Act, 2002. Ekpenkhio (2003).

KEY AREAS OF WEAKNESSES IN THE BUDGET PROCESS

Olomola (2009), identified the following as eight key areas of weakness in the budgetary process:

Exacerbation Of Service Delivery Problems

Inadequate and unpredictable budgetary flows contribute significantly to service delivery problems. The problems range from difficulties in hiring and keeping qualified personnel to difficulties in securing procurement contracts. The most debilitating effects are inability to meet demand for services contract payment arrears and wage arrears. Bottlenecks in budgetary resource flow also lead to de-motivation and low morale (when salaries are delayed), fueling of corrupt tendencies, recourse by line ministries to borrowing at exorbitant interest rates, abandonment of projects and inadequate support services.

Leakage Of Resources

Government operations are less susceptible to corruption and abuse when they are predictable, transparent and accountable. Budget implementation is often flawed by lack of strategic policy coordination leading to ad hoc and non-transparent adjustments during budget execution. Unclear appropriations and unreliable disbursements create weaknesses in the system that public managers can exploit. There is a distinct possibility that considerable amount of resources would be leaked during budget execution. This is expected in the absence of full budget coverage and control where substantial resources are prone to diversion into off-budget accounts that typically lack oversight and transparency. Resource leakages can be attributed to weak sanctions against corruption and weak internal and external auditing practices.

Worsening Of Banking Operations

Government is a key spender in the economy and its activities have major effects on the operations of banks. Delays at various stages of the budget process can affect the activities of banks. Basically, since a lot of the activities of banks are transaction-based such delays result in low income during the waiting period. Specifically, effects of delays and inadequacies in the federal budget process on the banking sector are manifest in five main areas.

- Planning. Delays affect the planning of the pattern of bank lending to various sectors of the economy. Usually, such delays are associated with uncertainties in policy direction

prompting the banks to wait almost endlessly for the government to finalize its own budget.

- High Incidence of Non-Performing Loans. Budgetary delays including delays in the payment of contractor arrears invariably cause delays in banking transactions which may have adverse consequences on the performance of the affected banks. Over the years, it has been common experience that government owes contractors who usually would have taken loans to execute projects. This has fuelled the high incidence of non-performing loans. Usually banks fund many large-scale contractors that depend on government patronage. Thus, any delay in payment affects the loan portfolio of the banks leading to provisioning for doubtful debts.
- Deposit Mobilization. Delays in budget approval lead to delays in the release of government funds and thereby lowers deposits. Banks that depend on government deposits are usually adversely affected.
- Excess Liquidity. With delays and unsystematic budgetary flows, fund releases become lumpy which then leads to excess liquidity in the banking system. The mopping up of excess liquidity by the CBN has different impacts on the various categories of banks. In general, bunching of fund releases has a negative impact on liquidity in the banking system.
- Lending. Inadequate and delayed release of funds by the government also leads to contraction in lending by banks.

Sometimes banks are hesitant to lend because of the uncertainty about loan servicing i.e whether the money will be paid. If budgets are released early then government can honour its obligations on a timely basis. In particular, banks shy away from lending to government as it requires provisioning and that is why banks sometimes insist on obtaining Irrevocable Standing Payments Order (ISPO).

By and large, late approval and release of budgets slows down economic activity including planning as everything is tied to the budget. A major challenge for the banking sector is the building of necessary confidence and trust in the sector so that in the absence of government funds, the bank can continue to perform its major functions. Olomola (2009).

Weaknesses Of The Budget Preparation Stage

In spite of increasing attempts to modernize and strengthen the preparation of the budget, the process continues to exhibit considerable weaknesses. The following are the most important.

(i) Improper articulation of the motives of consultation: The pre-budget consultations are currently designed to give an impression that the meetings are supposed to provide opportunities where emerging ideas will be presented “only for the information of the audience”. The pre-budget consultations tend to forge a *fait accompli* rather than seek alternative views. There seems to be a growing tendency to reject alternative views not necessarily because the quality is poor but simply because they are contrary. There is no attempt to carefully scrutinize the motive for such views and the potential benefits.

(ii) Limited coverage of relevant issues: The issues often presented to participants in the

consultations are those on which the authorities have already made up their mind. Sometimes, the basic and often controversial issues which ought to be resolved during such consultations are not even presented for debate. Invariably, some of the inputs derived from the consultations are never considered for incorporation into the budget.

(iii) Dwindling enthusiasm of participants: In the light of the foregoing, some participants tend to be discouraged from serious participation in pre-budget consultations since in their own view it amounts to sheer dissipation of energy.

(iv) Inauspicious Timing: The timing of pre-budget consultations is rather inauspicious.

When inputs are invited, the time allowed for the submission is rather limited. The issue of poor timing at the preparation stage is flawed administratively and legally. Once there is a delay at this stage, there will also be delays in the other stages and the effects on the economy can be very deleterious. The absence of a legal prescription of specific time schedule for budget preparation is a major lapse. Indeed, untimeliness of budget preparation is becoming an incurable pattern in the budget process and the government has not shown the commitment to unravel the root cause and break the jinx. Instead of taking the bull by the horn, there seems to be an unending buck passing between the executive and the legislature as to which particular arm of government is responsible for causing delays.

Delay In Budget Approval

It is expected that budget screening and approval process should involve adequate consultations with both the public and the private institutions. That is, there should be wider consultations involving the executives, the legislatures and the general public. Typically, public institutions are consulted in terms of budget screening and approval. Consultations with other stakeholders such as OPS, NGOs, CSOs and the development partners seem to be done at a limited scale. Moreover, the legislators are not legally bound to begin and conclude the budget screening and approval process at a particular time and this is a major cause of delay. Other causes include

- (i) undue reliance on the budget process as an instrument for settling political squabbles between executive and legislature,
- (ii) the tendency to impose extra-budgetary conditions on the budget approval process, poor implementation of previous budgets,
- (iii) inadequate monitoring of previous budgets,
- (iv) low level of priority given to budget debates by legislators and
- (v) confusion and inexperience on the part of some legislators.

The usual complaint of the legislature is that the executive presents the budget late to the National Assembly for approval. Given the conspicuous lack of cooperative federalism in the polity, the complaints often precipitate the urge on the part of the legislature to take its own time

i.e. to screen and approve the budget at its own pace. Of course this is possible since there is no law to dictate the pace. Invariably, approval is also late; leading to late implementation and late preparation of the next budget and the vicious cycle continues. This has been the situation from 2000 to 2005. There is no year since 2000 that the budget was approved earlier than April. The situation has been deteriorating yearly and in 2005, approval was in June. For the 2006 budget, pre-budget consultations commenced in August while submission to the Federal Executive Council took place during the 2nd week of October 2005. The budget was finally approved on February 22nd, 2006. The situation improved somewhat thereafter because the 2007 budget was finalized by December 2006. By 2008, the system has deteriorated again. The 2008 which went for the approval of the National Assembly during the last quarter of 2007 was not finalized until mid-April 2008 when it received the assent of the President. The delay had arisen from misunderstandings, acrimonies and political intrigues that characterized the budget process.

Weakness In Budget Auditing

The authority has attempted to acknowledge the importance of auditing in the budget process in order to ensure efficiency and effectiveness of resource use in the economy as a whole. However, the needed infrastructures have not been put in place and relevant modalities are not well understood and strictly complied with. The audit reports are published (although not on time) and easily available to some extent. Although audit results are circulated and discussed in the National Assembly, the discussions are typically not result-oriented. Apparently, discussions are held only as a matter of routine. Usually the discussions are not timely conducted and whenever they come up, the time allotted is often grossly inadequate.

Both the financial and performance audits generate recommendations that are implemented most of the time. The government has recognized the importance of auditing in ensuring that disbursements of public expenditures are strictly in line with budget requirements. In the same vein, of recent, government has started to ensure that good governance, transparency and accountability reign supreme in the allocation of the resources toward fulfilment of the nation's goals and needs. Given this, a number of institutions, infrastructures and programs (i.e. Due Process, EFCC, ICPC, etc.) that can lead to good governance, transparency and accountability have been established. However, much still needs to be done especially in the areas of financial and performance audit, duration in completing audit reports, publication and implementation of audit reports and the role of legislature in auditing. Olomola (2009). By and large, the predominant mechanism for publicizing financial accounts and audit is regular internal auditing sent to the Ministry of Finance. Usually, internal audits often lack the rudiments of independence and credibility. Strengthening public oversight in the form evaluative user surveys by civil society groups and removing external audits from the exclusive domination of the executive is desirable. The strengthening of parliamentary and public oversight with public dissemination of audit findings and scrutiny by Public Account Committees would sow the seed of transformation from a command and control orientation to one of service delivery and accountability.

713 Weak Budget Monitoring And Evaluation

714 Accountability rests largely on the effectiveness of sanctions and the capacity of existing
715 institutional machinery to monitor the actions, decisions and private interest of public officials.
716 Sanctions and budget monitoring framework are very weak in the country. Although, Monitoring
717 and Evaluation (M and E) is given importance as a management tool, it is not widespread across
718 ministries. Most M and E operations are *ad hoc* and counterproductive. The M and E activities
719 are weakened by lack of adequate skilled personnel, poor staff remuneration, lack of field
720 vehicles for monitoring as well as lack of appropriate tools and monitoring indicators. The
721 independence of the audit and evaluation agencies are routinely compromised by factors such as
722 arms-length status from government, access to information and sources of funding. Invariably,
723 the entire audit and evaluation process is a matter of *fait accompli* since the outcomes are
724 virtually predetermined or easily predictable. Olomola (2009).

725 There is a policy in place for budget performance evaluation but the implementation has been
726 weak or absent. The budget system still lacks adequate control and performance evaluation.
727 Projects evaluation responsibility lies in large part, with the spending ministry or department and
728 the Finance ministry; but in actual fact, evaluation is never carried out on a regular basis.
729 Although government policy requires that where feasible, outputs be measured and reported, this
730 does not happen in practice. Usually, outputs are not measured for most programmes. Where
731 performance evaluations have been undertaken, the reports are often devoid of systematic
732 interpretations and explanations thus eroding their usefulness for policy decision-making.
733 Furthermore, rewards and sanctions are not linked to achievement/non-achievement in respect of
734 budget targets and output/outcome. By implication, there is little incentive to achieve on targets
735 and in specific sector or macroeconomic domains and there are scant penalties for not doing so.
736 Indeed, rewards and sanctions are rare, occasional or absent. Olomola (2009).

737 Weaknesses In Budget Implementation

738 The implementation of budget seems to be more opaque than transparent. The proportion of
739 appropriated funds received is highly unpredictable and varies from quarter to quarter. While
740 some spending units get just about their full appropriation, others get much less. The rules and
741 regulations exemplified by the appropriation bill seem not to be strictly followed during the
742 implementation stage of the budget. In general the amount budgeted is not always released on
743 time and in most cases the amount released deviate largely from the budget. The deviation
744 between allocated and actual spending by MDAs can be attributed (i) policy changes during the
745 year, (ii) reallocation of expenditures during budget implementation, (iii) inability to implement
746 policies, programs and projects (v) inadequate counterpart funds in some instances (vi)
747 inaccurate or inappropriate determination of the budget ceiling often prescribed for the MDAs
748 and (vii) poor targeting (estimation) of the expected revenue to be collected by the agencies
749 responsible for revenue generation and collection.

The assessment of budget performance can be undertaken within two sub-periods. First, is the 2000-2003 sub-period which falls largely within the first term in office of the Obasanjo's Administration that was undertaking the reform. The second sub-period 2004-2007 which was his second term in office and which marked the introduction and operation of the strategic plan – National Economic Empowerment and Development Strategies (NEEDS) to which the budget process was intricately linked. The 2000-2003 sub-period witnessed relatively weak budget performance. Budget implementation in 2000 – 2003 was basically a carryover from the era of military rule. It was largely characterized by the absence of a clear linkage between policy, plan and budget, with the legal framework for the authorization and compliance with fiscal responsibility expected of a budget patently weak. Put succinctly, the policies and plans of government found no practical expression in the budget, thus giving room for flagrant fiscal indiscipline and mismanagement of resources. Some of the important features of poor budget performance during 2000 – 2003 were as follows:

- (i) High incidence of extra budgetary expenditures;
 - (ii) Failure of medium to long term plans to guide the budgeting process;
 - (iii) Haphazard implementation of projects without proper evaluation and coordination leading to hundreds of uncompleted or abandoned projects for which the cost of completing them was put at about \$100 billion (National Planning Commission, 2004);
 - (iv) Ineffective and often arbitrary allocations to projects, with line agency appropriations usually spread thinly over large number of projects;
 - (v) Lack of a formal mechanism for dealing with budget surpluses or shortfalls, leading to the issuance of warrants without cash backing;
 - (vi) Poor management of local and external debts leading to a heavy debt overhang;
 - (vii) Consistently high inflation rates and budget deficits over 5% of GDP.
- These weaknesses were all attendant upon the lack of political will and commitment to abide by stipulated rules and budget guidelines. The process of bringing about a turn around in the situation was therefore intensified with the introduction of a budget reform programme. By 2004 – 2005, government effort to reform the budget process had begun to make impact. Olomola (2009).

In 2004, government took a bold step to achieve macroeconomic stability and support a more efficient use of resources to grow the economy, by putting in place a development strategy known as the National Economic Empowerment and Development Strategy (NEEDS). This was to replace the existing development plan, by defining a process of development anchored by a clear vision, sound values and enduring principles. NEEDS became the basis for government budget in 2004 – 2005 and indeed beyond. It also provided the platform for the formulation of a

786 Medium – Term Expenditure Framework (MTEF). Some of the key strategies of NEEDS which
787 brought about improved budget performance in 2004 – 2005 were:

- 788 (i) Adoption of a budget strategy that strengthens the planning process and project and
789 programme evaluation, with early involvement of stakeholders;
- 790 (ii) Adoption of tax reforms aimed at raising revenues and diversifying the revenue base;
- 791 (iii) Strengthening the Budget Office;
- 792 (iv) Adoption of a medium – term expenditure framework, with medium – term sector
793 strategies consistent with the thrust of NEEDS;
- 794 (v) Reforming and strengthening the procurement process;
- 795 (vi) Using an oil price based fiscal rule, and the establishment of a stabilization fund for
796 excess revenue from crude oil sales; and
- 797 (viii) Implementation of a public expenditure rule that holds the budget deficit to no more than
798 3% of GDP. Olomola (2009).
799

800 AREAS OF IMPROVED BUDGETARY PERFORMANCE

801 Notwithstanding the identified weaknesses in the budgetary process as earlier indicated, the
802 implementation performance of the federal budget is much better during the reform period
803 compared to the period before 1999. The main areas of improvement include great emphasis on
804 value for money, transparency and accountability as well as participatory budgeting. The key
805 elements of performance in these areas are presented in Table 2.20. It is important to stress that
806 the motivation for the budgetary reform stems from the lopsided and grossly deficient
807 management of public finance over the years. While the treasury was being depleted through all
808 sorts of abuses of financial regulations and corrupt practices and the funds stashed away in
809 foreign banks, various forms of foreign loans were contracted and the country was plunged into a
810 high level of indebtedness. The debt overhang later became a heavy burden on the budget and a
811 great obstacle to growth and poverty reduction in the country. Olomola (2009).

812 Table 2.20. Performance of the Federal Budget in Nigeria

	2005			2006		
	BUDGET	ACTUAL	DEVIA-	BUDGET	ACTUAL	DEVIA-
	JAN-SEPT	JAN-SEPT	TION	JAN-SEPT	JAN-SEPT	TION
	₦ Billion	₦ Billion	(%)	₦ Billion		(%)

					₦ Billion	
NJC	24.75	24.0	-3.03	26.2	35.0	33.59
NDDC	21.75	21.0	-3.45	19.6	19.6	0.00
UBE	21.0	21.0	0.00	22.9	22.9	0.00
TOTAL TRANSFERS	67.5	66.0	-2.22	68.7	77.4	12.66
Domestic Debt	139.5	142.0	1.79	165.0	165.0	
Foreign Debt	127.5	144.0	12.94	52.5	52.5	
TOTAL DEBT SERVICE	267.0	286.0	7.12	217.5	217.5	
Personnel Costs	342.75	336.0	-1.97	395.7	381.2	-3.66
Pensions (PAYG)	67.50	67.0	-0.74	74.8	88.0	17.65
Overheads	143.25	136.0	-5.06	153.4	146.4	-4.56
Petroleum Support	-	-		59.2	59.6	0.68
Public Service Reform	-	-		33.0	23.0	-3.03
TOTAL RECURRENT (NON-DEBT)	553.50	539.0	-2.62	713.2	698.2	-2.10
CAPITAL EXPENDITURE	462.75	192.0	-58.51	425.6	425.0	-0.14
TOTAL EXPENDITURE	1,350.0	1,083.0	-19.78	1,425.0	1,418.1	-0.40

813 Source: Federal Ministry of Finance, 2007.

814 Table 2.21. Some Areas of Improvement Consequent Upon Budgetary Reform in Nigeria

S/N	Effects	Key Elements
1	Efficiency/Savings	▪ Staff verification and creation of detailed payroll data led to 64,500 reductions in inflated FGN staffing levels. This resulted in saving of about N48 billion ▪ The right-sizing programme led to the disengagement of 25,000 core civil servants. This resulted in saving of about N10 billion as at the end of 2006. ▪ Detailed breakdown of overheads which was introduced into budget preparation provided saving of about N36.7 billion. ▪ The 2007-2009 MTSS exercise led to the identification and reprogramming of poorly planned and conceived projects and programmes worth about N123 billion.
2	Value for money	▪ Better control of payroll and overheads involving (i) nominal roll with detailed information on each employee such as names, grade level/step etc), (ii) detailed breakdown of overheads cost components and unit costs and (iii) automation of budget data capture and computation templates. ▪ Integrated Payroll System: Installation of the first phase of the Integrated Payroll and Personnel Information System with biometrics application, to among other things establish a reliable and comprehensive data base for the public service, eliminate record and payroll fraud such as the “ghost workers” syndrome, double dipping and facilitate easy storage, update and retrieval of personnel record for administrative and pension purposes.
3	Transparency	▪ Publication of capital warrants, recurrent warrants, 2007 Fiscal Strategy Paper, Guide to Understanding The Federal Budget, Medium-Term Sector Strategies and Annual Budgets ▪ Publication of federation account allocations to all tiers of government in the mass media (both print and electronic) on a regular basis.

4	Improved Participation	The key areas of strength in the budget preparation stage resulting from the reform of the budget system are: ▪ The growing awareness about the need for consultations among the various stakeholders (MDAs, OPS, NGOs, CSOs, and Development Partners) ▪ The establishment of a full-fledged Budget Office, headed by a Director General.
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Source: Olomola (2009).

PREREQUISITES FOR EFFECTIVE BUDGET IMPLEMENTATION

Development Oriented Macro-Economic Policies

The macro-economic analysis and forecasts which form part of the MTEF should not only be sound but must also be people-oriented. It must be geared towards poverty reduction and well being of the people. In this connection, it is necessary to seek and deploy institutional support and complementarities. For instance, it is important to strengthen the National Planning Commission to effectively perform a useful role as far as macro-economic analysis is concerned. Specifically, the NPC should be involved in the conscious transformation of the budgeting horizon from the traditional annual budget to multi-year budgeting and the incorporation of performance measurement information into the budget. The key areas of involvement should include (i) articulation and preparation of the broad macroeconomic framework, (ii) articulation of performance measurement information, and (iii) ensuring proper linkage between development priorities and budget implementation. Olomola (2009).

Reprioritization And Reallocation

It is important for priorities to be properly identified. However, since the conditions circumscribing the setting of priorities are subject to change, it implies that the priorities cannot be cast in concrete. Unlike the annual budgets which cannot adequately reflect resource shifts from lower- to higher-priority use, the MTEF should provide a better mechanism for aligning budgets with policies. This should be seen in the light of policy continuity and refinement for more favourable impact rather than introducing discontinuities and unnecessary diversion of resources. Olomola,(2009).

Budgetary Discipline

Budget allocations should be based on a hard aggregate budget constraint appropriately derived from what is affordable. The MDAs must live with their budget allocations. This requirement is not difficult to fulfill in Nigeria. In a recent study, it was found that MDAs in principle accept the need to live within their budget. For instance, 38.7% of the responding officials believed that

MDAs accept the need to live within their budget and almost never overspend. Another 37.7% of them believed that MDAs make genuine efforts to live within their budgets but sometimes overspend (NISER, 2006). This implies that in the implementation of the budget the level of compliance with stipulated guidelines is reasonably high. However, it is necessary for the government to have a more realistic budget especially with regard to revenue projections. Olomola,(2009).

Institutional Conformity

All the institutional players (executive and legislature) that are connected with the budget process must comply with the MTEF as a framework within which expenditure decisions are taken. This pre-supposes that the legislature must be brought into the picture right at the early stage of the budget cycle and not necessarily at the approval stage. Political decisions have a very strong impact on the budget process; but for the impact not to be disruptive, there should be proper understanding and alignment of political and economic forces throughout the various stages of the budget cycle.

Setting Appropriate Parameters

Key inputs into the setting of appropriate parameters must be sought and obtained from all relevant actors. The major parameters include the definition of aggregate expenditure to be used, the relationship between the sectoral breakdown and organizational structure of government, the price basis for estimating future revenue and expenditure, monitoring and outcome indicators etc. Olomola,(2009).

Transparency

The need for transparency is particularly important in an environment where the budgetary process is witnessing radical transformation. There should be mutual trust and accountability among the various actors. Both fiscal and policy transparency should be clearly demonstrated in order to ensure improved accountability by actors engaged in the budget process. By fiscal transparency is meant openness to the public about the structure and functions of government, fiscal policy intentions, public sector accounts and fiscal projections. On the other hand, policy transparency means being open to the public about what government intentions are in a particular policy area, which outcomes are to be achieved and the costs of achieving such outcomes. Moreover, timely and accurate reporting of actual performance with quality of output and results achieved are key aspects of transparency required for effective budget implementation. Availability of good quality and comprehensive data on the budget estimates and actual expenditure is required on a regular basis for meaningful analysis and interpretation by interested parties. This should ensure that budget analysis will generate useful input into policy decision-making for further improvement of the budget process. Olomola (2009).

HYPOTHESES

884 There is no significant reduction in the personnel and overhead cost budgets being allocated to
885 the public service.

886
887 There is no significant improvement in resources management through curtailing of wasteful
888 expenditures.

889
890 There is no significant increase in the level of productivity and efficiency through budget
891 discipline.

892

893 **METHODS**

894 **RESEARCH DESIGN**

895 The researcher uses ex-post facto descriptive Research Design to explore data on budget
896 implementation and control reforms, tool for macro economic development in Nigeria.

897 **POPULATION OF STUDY**

898 The target population of this study consists of all the staff of Federal ministries in Nigeria.

899 The elements in the population consist of Senior Civil servants who are Accountants and
900 Economists.

901 Table 3.1, POPULATION TABLE

S/n	Name of Federal Ministries in Enugu	Total number of staff
1	Budget Office of the Federation	294
2	Federal Ministry of Finance	361
3	Federal Ministry of Lands, Housing & Urban Development	370
4	Federal Ministry of Works	313
	TOTAL	1338

902 Source: Administrative Department (Nominal Rolls) of the four Ministries in Enugu.

903 **SAMPLING SIZE AND SAMPLING TECHNIQUE**

904 For the purpose of this study, the researcher uses judgemental sampling technique to select the
905 staff of Budget Office of the federation, Federal Ministry of Finance, Federal Ministry of Lands,

Housing & Urban Development and Federal Ministry of Works all in Enugu State, who are on grade level eight (GL 08) and above, The researcher distributed questionnaires to 308 respondents who are accountants and economists by profession by reducing the population of 1338 using Alien Taro Yamane (1967) Formula at 95% confidence level stated as follows

910

$$n = \frac{N}{1 + N(e)^2}$$

913 Where N= sample size.

914 E =error margin which the researcher chose to be 5%. n=
915 sample size.

$$\text{Thus } n = \frac{1338}{1 + 1338(0.05)^2} = 308 \text{ questionnaires}$$

918 SOURCES OF DATA:

919 The researcher used primary and secondary sources of data. Data were collected from Central
920 Bank of Nigeria, Enugu Branch, from recently published journals & Newspapers, and via
921 internet materials.

922 INSTRUMENT FOR DATA COLLECTION

923 The instrument used by the researcher for data collection was structured questionnaire. Out of
924 the 308 copies of questionnaires distributed to the four ministries, 54 were not returned while
925 254 were returned, representing a return rate of 82.5%. The structured questionnaire is made up
926 of two sections. Section A consisted of information on personnel data, qualifications and cognate
927 working experience. Section B is geared towards gathering the respondents opinions on items
928 bordering on Budget implementation and control; tool for macro economic growth in Nigeria.
929 The responses of the subjects to the questionnaire items were structured according to the 5-point
930 likert summated type as follows:

931 Strongly Agree (SA), - 5 points, Agree (A), - 4 points, Undecided (UN), - 3
932 points, Disagree (D), - 2 points, Strongly Disagree (SD) - 1points. A pilot study was carried
933 out using 30 participants (15 females and 15 males) selected from the Enugu State Finance
934 Ministry and data collected yielded a Crombach Alpha Coefficient Reliability of 0.83.

935

936 METHODS OF DATA ANALYSIS:

Data collected through questionnaires were analysed using Analysis of variance (ANOVA) and coefficient of correlation for validation of hypotheses. According to Nwachukwu and Egbulonu, (2000), ANOVA is a statistical method for determining the existence of differences among several population means. While the aim of ANOVA is to detect differences among several means, the techniques requires the analysis of different forms of variances associated with the random samples. The null hypotheses is rejected (and the alternative accepted) if our calculated F value is greater than the value found from the table. Otherwise, the null hypothesis is accepted. Egbulonu, (2007).

RESULTS

DESCRIPTIVE DATA

TABLE 4.2.1, DISTRIBUTION OF RESPONDENTS BY EDUCATIONAL QUALIFICATIONS

QUALIFICATION	NUMBER	PERCENTAGE (%)
WAEC / GCE	16	6.30
OND	39	15.35
B.Sc / HND	104	40.95
MBA, M.Sc & ABOVE	95	37.40
TOTAL	254	100

Source: Field Survey 2014

From table 4.2.1, 16 respondents representing 6.30% hold O' level certificate, 39 respondents representing 15.35% have OND certificates, 104 respondents representing 40.95 % have B.Sc / HND certificates, 95 respondents representing 37.40 % have MBA, M.Sc certificates and above. This shows that respondents with B.Sc / HND were more in number and showed interest in filling the questionnaire.

TABLE: 4.2.2 : DISTRIBUTION OF RESPONDENTS BY WORKING EXPERIENCE.

WORKING EXPERIENCE	NUMBER	PERCENTAGE (%)
BELOW 5 YEARS	9	3.54
6- 10 YEARS	18	7.09
11- 15 YEARS	65	25.59
16- 20 YEARS	70	27.56
21 YEARS AND ABOVE	92	36.22
TOTAL	254	100

956 **Source: Field Survey 2014**

957 Table 4.2.2 depicts that 3.54% of the respondents have put in less than 5 years into work, 7.09%
 958 of the respondents have worked between 6 years to 10 years, 25.59% of the respondents have
 959 worked between 11years to 15 years, 27.56% shows respondents that have worked between 16-
 960 20 years while 36.22% respondents have work experience from 21 years and above.

961 Table . PERSONNEL AND OVERHEAD COST BUDGETS ALLOCATED TO THE PUBLIC
 962 SERVICE.

S/no	Question one	SA	A	UN	D	SD
1	Public spending in Nigeria is too high relative to revenue	87	55	31	38	43
2	Allowances / salaries of political office holders constitute the high spending in personnel costs	84	71	44	29	26
3	Government is more concerned with recurrent expenditures than capital expenditures	79	94	29	27	25
4	Capital project budget allocations are greater than the personnel /overhead cost budgets	36	40	40	66	72
5	The personnel & overhead cost budgets allocated to the public service has been reduced to a small extent.	13	9	35	100	97
6	The personnel & overhead cost budgets allocated to the public service has been reduced to a smaller extent.	7	14	45	81	107
7	Release of funds for projects & programmes are based on the needs of the MDAs.	83	56	39	35	41

963 **Source: Field Survey 2014**

964 Table: ANALYSIS OF DATA INTO MEAN AND STANDARD DEVIATION
Descriptives

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
1.00	7	58.7143	33.51972	12.66926	27.7137	89.7149	25.00	107.00

2.00	7	53.7143	28.75016	10.86654	27.1248	80.3037	27.00	100.00
3.00	7	37.5714	6.16055	2.32847	31.8739	43.2690	29.00	45.00
4.00	7	48.4286	30.27021	11.44106	20.4333	76.4238	9.00	94.00
5.00	7	55.5714	35.71114	13.49754	22.5441	88.5987	7.00	87.00
Total	35	50.8000	28.17988	4.76327	41.1199	60.4801	7.00	107.00

965 Table : IMPROVED RESOURCES MANAGEMENT THROUGH CURTAILING OF WASTEFUL
966 EXPENDITURES.

S/no	Question one	SA	A	UN	D	SD
1	Resource management has been improved through curtailing of wasteful expenditure to a greater extent	31	40	48	60	75
2	Resource management has been improved through curtailing of wasteful expenditure to a great extent	18	20	43	90	83
3	Resource management has not been improved through curtailing of wasteful expenditure to a small extent	72	75	31	38	38
4	Resource management has not been improved through curtailing of wasteful expenditure to a smaller extent	84	73	38	23	36
5	All the Ministries, Departments and Agencies utilize their budgets allocation effectively.	20	25	44	79	86
6	There are few abandoned projects in Nigeria as a result of curtailed wasteful expenditures.	18	21	41	85	89
7	Government expenditure focuses on no trajectory growth of the economy as everything becomes haphazard and therefore left to chance.	89	74	41	25	25

967 Source: Field Survey 2014

Table: ANALYSIS OF DATA INTO MEAN AND STANDARD DEVIATION

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
1.00	7	61.7143	27.49372	10.39165	36.2868	87.1417	25.00	89.00
2.00	7	57.1429	28.59737	10.80879	30.6947	83.5910	23.00	90.00
3.00	7	40.8571	5.33631	2.01694	35.9219	45.7924	31.00	48.00
4.00	7	46.8571	26.22612	9.91254	22.6020	71.1123	20.00	75.00

5.00	7	47.4286	32.72032	12.36712	17.1673	77.6898	18.00	89.00
Total	35	50.8000	25.52945	4.31527	42.0303	59.5697	18.00	90.00

968 Table: THE LEVEL OF PRODUCTIVITY AND EFFICIENCY INCREASE THROUGH BUDGET
969 DISCIPLINE.

S/no	Question one	SA	A	UN	D	SD
1	There Is Improved Living Standard of the people especially with shelter, food, employment, and health care	9	13	25	101	106
2	Scare resources of the federal government are harnessed and used in a manner to best serve the common good.	12	15	42	92	93
3	The budgetary reforms are capable of bringing the long needed change in Nigeria through budget discipline.	113	96	37	5	3
4	There is strict adherence to FGN Procurement Guidelines and other circulars on budget implementation	11	14	33	94	102
5	There is early approval of budget and release of funds for projects and programmes execution.	8	10	36	100	100
6	Government expenditure has been properly directed to the areas of most critical need for economic growth.	105	97	39	6	7
7	There is all inclusive participation of the people, NGOs, Civil Society, Media, Professional Associations and the Academia in capital budget monitoring, and reporting.	105	91	32	12	14

970 Source: Field Survey 2014

Table 4.3.6: ANALYSIS OF DATA INTO MEAN AND STANDARD DEVIATION

Descriptives

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
1.00	7	61.4286	48.68900	18.40271	16.3988	106.4584	3.00	106.00
2.00	7	57.8571	48.61217	18.37367	12.8984	102.8159	5.00	101.00
3.00	7	34.8571	5.52052	2.08656	29.7515	39.9628	25.00	42.00

4.00	7	48.0000	43.71880	16.52415	7.5669	88.4331	10.00	97.00
5.00	7	51.8571	52.28903	19.76340	3.4979	100.2164	8.00	113.00
Total	35	50.8000	41.81176	7.06748	36.4372	65.1628	3.00	113.00

971 TEST OF HYPOTHESES

972 HYPOTHESES ONE

973 Ho: There is no significant reduction in the personnel and overhead
974 cost budgets been allocated to the public service.

975 H1: There is significant reduction in the personnel and overhead
976 cost budgets been allocated to the public service.

Table 4.4.1: ANOVA

VAR00001

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1921.600	4	480.400	.575	.683
Within Groups	25078.000	30	835.933		
Total	26999.600	34			

977 *ANOVA Table:* Using the ANOVA table, which tests the acceptability of the model from a
978 statistical perspective, the decision rule is as follows:

979 F calculated > Sig value Reject the null hypothesis
980 F calculated < Sig value Accept the null hypothesis

981 **Decision:** Since the F cal (.575) is less than the Sig. value (.683\)) at 5% level of significance and
982 4 degree of freedom, we reject the alternate hypothesis and accept the null hypothesis that there
983 is no significant reduction in the personnel and overhead cost budgets been allocated to the
984 public service.

985 4.4.2 HYPOTHESES TWO

986 HO: There is no significant improvement in resources management through curtailing of
987 wasteful expenditures.

988 H1: There is significant improvement in resources management through curtailing of wasteful
989 expenditures.

Table 4.4.2: ANOVA

VAR00002

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	1995.886	4	498.971	.742	.571
Within Groups	20163.714	30	672.124		
Total	22159.600	34			

990

991 *ANOVA Table:* Using the ANOVA table, which tests the acceptability of the
992 model from a statistical perspective, the decision rule is as follows:

993 F calculated > Sig value Reject the null hypothesis

994 F calculated < Sig value Accept the null hypothesis

995 **Decision:** Since the F cal (.742) is greater than the Sig. value (.571) at 5% level
996 of significance and 4 degree of freedom, we reject the null hypothesis and
997 accept the alternate hypothesis that there is significant improvement in
998 resources management through curtailing of wasteful expenditures.

999 4.4.3 HYPOTHESES THREE

1000 HO: There is no significant increase in the level of productivity and efficiency
1001 through budget discipline.

1002 H1: There is significant increase in the level of productivity and efficiency
1003 through budget discipline.

TABLE 4.4.3: ANOVA

HYPOTHESIS THREE VAR00003

	Sum of Squares	df	Mean Square	F	Sig.
--	----------------	----	-------------	---	------

Between Groups	2981.314	4	745.329	.396	.810
Within Groups	56458.286	30	1881.943		
Total	59439.600	34			

1004

1005 *ANOVA Table:* Using the ANOVA table, which tests the acceptability
 1006 of the model from a statistical perspective, the decision rule is as
 1007 follows:

1008 $F_{\text{calculated}} > \text{Sig value}$ Reject the null hypothesis

1009 $F_{\text{calculated}} < \text{Sig value}$ Accept the null hypothesis

1010 **Decision:** Since the F_{cal} (.396) is less than the Sig. value (.810) at
 1011 5% level of significance and 4 degree of freedom, we reject the
 1012 alternate hypothesis and accept the null hypothesis that there is no
 1013 significant increase in the level of productivity and efficiency
 1014 through budget discipline.

1015

1016 FINDINGS

1017 The study reveals that the government has been making efforts to rationalise recurrent
 1018 expenditure votes through the implementation of cost-saving measures including the freezing of
 1019 overhead expenditures, institution of control measures over the procurement of certain capital
 1020 items including specialised equipments or machineries, non-priority vehicles, and construction of
 1021 new MDAs headquarters buildings. This also includes the rationalisation of international training
 1022 and travels and the introduction/ extension of the integrated payroll and personnel information
 1023 system (IPPIS) to all MDAs. Despite these measures, recent non-discretionary action like wage
 1024 increase and other national exigencies poses considerable challenge to achieving the government
 1025 objectives. As such, provisions for recurrent expenditure (personnel and overhead costs) have
 1026 been on the rise in recent years.

1027 The study also reveals that poor project conceptualisation, design or planning practices by MDAs
 1028 resulted into low resources management. This practice has largely limited the beneficial impact
 1029 of the of the capital votes releases as exhibited through:

- 1030 • The introduction of budget without feasibility studies, engineering designs or appropriate
- 1031 costing in MDA's annual budgets.
- 1032 • Series of poorly implemented projects now being redesigned, having their scope amended,
- 1033 having their implementation stalled and/or requiring cost variations approvals.

1034 The study also reveals that the budgetary reforms of the federal government of Nigeria are
 1035 capable of turning things around for good. However, there is no strict adherence to these
 1036 guidelines/ reforms through budget discipline.

1037 SUMMARY OF FINDINGS

1038 There is no significant reduction in the personnel and overhead cost budgets being allocated to
1039 the public service as a result of increase in various recurrent expenditures.

1040 Poor project conceptualisation, design or planning practices by Ministries, Departments and
1041 Agencies (MDAs) resulted into low resources management.

1042 There is no strict adherence to the budgetary guidelines/ economic reforms through budget
1043 discipline.

1044 Delays in budget approval lead to delays in the release of government funds and thereby lower
1045 deposits. Banks that depend on government deposits are usually adversely affected.

1046 The National Assembly and State Houses of Assembly are key Monitoring and Evaluation (M &
1047 E) institutions in the context of their oversight functions. These, along with other institutional
1048 frameworks should be able to ensure a credible Monitoring and Evaluation (M & E) system that
1049 contributes to the achievement of plans, programmes and projects results.

1050

1051 CONCLUSIONS

1052 The study concludes that budget is a veritable tool for planning, controlling, communicating,
1053 decision making and value creation. Government should make necessary efforts to ensure that all
1054 Ministries, Departments and Agencies (MDAs) abide strictly to the Budget Implementation
1055 Reform Strategies. The study also concludes that the effectiveness of Medium Term Revenue
1056 framework (MTRF), Medium Term Expenditure framework (MTEF) and any other budgetary
1057 reform strategies of the federal government can be achieved through budget discipline. A lot still
1058 needs to be done especially in the areas of financial and performance audit of budgetary
1059 allocations, duration in completing of audit reports and publication and implementation of audit
1060 reports. It important to note that government operations are less susceptible to corruption and
1061 abuse when they are predictable, transparent and accountable. Unclear appropriations and
1062 unreliable disbursements create weaknesses in the system that public managers can exploit.

1063

1064 RECOMMENDATIONS.

1065 The researchers recommend the following:

- 1066 • Adoption of Participatory Monitoring and Assessment through inter relationship between
1067 government and the community members and stakeholders, about project designs, the
1068 problems to be addressed, potential courses of action, and community resources which can be
1069 brought to bear etc.
- 1070 • Ministries, Departments and Agencies (MDAs) of government should conduct thorough
1071 projects implementation studies on all new projects prior to making submissions to the budget
1072 office.

- It should be made mandatory for an approved detailed implementation plan to accompany every capital project proposal for the annual budget. This way, flags are promptly raised at default points and strategically addressed.
- MDAs should be sanctioned by the government for non-compliance to this plan forthwith.
- The government should undertake an assessment of its own operations that it currently provides, through Identification of opportunities and challenges, the assets it owns, its management structure, and the opportunities and challenges that may affect them.
- Continuous training of MDAs' personnel involved in the monitoring and evaluation of projects in the annual Appropriation Bills should be encouraged. This is to ensure that everyone involved in the process is on the same page at all times.

1.7 SCOPE/LIMITATION OF THE STUDY

- To fully understand Nigeria's economy as it relates to political issues, one has to study the history and analyze factors such as the Nigerian Culture, the role of its government, the state of infrastructures, the level of general education, the availability of real data, the amount of investments made and needed, and security as it relates to laws (enforcements & judiciary) confidence in the system, to mention a few. In this paper, attempt has been made to present a comprehensive appraisal of the Federal Government Budget of present democratic dispensation (1999–2013). Also, an attempt was made to assess how closely actual performance approximated the targets set and the Reform Strategies and Implementation Procedures of the federal government. The exercise is constrained by the lack of detailed published official macro-economic data for some years and refusal of some people to disclose certain information. Despite these challenges, the quality of the work was not affected as the researcher was able to overcome them through persistent efforts.

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