

REFORMING PLANNING AND BUDGETING PROCESS IN THE NIGERIAN PUBLIC SECTOR: NEED FOR POLICY AND LEGISLATIVE REFORMS IN NIGERIA

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ABSTRACT

The essence of planning and budgeting in any given country of the world is to make life abundant and tolerable through the provision of necessary infrastructure and economic development initiative. However, Nigeria's case is different where for over five decades; the country is in a state of disrepair as far as infrastructural development is concerned. This study, therefore, is an attempt at reforming planning and budgeting process in Nigeria vis-à-vis policy and legislative reforms. The study employed a cross-sectional survey design for this work. It involves gathering of data about the planning and budgeting process in Nigeria. A total of four hundred (400) respondents were selected for the study out of the population from Finance offices of Federal Ministries, Departments and Agencies (MDA's) at Federal Capital Territory, Abuja. The study employs both descriptive and inferential statistics for data analysis. Ordinary Least Square (OLS) Regression was used to test the hypothesis of the study. Analysis revealed that delay and complex budgetary process, leading to inefficiency and bad performance has significant relationship on budgeting processes in Nigeria. While late submission of budget by the executive arm and delay at the Nigeria National Assembly (NASS) has no significant relationship on budgeting processes in Nigeria. In conclusion and by way of recommendation, the hurdles of a complex budgetary system facing the Nigerian government which is characterised by delays, inefficiency and bad performance can easily be overcome through a comprehensive overhauling or reforming of the entire policy and legislative act. If this is done with proper enforcement of the relevant laws, Nigeria will start to enjoy the dividends of democracy.

Keywords: Planning Essentials, Budgeting Process, Policy, Public Sector, Legislative Reforms.

1.0 Introduction

The need to constantly improve planning and budgeting processes is for the government to properly articulate the resources to commit on infrastructures, organize areas of policy

priorities, determine the amount to borrow to finance approve spending with the aim of improving the economy positively and general welfare of the citizen. The above view was attested to by the Third International Roundtable on Managing for Development Result (2007, p.2), which among other things, stated that:

The generally accepted planning and budgeting processes are numerous and include the facilitation of better service provision, more efficient use of resources, more targeted use of funds, and greater accountability for policy implementation. However, many governments face significant challenges trying to improve planning, budgeting and the links between the process areas.

Unfortunately, (Nigerian Economic Summit Group NESG, (2017) asserted that Nigeria government operates a complex budget process which is characterised by delays, inefficiency and often leads to bad implementation process. That explains why the International Budget Partnership (IBP), which works with civil society organization and researchers worldwide, through survey always rate Nigeria low in terms of budget transparency.

However, the Third International Round Table on Managing Development Results (2007, p. 2) has given reasons why several governments are confronted with challenges while trying to improve timely planning, budgeting and the links between the two process areas. The challenges came from the urge to institute clear policies so that t budgets mirror those policies and that spending is in consonant with allocations, and the necessity to measure outcome and feed those back into policy direction. Nevertheless, within the Nigeria context, Omolehinwa (2014) and Ekeocha (2012) in their different contributions have identified that the budget process in Nigeria is unnecessarily been delayed due to lack of inclusion of presidential time limit in the 1999 constitution and Fiscal Responsibility Act (FRA) of 2007, thus, leading to inefficiency and bad performance. Both scholars argue that the 1999 constitution section 8 (1) that stipulates how the president should submit the budget to the National Assembly and the FRA of 2007 which mandates government, corporations and agencies to submit their proposed expenditure of every year ahead of Medium-Term Expenditure Framework (MTEF) however, failed to stipulate or legislate when the proposed appropriation bill should be presented to the legislative arm of government. Therefore, this study argue with empirical evidence from field work that though it is timely to legislate on the presidential time limit but delay of budget process in Nigeria transcends legislating only on presidential time limit. There are other cumbersome factor(s) unravelled at the field work that will help to unbundle the complex nature of Nigeria budget process outside the presidential time limit. This is the gap this study wants to fill. Thus, the following null Hypotheses are formulated:

1. *Ho: Delayed, leading to inefficiency and bad performance has no significant relationship on budgeting processes in Nigeria.*
2. *Ho: Complex budget, leading to inefficiency and bad performance has no significant relationship on budgeting processes in Nigeria.*
3. *Ho: Late submission of budget by the executive arm and delay at the Nigeria National Assembly (NASS) has no significant relationship on budgeting processes in Nigeria*

2.0 Overview of Budgeting Process in Nigeria

In Nigeria, under the public sector the budget is officially initiated by the executive arm of government, approved by the legislatures and signed into law by the president to become appropriate act. This process is enshrined or stipulated conspicuously in the constitutional mandates. However, budget passes through a number of criteria: planning/formulation; budget call circular and preparation of the executive budget proposal; Presidential submission to the National Assembly; legislative scrutiny and approval; budget implementation and monitoring and evaluation of the Federal budget (Ojo, 2012; Obara, 2013). From the above outlined stages of budgeting process that is not properly legislated, it is quite clear that Nigeria operates a complex budgetary system. This undoubtedly, is the cause of delays, inefficiencies and the consequent bad performance of budget in the public finance management process of the Federal Republic of Nigeria. Ordinarily, it is suppose to takes an average of 130 days to pass the appropriation bill, following the due process of the law. That is, from when the President presented it to the National Assembly (NASS). But here in Nigeria the reverse has always been the case, as clearly stated in table one, where the budget enters the middle of the year before it is signed into law.

The budgeting process in Nigeria is principally been governed by the 1999 constitution, and the Fiscal Responsibility Act of 2007. Each of the above gives mandates to the executives and legislatures to act on. In the constitution of Nigeria, it gives backing on the budget process. Different sections of the Nigeria constitution clearly spelt out all the various aspects of the budget process whether approved or yet to be approved. Fiscal Responsibility Act (FRA) 2007 provides the current modalities for budgeting process in Nigeria. For instance the FRA 2007 in part II section II specifies that the Medium-Term Expenditure Framework (MTEF) for the next three financial year (upon which the yearly budget estimates revolves), must be prepared and laid before the National Assembly not later than four months before the commencement of the next financial year (FRA, 2007, p.5). In the same vein, part VI and section 33 of the FRA provides that the executive arm of the federal government shall at least 30 days before the deadline for the submission of its budget proposals place at the disposal of the National Assembly, the revenue estimates for the following year, including the net current revenue and the respective memorandum items.

2.1 Theoretical Framework

The underlying theory of this study is structuration theory. Structuration theory label is used to describe reforming planning and budgeting process in Nigeria vis-à-vis policy and legislative reforms. This model has long been a popular theoretical lens for management accounting researchers, especially in the area of management accounting change (Baxter & Chua, 2003). This theory was propounded by Anthony Giddens, the British sociologist as one of the alternative research approaches to reforms. However, Giddens (1990) advised that in writing research projects that not all the conceptual apparatus of structuration theory should be applied. That explains why we have chosen selected concepts of the theory to analyze the planning and budgeting process vis-à-vis policy and legislative reforms in Nigeria. These selected concepts are the role of agency, the duality of structure and the structural dimensions of signification, domination, legislation, dialectic of control and routine and crisis situation. The Giddens Structuration Model suits the analysis of planning and budgeting process and the imperative for policy and legislative reforms in Nigeria because a crisis situation has arisen.

There is crisis because of complex budgeting process, late submission of bill to the Nigeria National Assembly (NASS) etc which result in the budget process being disrupted, and even in some cases coming to abrupt discontinuity which shows that reform is needed.

3.0 Methodology

The study utilizes a cross-sectional survey design for this work. It involves gathering of data about the planning and budgeting process in Nigeria. The population of the study is made up of selected employees in the finance offices of MDAs in the Federal Capital Territory Abuja, Nigeria (FCT), members of the Nigeria National Assembly, Civil Society Organizations and the Nigerian Bar Association (NBA). To have a sizeable number for this study, judgmental method of sampling was adopted as only people with knowledge and experience in the area under this study were selected. A total of four hundred (400) respondents were selected for the study out of the population. At the end, two hundred (200) questionnaires copies of the self-administered questionnaires were successfully filled and retrieved from the study locations. The study employs both descriptive and inferential statistics for data analysis. Ordinary Least Square (OLS) Regression was used to test the hypothesis of the study.

4.0 Result and Analysis

From the result below, the coefficient of determination ($R^2 = 0.874$), implied that the explanatory variables in the model accounted for 87% variations in the dependent variable (OP). Also, the adjusted coefficient of determination ($R^2=0.863$) indicated that about 86% of the variations are well explained after adjusting the degree of freedom by the independent variables. The overall test (F-statistic) (goodness-of-fit measure) which indicated value of 338.657 units and at significant level of 1%, compared with standard error of regression with minimal value of 0.474, suggested that the overall result is statistically significant. The Durbin-Watson statistic with value of 1.75, implied absent of autocorrelation in the result which is a further indication that results are suitable for prediction and policy judgement.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.935 ^a	.874	.862	.474	1.754

a. Predictors: (Constant), late submission of budget, complex budget, delayed

b. Dependent Variable: budgeting process
 (Researcher, 2022)

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	304.869	3	76.217	338.657	.000 ^b
	Residual	43.886	196	.225		
	Total	348.755	199			

a. Dependent Variable: budgeting process

b. Predictors: (Constant), late submission of budget, complex budget, delayed
 (Researcher, 2022)

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.053	.152		.350	.727
1 Delayed	.344	.048	.322	7.150	.000
Complex budget	.466	.043	.474	10.717	.000
Late submission of budget	.078	.057	.062	1.369	.173

a. Dependent Variable: budgeting process.
 (Researcher, 2022)

4.1 Discussion of Findings

The findings of this study throw up insightful revelations that will be useful for policy decision making. We observe that the reforming planning and budgeting process in the Nigerian public sector stood at positive (significant and insignificant) t- value and probability value of 7.150(0%), 10.717(0%), and 1.369(17%).

Firstly, the outcome revealed that delayed, leading to inefficiency and bad performance has significant relationship on budgeting processes in Nigeria. In this regard, Nigeria budgeting process is usually been delayed leading to inefficiency and bad performance. This finding concurred to extant studies of Omolehinwa, (2014), Ekeocha, (2012); and Sam-Tsokwa and Ochanja, (2021) who revealed that the cause of the delay on the budget process is due to multifaceted nature of budget process in Nigeria without adequate legislations limits budget performance.

Secondly, this study also found out that complex budget, leading to inefficiency and bad performance has significant relationship on budgeting processes in Nigeria. The Nigerian complex budgetary process is responsible for the delays, inefficiencies and bad performance. Hence, the outcomes among the respondents form a consensus that proper legislations with enforcement on the budget process will unbundle the complex nature of the budget process in Nigeria, thereby reducing delays, inefficiencies and bad performance. As such, Umoru, (2018) stated that the failure to adhere to this, it will have no other option than to take other necessary legislative actions.

Finally, the study revealed that late submission of budget by the executive arm and delay at the Nigeria National Assembly (NASS) has no significant relationship on budgeting processes in Nigeria. The Fiscal Responsibility Act (FRA) 2007 only mandates when government corporations and MDAs will submit their proposal but there is no legal stipulation or time limit in the FRA when the appropriation bill will be presented to NASS. But some countries have a law stipulating when the president should submit budget to the country's parliament. For instance, the United States budget process involves a law that mandates the president to submit the budget to congress about 8 months before the budget year (Omolehinwa, 2014).

Although, let us follow the examples of most of the countries that have addressed this situation through proper legislation.

5.0 Conclusion

This study examines reforming planning and budgeting process in Nigeria through policy and legislative actions to facilitate its timely passage to achieve its developmental goals. However, This research study has clearly demonstrated that a crises situation that demands reform has emerged, hence, the structuration model that will return the budget process routine to stability has become imperative Nevertheless, the sum of all the analysis from the respondents is that Nigeria's planning and budgeting processes that are complex, with the result of delays, inefficiency and bad performance, can be unbundled to function effectively through proper policy and legislative actions. The paper strongly argues unequivocally through the overwhelming consensus of the respondents that legislation on the presidential time limit alone cannot stop delays in budget process, but legislation should include time limit to all the operations of the budget process. Through this process, followed by proper enforcement, as practised in other countries, Nigeria's planning and budgeting process will be unbundled, efficient and swift, and all this will result to numerous benefits to Nigerians, especially on the issues of infrastructural development.

5.1 The Implications of the Study

The Nigerian government hurdles of a complex budgetary system that is characterised by delays, inefficiency and bad performance can easily be overcome through a comprehensive overhauling of the entire policy and legislative act through reforms. This reform will not limit itself only on the presidential time- limit, but on all the budget process in Nigeria. This will ensure that no loophole is left. If this is done with proper enforcement of the relevant laws, Nigeria will start to enjoy the dividend of democracy. Budget will be passed as when do and no excuse for bad budget performance. Human and infrastructural development will be given the proper attention they deserve in Nigeria.

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