

## BUDGET PADDING: THE NIGERIAN PERSPECTIVE

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### Abstract

*This paper examines budget padding in the Nigerian perspective. The paper adopted content analysis research design approach, reviewing journals and articles related to this work. The study reveals that budget padding had been an entrenched process in finance and budgeting process in Nigeria through the years, however got to disturbing rate in 2016 as N100 billion was illegally padded in 2016 based on facts available from reviewed articles, inflating the budget to N6.06 trillion. The paper recommends that the executive arm of government should adopt yearly publications of the appropriation bills pre and post Legislative appropriation process and Presidential assent. There is every need for the Presidency engagement a reputable consulting firm to audit the appropriation bill process, to ensure credibility assurance of the budget and hitch free budget preparation.*

**Keywords:** Appropriation bill, budget, budget padding, budget slack.

### INTRODUCTION

#### 1.1 Background to the study

The 2016 Appropriation Bill may go down in history as the most controversial budgeting process in the history of Nigeria. This unfortunate act is believed to have been an entrenched practice in finance and planning process all through the years in a classic case of official corruption. Every individual, organization and nations engage in budgeting. It is as old as man. The budget is the master plan of government. It brings together estimates of anticipated revenues and proposed expenditures, implying the schedule of activities to be undertaken and the means of financing those activities. In the budget, fiscal policies are coordinated, and only in the budget can a more unified view of the financial direction which the government is going to be observed. Therefore budgeting is essentially planning for expenditure as a person, entities or even as a nation.

The word ‘padded’ is defined by Merriam Webster’s Collegiate Dictionary, Eleventh Edition as ‘to furnish with a pad or padding ... to expand or increase especially with needless, misleading or fraudulent matter...’ padding is the ‘material with which something is padded’.

Padding the budget on the other hand means making the budget proposal larger than the actual estimates for the project. Budgetary slack in this paper is defined as the subordinates' intentional biasing of performance targets below their expected levels which is consistent with (Chow, Cooper, & Haddad, 1991). This is done either by increasing a project's expenses or decreasing its expected revenue. The insertions of figures into the budget or mutilations of the budget without the consent of the owner of the document (the president) or with intent to betray the initial objectives of the budget preparation remain very suspicious. The goal of budget padding could mean to get an approval committee to grant an artificially high level of funding to the budget maker's proposed project. According to Wahab (2016), padding the budget is a practice that some people use in business when submitting a budget for approval. It artificially inflates the proposed budget in order to give the project room to expand or to cover unexpected costs. Budget makers face several incentives to pad their budgets especially in limited liabilities establishments. First, they want to account for economic factors. This is true of budget increases that anticipate inflation or, in the case of international projects, fluctuations in exchange rates. Second, they want to avoid red tape. If an unexpected expense arises, the padding gives the project flexibility to cover budget slack or breathing room. Third, they want to make a favorable impression on their superiors. If they propose a larger budget and then outperform the budget, then the project team will be viewed favorably by the bosses. Finally, they fear budget cuts as budget preparers' fight against cuts that they see as unfair by anticipating them with an inflated proposal.

The remaining part of the paper is structured as follows: The section 4 considers the literature review by looking at some conceptual framework, theoretical considerations and empirical review of some related articles. In section 5, we reflected the likely reasons why budgets are padded and the Nigerian experience and some possible solution were suggested. We concluded by highlighting our findings, conclusion and recommendations.

## **1.2 Objective of the study**

In this paper, we aim to review budget padding and the Nigerian experience with emphases on 2016 budget. In evaluating existing pool of literature, this study intends to contribute to the body of knowledge in two ways, first, to examine the budget padding, the ethical and moral implications, and lastly the probable consequences of the act to Nigerian image in the international community and the economy.

## **2.0 LITERATURE REVIEW**

### **2.1 Conceptual Framework**

#### **2.1.1 Concept of Budget**

Perrin (1958) opined that the word budget originated from the French word "bougette" (little bag). In Britain, it was used to describe the leather bag in which the chancellor of the exchange carried to parliament the statement of government needs and sources (Burkhead, 1956). According to CIMA (Chartered Institute of Management Accountants) a budget could be defined as a plan stated in quantitative monetary terms which is prepared and approved prior to a defined period of time usually showing planned income to be generated and, or expenditure to be incurred during that period and capital to be employed to attain a given objective.

In both Britain and USA, the initial thrust in government budgeting was expenditure control through the use of line-item budgeting to ensure that government departments gave detailed

accounts of the use of public funds. Omolehinwa & Naiyeju (2015) opined that in both USA and Britain the major problem that remained at the end of 29<sup>th</sup> century BC was how to determine the effective measure on which to base the performance of officials. Incidentally, Nigeria been colonized by Britain, borrowed most of its budget practices from them.

Budget shows a quantitative expression of a proposed plan of action by management for a specified period and an aid to coordinating what needs to be done to implement the plan (Horngren, Stratton, Sutton, and Teall, 2004). Budgets are central to the process of planning and control which are major activities of management in all organizations (Okpanachi & Muhammed, 2013). According to Kpedor (2012) budget as a profit planning device sets standard of performance for managers. It is seen as a document which predicts revenues and expenditures of a particular economic entity, for a specified period (Ahmed, Suleiman & Alwi, 2003). The major objective of budgeting is to keep control of the activities done in an organization by providing a roadmap for future activities and setting a series of goals to be achieved and the means to achieve those (Abdel-Kader & Luther, 2006).

### **2.1.2 The concept of Budgetary Slack**

Slack is defined as deliberately creating difference between the budgeting actor's forecast about the future and his or her submitted budget figure (Lukka 1988). The budget contingencies method has its drawbacks. Allowing planning for contingencies may unintentionally cause management to unreasonably underestimate sales and overestimate costs, effectively padding a budget with the so-called budgetary slack. A budgetary slack therefore means the difference between what management believes about a budget and what it actually gives as projections. A budgetary slack does not necessarily reflect genuine risk considerations used in contingency planning, but rather is the result of likely unethical management behaviors. By padding a budget, management hopes to make a budget easier to achieve, which could decrease business efficiency and inhibit innovation. Research on resource slack is highlighted, as discussed in the studies by Mohamed (1973), Bourgeois (1981), Merchant (1985), Cheng and Kesner (1997), Tan and Peng (2003) and Chen and Huang (2010). Departing from the economic model, Mohamed (1973, p. 535) defines resource slack as "the difference between the total resources a company has at its disposal and the total needed to maintain the organizational coalition". Merchant (1985), highlights the budgetary slack as an important reserve modality. Understanding the definition of this reserve modality spans the fact that its emergence is directly related with the organizational process of resource allocation, specifically its imperfections (Mohamed, 1973).

### **2.1.3 Concept of Budget Padding**

Falana (2016), Padding takes place when legislators resolve to rewrite the budget by introducing new items outside the estimates prepared and presented to them by the president... Neither the Constitution nor the Fiscal Responsibility Act has empowered the National Assembly members to rewrite the national budget by including constituency projects whose costs are arbitrarily fixed by the legislators. According to Falana (2016), about 20 legislators in both chambers of the National Assembly altered the budget by inserting constituency projects worth N100 billion in the Appropriation Bill. Both the Senate and the House allocated to themselves N60 billion and N40 billion respectively. If it is established that the alterations were effected after the passing of the budget by both chambers, the issue at hand goes beyond padding and become a clear case of conspiracy, fraud, forgery and corruption. Padding is an unconstitutional infraction when the p estimates are increased on the floor of the House. The infraction becomes criminal when the

Appropriation Bill is altered by a few legislators after it had been passed by both houses of the National Assembly.

According to [www.premiumtimesng.com](http://www.premiumtimesng.com), Honourable Jibrin admitted to some criminal conspiracies jointly perpetrated against the Nigerian people by both chambers of the National Assembly, under his supervision as the Chairman of House Committee on Appropriation. For the fact that budget frequently form an important part of performance evaluation, human behavior suggest that participants in the budget process are going to try to create breathing room for themselves by overestimating expenses and underestimate sales. This deliberate effort to effect the budget is known as creating budget slack or padding the budget. This is done in an attempt to create an environment where budget goals are met or exceeded. However, this does little to advance the goal of the organization.

#### **2.1.4 Appropriation Bill**

Under section 81 of the Constitution, the president is given the exclusive power to cause the budget to be prepared. Upon the preparation of the budget by the Executive, it shall be laid before or presented to the National Assembly by the president. In debating the Appropriation Bill, the legislators may reduce the estimates if there are errors or inflation of the cost of items or if certain items provided for have been purchased before or for any other genuine reason. The Appropriation bill or amended Appropriation bill is not like other bills. Whereas other bills shall emanate from either of the two houses, money bills shall emanate from the president. So a money bill is a special bill which cannot be subjected to additions by the National Assembly because it has no power to prepare it. Therefore, the executive retains the exclusive right to prepare the budget; the national assembly retains the right to appropriate funds for the budget proposals. According to Omolehinwa et al, four basic stages of budgeting in Nigeria are as follows:

1. Formulation or preparation stage;
2. Approval stage where the Appropriation bill is sent to the national assembly;
3. the implementation stage where the revenues due to government are collected and the money approved in the budget is spent to carry out government plans as approved by Appropriation Act;
4. Budget monitoring and valuation stage.

#### **2.2 Theoretical Framework**

These theories form the bedrock of this study and they were reviewed to establish their connection with the study.

##### **2.2.1 Stewardship Theory**

Stewardship theory presents a model of management, where managers are considered good stewards who will act in the best interest of the owners (Donaldson & Davis 1991). The fundamentals of stewardship theory are based on social psychology, which focuses on the behavior of executives. The steward's behavior is pro-organizational and collectivists, and has higher utility than individualistic self-serving behavior and the steward's behavior will not depart from the interest of the organization because the steward seeks to attain the objectives of the organization (Davis & Donaldson 1997). In this context, stewardship theory sees a supposed strong relationship between legislatures and the success of the employer (The society who elected them. Therefore the stewards ought to protect and maximize nation's wealth. A steward who improves performance successfully, satisfies most stakeholder groups

in an organization, when these groups have interests that are well served by increasing organizational wealth (Davis, Schoorman & Donaldson 1997).

### 2.2.2 Social Contract Political Theory

The social contract political theory sees society as a series of social contracts between members of society and society itself (Gray, Owen & Adams 1996). There is a school of thought which sees social responsibility as a contractual obligation the elected officers owe to society (Donaldson 1983). An integrated social contract theory was developed by Donaldson and Dunfee (1999) as a way for managers of resources to make ethical decision, which refers to macro social. The former refers to the communities and the expectation from the leaders to provide support to the welfare of the society. The leaders are held responsible for the resources they management on behalf of the society.

### 2.2.3 Stakeholder Theory

This theory centers on the issues concerning the stakeholders in an institution. It stipulates that a corporate entity invariably seeks to provide a balance between the interests of its diverse stakeholders in order to ensure that each interest constituency receives some degree of satisfaction (Abrams, 1951). However, there is an argument that the theory is narrow (Coleman, 2008: 4) because it identifies the shareholders as the only interest group of a corporate entity. However, the stakeholder theory is better in explaining the role of corporate governance than the agency theory by highlighting different constituents of a firm (Coleman, 2008: 4)

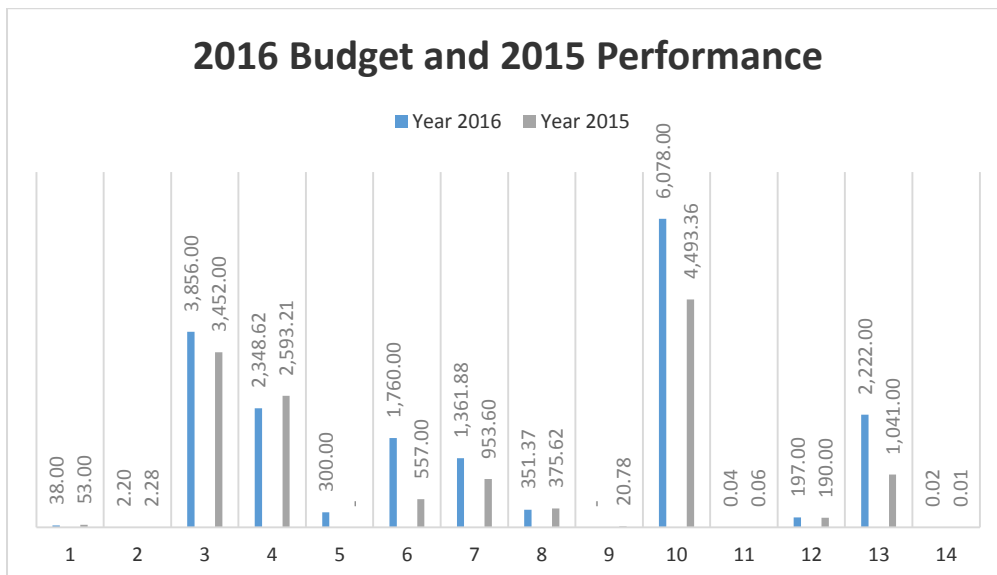
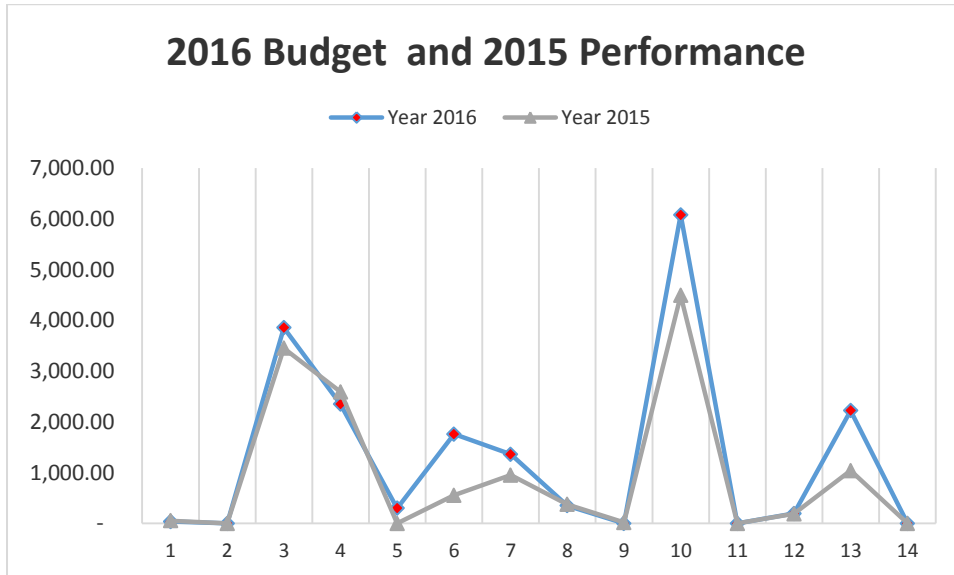
## 2.3 Empirical Review

### 2.3.1 Overview of 2016 Nigeria Budget

<u>Highlights</u>	<u>2016</u>	<u>2015</u>	<u>Change</u>
<u>(Over)/Under</u>	<u>(Budget)</u>	<u>Budget</u>	
Crude Oil indices- Price per barrel (ppb)	\$38.00	\$53.00	(28.3%)
Daily production (Million barrel per day-mbpd)	2.20	2.28	(3.5%)
Revenue available to FGN (N'billion)	3,856	3,452	11.7%
Expenditure profile (N'billion):			
Recurrent (non-debt)	2,348.62	2,593.21	(9.4%)
Recurrent intervention program	300.00	0	100%
Capital	1,760	557	215.9%
Debt Service (excel N113b for			
Retirement of loan)	1,361.88	953.6	42.8%
Statutory transfer	351.37	375.62	(6.5%)
Subsidy reinvestment program	0	20.78	(100%)
Aggregate expenditure (Net of Sure-P)	6,078	4,493.36	35.3%

GDP Growth rate (budgeted)	4.37%	5.5%	(20.5%)
US Dollar Exchange rate	197	190	3.7%
Fiscal deficit	2,222	1,041	113.4%
Fiscal deficit (% of GDP)	2.16%	1.09%	98%

Source: PWC Budget Bulletin (Modified)



### 2.3.2 Economic Growth Implications of 2016 Budget

According to PWC (2015), due to the economic challenges, the 2016 budget makes a conservative assumption of 4.37% overall GDP growth rate (5.5% was projected for 2015). In the 2015 budget, real GDP was projected to grow at 5.50%. However, according to the Nigeria Bureau of Statistics (NBS), the real GDP growth in the first, second and third quarters of 2015 were 3.96%, 2.35% and 2.84% respectively. This is not surprising as global economic performance also slowed down in 2015. The oil sector faced significant challenges but also the non-oil sector performed below expectation. There was a consistent decline in growth rate of the non-oil sector from 5.59% in the first quarter to 3.05% in the third quarter. The decline is partly attributable to the cut back in both public and private sector spending and strict exchange control policy measures. The oil sector performed marginally better in the third quarter of 2015 compared to 2014. The sector grew by 14.35% quarter on quarter due to increased production despite the drop in price. This is a case of good intension in the hands of bad and fraudulent managers.

### 2.4 Summary of literature

Recent literature has reviewed the motivations of budget slack practices, but very scanty literature is available in budget padding. Budget padding has been very rare occurrence in the developed economies and also in developing economies like Nigeria. Researchers see budget padding as the result of information asymmetry due to conflict of interest between the subordinate and the superior, between the principal and the agent and like in the Nigerian perspective, between the legislative who has the privileged and insider information taking advantage against the Nigerian masses. Young (1985), opined that budgetary slack or budget padding take place when a some staff underestimate their level of productive capabilities in order to make certain that they achieve the standards set in the budget by the top management. Meanwhile, Kren & Liao (1988); Douglas & Wier (2000) postulate that when supervisors use budgets to appraise performance, there are chances that subordinates might try to falsify information in their budgets to increase the possibility of achieving that target to their unacceptable and unfair advantage. On their part, Luft & Shields (2003) said that budget slack is synonym with budget padding as the one of the controversial work widely researched in management accounting; yet no generally accepted sources of this slack and the better means to reduce or avoid it. In the study of Ozer & Yilmaz (2011), the found out that, trust in supervisors and target commitment influence the correlation between justice perception and propensity to create budgetary slack. In the same manner Staley & Magner (2007) stated that trust in supervisor is a key variable that affects superiors' opinions of budgetary procedures fairness, but it needs a deeper knowledge about it regarding the specific mental processes by which budgetary padding or slack is bred. Our study tries to align some non-economic variables like trust, confidence and misuse of them as catalyst of budget padding.

Ita (2016) opined that special attention being accorded to sectoral allocation in the country's annual budget, leaving other details in the hands of appropriation committees of the legislature to handle and approve for government agencies and parastatals, was responsible for padding. He said: "There is also the common practice that after bills may have been passed by the Senate and the House of Representatives; the legal department now re-drafts the bills, perhaps, changing certain words to give them a presentation in a legal draftsman's perfect legislative draft. This, in my view, is inconsistent with the provisions of the law." According to him, the practice must stop, if padding of the budget must be brought to an end.

From the theoretical perspective, budget padding and budgetary slack can result due to information asymmetry existing between the Nigerian executive, the legislature arm and the masses; the economic conflicting interest between the government and the masses; the government's opportunism or the economic self-interest. This is in line with the findings in the studies of (Douglas & Wier, 2000; Anthony & Govindarajan, 2004). The Agency theory upon which this study is underpinned is very relevant in this context. Agency theory situates that individuals are economically rational and self-interest, so it is theorized that providing agents (the legislatures) with more information than principals (the masses) must not result in greater efficiency; because the agents tend to use this information to shirk. We have to take into account that agents: a) act in their own interest, preferring leisure to effort for the same amount of compensation; b) are work averse, which inclines them to shirk; and c) are risk averse (Anthony & Govindarajan, 2004).

### 3.0 Methodology

This paper adopted content analysis research design. Materials were sourced from scholarly journals, library sources and database and other reputable online resources relevant to this study. The idea is to provide details review of budget padding and the viewpoint of the Nigerian experience with emphases on 2016 budget.

#### 4.0 POSSIBLE REASONS BUDGET IS PADDED, THE NIGERIAN EXPERIENCE, ITS EFFECT AND MORAL IMPLICATIONS:

##### 4.1 Reasons Budgets are Padded

- i. ***It creates illegal funds for Preparers and Beneficiaries:*** Apart from their allowances and salaries it helps them with extra funds to continue to keep their political structures and remain 'powerful'.
- ii. ***Padded funds can also be laundered:*** Since budget padding involves secret insertion of line items so it creates an avenue for such funds to be diverted without anyone noticing.
- iii. ***Excess funds are shared at the end of the year:*** The budget padding is done by group of lawmakers secretly without the knowledge of their colleagues. So this caucus now shares the infused funds among themselves and they tend to repeat this year after year.
- iv. ***Padded funds are not returned to the treasury:*** Since these funds are used for phony projects which do not exist, it provides an avenue for lawmakers to divert the funds for private use.
- v. ***Extra money is used for patronages:*** Excess funds from budget padding are now dispensed as political patronages. So when you hear different organizations pay courtesy visits to politicians they don't go empty handed.
- vi. ***It is a source of easy money for civil servants:*** Civil servants see the budget as an avenue to enrich them by inflating the budget for their ministries. Some of them do this in connivance with the lawmakers.
- vii. Budgets are padded to anticipate a downward review by the appropriation committee: Budget is sometimes padded by ministries to enable them to have access to funds after it is been slashed.
- viii. ***It has been institutionalized:*** It has become a norm among lawmakers who now see this inappropriate way of laundering money as the in-house legislative culture.
- ix. It is typical of Nigerians to generally pad their expenditures: It has become a culture for Nigerian ministries and parastatals. Finally, insatiable greed of Nigerian politicians: The average lawmaker earns well. They also have the privileged of attracting projects to their



constituencies in form of constituency's project approved by the president. Their feeding, clothing, transportation and furniture are taken care of by the government, yet they still pad the budget to make more money

#### 4.2 The Nigerian Experience

Issues surrounding budget padding is an invention of the executive and the blame for such criminal acts should first go to the executive. The road to this unfortunate episode began with the report that the 2016 budget was missing. It was later revealed that the executive had sent a second version different from the original one presented at the joint sitting of the entire, National Assembly by President Muhammadu Buhari. It was discovered by the legislature in the course of their scrutiny of the budget that certain irreconcilable figures were added by some MDAs by way of inflated budgetary estimates, with possible intention to convert same to personal monetary gains if passed into law. This padding was further complicated by the fact that two versions of the budget existed and the National Assembly was in dilemma as to which to work with. The Presidency finally accepted the fact that it replaced the first version of budget with a second one because of discrepancies it discovered. This was interpreted as a veiled admittance that indeed the budget is padded. This was particularly dramatized by the minister of health, Prof Isaac Adewole during his budget defense on February 8th when he claimed that the figures contained in the document before him was strange and did not emanate from him. This claim reverberated all through the various MDAs when billions of naira was alleged to have been smuggled into the original estimates. The saga was blamed on a so-called 'budget mafia'. The presidency acted swiftly by approving the sack of the Director General of the Budget office of the federation, Yahya Gusau and other top management staffs of the budget office on the 14th of February. According to Omonobi & Agbakwuru (2016), among the projects which votes were surreptitiously jerked up without the knowledge of the executive, were Nigerian railway modernization project: Lagos – Kano standard gauge rail line project, which cost was raised by N32.5 billion and the consultancy dredging and river training works (N609 million) under the Ministry of Transportation. Others, according to the document, are the Code of Conduct Bureau which had N4.4 billion added to its vote, provision of broadband Internet Service to National Assembly by Nigcomsat, N318 million, Training and Consultancy for Nigcomsat 2 Project, N3.5 billion etc, in the Ministry of Communications. Most scandalous, according to the document, is the case of Ministry of Works, Power and Housing where 82 new projects, principally roads, with a total provision of about N50.63 billion, were inserted in the budget. The aggregate expenditure as contained in the budget details as passed, is higher than that in the Appropriation Bill by about N481 billion, compared to the Appropriation Bill. "The executive made provision for the sum of N60 billion to be used by members of the National Assembly in funding their constituency projects. This was increased by the National Assembly to N100 billion.

The executive proposal of N4.06 billion for the provision for test kits, vaccines and anti-retroviral drugs under the Federal Ministry of Health was reduced to N1.01 billion. In the history of Budgeting system, budget padding is not new. In 2014, A constitutional lawyer, Tunji Abayomi, had to drag the former Senate President, David Mark and Speaker of the House of Representatives, Aminu Tambuwal, before the Federal High Court, Abuja over padding of the 2014 budget by about N53 billion. Akpata (2016) stated that "the results of the study show that corruption in Nigeria could cost up to 37% of Gross Domestic Products (GDP) by 2030 if it's not dealt with immediately. This cost is equated to around \$1,000 per person in 2014 and nearly \$2,000 per person by 2030. The boost in average income that we

estimate, given the current per capita income, can significantly improve the lives of many in Nigeria

#### **4.3 Effects of Budget Padding and moral implication**

- i. Budget padding can impede and retard Nigerian economic growth and development.
- ii. Budget padding may be likened to corrupt practices.
- iii. Deprived government funds, thereby reducing public spending on socio-economic infrastructures, social services, poverty oriented programs.
- iv. It has appearance of criminality and financial embezzlement
- v. It tends to diversion and misappropriation of public funds.
- vi. Antidevelopment to the extent that it reduces the amount of funds available to be used for developmental purposes. Funds that should have been used to better education, health, infrastructure and other items needed to encourage a good life of Nigerians are stolen by a microscopic few.

Furthermore, budget padding involves conspiracy to act corruptly and illicit enrichment corruption diverts limited funds or resources, undermines economic progress and impedes policy changes required for economic growth and development, persistent and deepen corruption in Nigeria led to high rate of poverty, inequality, unemployment, destitution, diseases, illiteracy and deteriorated living standard among the citizens. According to Nasir (2016), the recurrent situation of corruption has negatively affected the standard of living of the 80% of the population of Nigeria because corruption undermines the government ability and capacity to deliver range of basic needs and social services such as health, education, roads, portable water supply, electricity, housing and general welfare services. Through corruption Nigeria loss huge revenue, loss both internal and foreign investors, increase the cost of goods and services leads to the production of sub-standard products and goods and services, and contracts. The current capital shortage Nigeria is facing in the economy 60% must be attributed to corruption.

#### **Moral Implications**

The issue of budget padding is a monumental national disgrace. This shows the level of moral bankrupt and shameless open displace of inordinate financial ambition and fraud. According to Michael (2016), the implications and harm caused by the abnormal conduct of the Speaker, the principal officers and all others at the senate are many.

First, it has to do with that of national embarrassment and moral disgrace it imposed on the Nigerian State. Secondly, the injustice done to Nigerians, whose Representatives were not part of the padding process, and lastly, the diversion of funds and non-execution of constituency projects In the international level, Nigerians are seen as fraudulent people, thieves and figure manipulators. Meanwhile, it is pertinent to note that the same Lawmakers who are running a divisive and non-inclusive legislative house are the same set of leaders that preach oneness across the Nigerian polity. It is a disgusting, however, that Nigerians will erroneously support the political lust of these controversial leaders come 2019. Michael (2016) further opined that if it were to be in advanced nations, Speaker Dogara and other Principal Officers in the House would have resigned their portfolio in order to calm the

brewing situation and protect the image of the nation before the world. For instance, a former Speaker of New York State Assembly, Sheldon Silver, resigned his leadership post on February 2, 2015, after being charged for corruption. In like manner, Dean Skelos, a former majority leader of New York State Senate, resigned May 11, 2015, a week after his arrest based on corruption charges. Most recently, is the resignation of the Prime Minister of Iceland, Sigmundur Gunnlaugsson, who stepped aside on April 5, 2016, after the revelation of the Panama Papers Scandal, which indicted also our Senate President, Bukola Saraki

## **5.0 FINDINGS, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Findings**

Deception in budgeting leads to *budgetary slack*, a phenomenon that involves “a process of understating revenues and overstating costs” (Schiff and Lewin 1970, p. 262). Budget padding is done with intent to cheat, defraud the country and enrich the some few elected principal officers through manipulation of budget numbers and yet try to legalize the act. Our study revealed that according to Mr. Jibrin’s confession, 10 principal officers of shared more than N10 billion in fraudulent proceeds. Ogundipe (2016) stated that these principal officers who allegedly received billions of naira in running cost allowance include the Speaker of the House, Yakubu Dogara, who allegedly got the largest share of N1.5 billion, Mr. Jibrin said that others on the list are Deputy Speaker, Yusuf Lasun, N800 million; Majority Leader, Femi Gbajabiamila, N1.2 billion; his deputy, Buba Jibril, N1.2 billion; House Whip, Alhassan Doguwa, N1.2 billion; and his deputy, Pally Iriase, N700 million. The rest are Minority Leader, Leo Ogor, N1.2 billion, his deputy, Chukwuka Onyema: N800 million, Minority Whip, Yakubu Barde, N700 million and his deputy, Binta Bello, N700 million. Mr. Jibrin, however, said he regretted taking the loot, adding that he would explain how he used his ill-gotten N650 million.

### **5.2 Conclusion**

In this paper, we reviewed Budgetary padding with specific consideration of 2016 Nigerian budget in perspective. Budget slack and budget padding can result from two sources: forecast inaccuracy, which occurs as a result of unintentional estimation errors and changes in efficiency; and intentional manipulation which occurs when the efficient accomplishment of a budgeting process depends on obtaining information from subordinates who are in close proximity to resource usage.

The Nigerian experience in 2016 budget padding saga is quite unfortunate incident and the most disheartening, as the value of development assistance that flowed into the country for socio-economic development was squandered by our political leaders/elites. No doubt budget padding is nothing but corruption and corrupt practices in Nigeria which had resulted in undermining the growth and stability of Foreign Direct Investment (FDI) impede Nigeria’s ability to attract oversea capital and investors. Undoubtedly, Nigeria is one of the world and largest producer and exporter of crude oil, a country endowed with abundant natural and human resources unfortunately still has more than 60 percent of its population living below the poverty line. Conclusively budget padding could affect productivity, output, exports, and balance of payment, foreign exchange, Gross Domestic Product (GDP) and foreign reserve negatively.

### **5.3 Recommendations**

1. In line with the anti-corruption stand of the Nigerian current administration, all abuse of powers and privileges by public and elected officials should be made to face the law irrespective of status or position.
2. The executive should adopt a yearly publication of the appropriation bills before sending to the legislative arms.
3. The Presidency should engage a reputable consulting firm to guide and audit the Appropriation bill process, to ensure credibility of the budget.
4. Lastly, this paper recommends that it is high time the citizens, speak out and collectively hold their elected representatives accountable, since we are all stakeholders in Nigerian project and as a nation.

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