

EVALUATING THE ROLE OF BUDGET AS A MECHANISM FOR EXPENDITURE CONTROL IN GOVERNMENT PARASTATALS (A CASE STUDY OF SOME SELECTED LOCAL GOVERNMENT IN LAGOS STATE, NIGERIA)

BALOGUN EMMANUEL OLANREWaju

Accountancy Department,
Federal Polytechnic, Ado Ekiti,
Nigeria.

Olawunmiolanrewaju41@Gmail.Com

ABSTRACT

Over the years, an examination of the activities and performances of public parastatals in Nigeria shows that these agencies have performed below expectation and short of standard, most especially in the areas of physical development, infrastructural facilities and provision of social welfare which are the main essence of its establishment. Often at times, the complaint has always been inadequate fund to finance project, and lack of focus in government spending. This paper therefore, is aimed at finding out whether or not expenditure control is a function of effective budgeting mechanism in public parastatals. The population for this study was made up of four government parastatals in two of the local government in Lagos, samples were drawn using the simple random sampling techniques, the office of the deputy Governor of Lagos state, Agboyi-ketu local council development area, Ikosi- Isheri local council development area, and Onigbongbo local council development area where visited. The study adopts the Pearson product moment correlation co-efficient in analyzing the data. The result of the analysis shows that budgeting has not been efficient in controlling expenditure in the public sector due to absence of autonomy, corruption and influence of political office holders.

Keywords: Public parastatals, expenditure control budgeting mechanism.

INTRODUCTION

The essence of having Government in all countries is to provide for securities and welfare of their citizenry. However, this subject is possible when the Government ensures that various policies and projects aimed at fulfilling its economic and social obligations are implemented. The fulfilled obligations could be seen in the areas of education, food security, housing, health care, job creation and the provision of social amenities (Ugoh and Ukpere, 2009).

In other words, the success or failure of any Government is always measured on the basis of the provision or neglect of the welfare of the people, the pertinent question is how can the government fulfil these obligation to the citizen?, What are the instrument or mechanism available to the Government for the attainment of these obligation?, Answers to these questions find expression in the "budget" as may be seen later in this work. Evidently, examination of the fiscal performance of this tier of Government (local government) in terms of physical development, provision of infrastructural facilities and social welfare to the

people left much to be desired. Olurankinse (2012) in his study on budget performance as a function of fund adequacy stated that the inability to meet up with expectations and performing below standard is as a result of poor budgetary process coupled with poor fund management.

In Government, budgeting serves as the public substitute for mechanism of the economic market system, the process which decisions are made regarding the allocation of scarce resources, In other words, there would not have been budget if available resources have been able to cater for the numerous needs. Jadranka and Marina (2009) justifies the importance of budget in Government by saying “Every country (developed or developing, rich or poor, small or big) needs serious financial resources for its existence” he further stated by saying all Government have to collect resources from the economy in a sufficient and appropriate manner, and allocate and use those resources responsively, efficiently and effectively. They both concluded that the national budget is the main instrument through which these transactions are planned and carried out. The purpose of every budget is for the efficient and effective utilization of resources, and this is brought about as a result of scarcity of resources.

Budgeting in Government involves the following processes:

- i. Identification and estimation of cash and revenue inflows: The different sources of cash and revenue are visualized putting into consideration necessary uncertainties. In the case of Nigeria, the export of crude oil constitute over 80% of its total export revenue (Wale, 2012). Gbadebo (2007) in his study of crude oil and the Nigerian economic performance opined that the past three decade crude oil has been a major source of revenue, energy and foreign exchange for the Nigerian economy.
- ii. Identification and Appropriation to different expenditure heads.
- iii. Budget implementation and control.

Richard and Dimitar (2006), opines that the term “budget” is defined separately or differently in some countries. However, the term restricted to estimations related to annual appropriation of funds by the legislature. Budget provides essential link between the important elements of programming and operations. According to Ugoh and Ukpere (2009), A Budget is a comprehensive document that outlines what economic and non-economic activities a Government wants to undertake with special focus on policies, objectives and strategies for accomplishments that are substantiated with revenue and expenditure projections.

Statement of the Problem:

Any business that would survive the economic trauma in this generation would be that which is capable of controlling how it spends. Below are some of the problems relating to expenditure control in public sector:

- i. Poor standard setting and performance measure in the public sector.
- ii. Lack of adequate planning for expenditure before embarking on the execution of project.
- iii. Improper application of budgeting techniques in planning and controlling expenditure.
- iv. The presence of dysfunctional behavior or sub optional tendencies.

- v. A weak budget / Appropriation act.

Objective of the Study

The overall objectives of this study is to examine how effective a budget can be used In controlling expenditure in the public sector; below are the breakdown of the major objectives;

- i. To examine the need for adequate planning of expenditure before embarking on any projects.
- ii. To ascertain the extent to which budgeting techniques can be used or applied for planning and controlling expenditure.
- iii. To establish the need for performance measurement as a means for controlling expenditure.

Hypothesis of the Study

The following hypothesis were formulated in the course of this study

HYPOTHESIS 1: Adequate planning in Government parastatals does not significantly influence expenditure control.

HYPOTHESIS 2: Budgeting techniques has no significant influence in expenditure control.

HYPOTHESIS 3: Performance measurement does not significantly influence expenditure in government parastatals.

Literature review

The word budget originates from a French word “Bougette” which means little bag. In Britain, it was used to describe the leather bag in which the Chancellor of the Exchequer carried the statement of Government needs and finances to parliament (Olurankinse, 2012). Later on, the budget was used to describe the document contained in the bag (Perrin, 1958).

Nadan (2009) defines budget as a detailed financial statement that shows anticipated revenue and prepared expenditure. A budget is also a forecast of expenditure and revenue for a specific period of time; usually a year. As a planning document a budget enables business, Government, private organization and households to set the priorities and monitor progress toward selected goals. To meet the budgetary objective, it is imperative to set aside savings or to borrow from outside sources (Nadan 2009). Ujo e'tal (2001) asserted that the budget is a control device used by administrators to guide them in the allocation of resources. Furthermore, (Abdullahi 2008) seen that the budget as a control device of specific expenditure for projects. In a similar view, Robins (1980) observes that budget are control devices that are designed to guide the actions of a unit and to provide feedback if the budget is secured. They are the standard for comparing actual expenditure. It is assumed that we all know what a budget is, whether at the level of individual personal budgets, institutional budgets or state budgets, such as annual local government budget. We all engage in one form of budgeting or other on a regular basis, and we have all become familiar with the reading and presentation of the national budget as an annual event. Regardless of whether we attach much importance to it or not, the annual budget is a form of plan, which sets out a programme of projected government expenditure geared towards achieving some policy targets (Obadan, 2003).

Today, budget is ascribed a broader meaning and has been defined by various authors in different ways. Dubnicks (2002) described the budget of any government as the technical instrument by which commitments are translated into monetary terms. Glautier (1987), said budget is a quantitative expression of a plan of action and as an aid to coordinate and control. According to Omolehinwa (2003), a budget is a plan of dominant individuals in an organization expresses in monetary terms and subject to the constraint imposed by other participants and the environment indicating how the available resources may be utilized to achieve whatever the dominant individuals agree to be the organization priority.

The procedure for preparing budget is called budgetary while the monitoring mechanism is budgetary control (Abdullahi, 2011). The practice of Government budgeting originates from Britain (Abdullahi, 2008) where budget is used in reference to the statement, needs and resources as presented to the parliament for debate and approval for use in running government operations and meeting other needs. Therefore, the budget statement as defined by Dimock and Fox (1983) is used to provide information on finances of government, including the resources and revenue items, expenses and purpose to which those items are put. A definition by Omopariola (2003); shows that government budget is a plan for financing the activities of the government during a fixed period usually a year, prepared and submitted by the executive to the legislature where approval is absolutely essential before the plan can be secured. Budget has been defined by Reeve and Warren (2008) as an accounting device used to plan and control resources of operational department of Governments and divisions. According to Ugoh and Ukpere (2009), *A budget is a comprehensive document outlines what economic and non-economic activities a government wants to undertake with special focus on policies, objectives and strategies for accomplishment that are substantiated with revenue and expenditure projections.* According to Edward (1994); one of the fundamental uses of budget is the 'control' functions. To him, budget is a financial plan which is prepared based on the expectations of the future activities and is used to control those activities.

In Government circles, as opined by Baker (2005); budget are used to assist management control and to provide the legal authority to level taxes, collect revenue and make expenditure in accordance with the budget provisions. *It is the budget that establishes and communicates the objective and priorities governing units.* It is the asserted by Edwards e'tal (2007) *that budgeting promotes planning, coordination, enhances performance measurement and introduces corrective actions.* Previous budget helps governments to track the level of success and failure achieved over the years. In other to keep track of activities that need to be included in the budget document, many Government organization prepare their budgets based on incremental rather than other types of budgeting.

Justification of Budgeting

The essence of having government in all the countries is to provide for security and welfare of their citizenry. However, this objective is possible when the government ensures that various policies and project aimed at fulfilling its economic and social obligation are fulfilled. The fulfilled obligation could be seen in the areas of education, food, security, housing, health care, job creation and then provision of social amenities. In other words, the success or failure of any government is always measured on the basis of the provision or neglect of the welfare of the people. The public budget generally reflects the policy of the government towards the economy. It is a forecast of government revenue and expenditures for ensuring fiscal year, which may not correspond with the calendar year. It is the key instrument for the expression an execution of government economic policy. Public budget have wide

implications for the national economy. Through budget governments exercise their allocative, stabilization and distributive functions (Coker and Adams, 2012). They are therefore political as well as economic documents and are products of the political processes by which competing interests in any nation achieve agreement. According to Aronson and Schwartz (1981), the extent of the budget amounts and the operating programme on which they are based is the driving line between the private and public sector. *Therefore the budget is a political document through which money is appropriated according to value judgments, and the budget process is a political that takes place within a political arena* (Gildenhuys, 1997).

Thornhill (1984) summarizes the most important features of a public budget as follows;

- i. The budget, after its approval by the legislative authority is enforceable.
- ii. The result of most of the objectives to be realized by the budget is quantifiable
- iii. The budget brings together variety of considerations.
- iv. As the objectives of action taken by the public institutions differ widely from those of private organizations, the process for determining the content of a public budgets are therefore unique.
- v. Authorities do not always adopt their expenditure to fit their available revenue.

Therefore, one may agree that a public budget is an instrument at the disposal of the legislative authority, which enables it to guide the economic, social, political and other activities of a community in a certain direction in order to realize predetermined goals and objectives, the result of which are not always quantifiable.

The Federal Government Budgetary Process: The constitution of the federal republic of Nigeria succinctly provides the legal requirement of budgetary process that should be followed in the making of federal government budget and indeed any other budget of the state level. There are many other requirements as encapsulated in other law, the financial regulations and the instructions from the accountant general of the federation. According to Abdulahi (2008) the frequent analysis of public finance in annual cycles results from the usual passing of annual votes for expenditure authority by the national assembly. In terms of annual budget four phases can be identified. These are highlighted as follows:

- i. **Budget Formulation:** This is the first phase of budget process in good budgeting and implementation. The phase covers the estimation of government revenue, the determination of the budgeting priorities as activities constantly arising from the available revenue and borrowing limits and translation of applied priorities and activities into expenditure levels.
- ii. **Budget Authorization:** This consist the legislative approval which constitutes the second phase of the budgeting process. The national assembly has the constitutional authority to review, modify and give final approval after scrutinizing the appropriation bill. There exists a special legislative advisory body in the national assembly, the joint finance committee made up of some members from both clusters which closely scrutinizes the provision of the budget before the legislatures for approval.
- iii. **Budget Execution:** This is the third phase of the budget process in the government sector. This phase covers the various operational aspects of budget implementation such as the establishment, obligatory ceiling the evaluation of work and the financial plans for individual operations. The continuing review of government fiscal position,

the regulation of funds release, the implementation of each payment schedules and other related matters.

- iv. Budget Accountability: The effectiveness of this phase is predicated on the operation of the office of the auditor general of the federation. Therefore, it stays with an audit of the account produced during the execution phase by both the government auditors and independent auditors.

Budgeting at State Government Level

Abdullahi (2008) observed that there are bond adequate provisions in the country's constitution meant for the regulation of budgeting process at the state level. In essence, the country's 1999 constitutions has some sections which relates to the process a state government budget shall go through before it becomes an appropriation law, for instance section 120 (1) of the constitution provides that;

“The Governors shall cause to be prepared and laid before each house of the assembly any time before the commencement of each financial year, estimates of the revenue and expenditures of the state for the next following financial year.”

The above provision of the constitution clearly portrays the strategic position of the state house of assembly in respect to budget and budgeting at the state level.

Procedure for State Government Budget Preparation

The commencement of the budget requires any Government department makes projection for its service incorporating the capital and recurrent estimates for the next financial year. The capital expenditure estimates are fore expenditure on capital projects such as construction of roads, dams etc. the recurrent expenditure estimates are meant for Government operational services, personal emolument, maintenance costs, repairs of machinery etc. Next is the transfer of budget of various departments to the ministry of finance for their approval, where the department heads have to appear to defend the estimates. The defended estimate prepared by the departments, titled Appropriation bill are sent to the state house of assembly. The appropriation bill is then published in the gazette for public comments and debate. The governor is then expected to go and formally present the budget speech to the house of assembly after the appropriation bill would have been introduced in the house. The budget proposal goes through the readings, committee stage and debate in the course of the normal process of the legislative law making before it is passed into law. i.e. become appropriation act.

Control Mechanism over State Government Budget

The control mechanism over state Government budget is established in the preparation of the budget to the implementation and approval of the budget estimates (Abdullahi, 2011). Such area of control includes;

- I. Approval of department budget estimates.
- II. Publication in the government gazette for public security
- III. Budget security and authorization
- IV. Power of legislature on appropriation without governor's assent.
- V. Legislative oversight function during budget implementation
- VI. Auditing of government expenditure.

Budgeting at the Local Government Level

Fundamentally budgeting procedure is a different matter entirely at the local Government level in Nigeria (Abdulahi, 2008). This is in view of the fact that the local Government councils are more or less like appendages to their respective state government. Hence the whims are caprices of the state government. Furthermore, the local council are guided in the preparation of the budgets by the financial memoranda.

According to the financial memoranda for the budget estimates: Every department of the local government should in each year prepare defended estimates of its revenue and expenditure for the ensuing financial year on behalf of the executive committee.

- i. Submit the estimates to the executive committee which shall consider it in order to ensure that it is consistent with the general budgeting measures adopted by the local and state government for the succeeding financial year.
- ii. The executive committee shall submit the estimate to the local government council which shall consider and approve it

Procedure for the preparation and approval of local government budget

According to chapter three of the financial memoranda, especially 3.2 provide that the local government executive committee is to issue a circular calling for the preparation by local government departments estimates for the coming financial year. The financial memoranda also states that the circular for the preparation for the budgetary estimates be issued out by June 1st of every year, so as to reach each local government department in good time for the commencement of the budgetary process. The treasurer, as provided by section 3.4 of the financial memoranda, upon receipt of the executive committee's call circular are not less than 10th of June shall issue an estimate call circular to heads of each departments. Head of departments will prepare the estimate of the circular supported by full explanation note and shall be forwarded to the treasurer by July 10th. The treasurer shall also prepare a report on general financial application of the estimates; proposals and the effect have on the financial position of the local government, to accompany the estimate proposal.

Control Mechanism of Local Government Budgets

A budget as a policy statement and the financial plan has an in-built mechanism that serves as a control device to circumscribe the operation officers who are the administrator in charge of the various departments of the local government. Hence, Abdulahi et al (2001) observed that local government estimates can be taken as policy documents. This is in view of the fact that a policy is a definite course of action selected from among alternatives to guide and determines present and future decisions. The budget serves as control mechanism because the financial plan as it were clearly indicates the necessary direction to which all the government operations are tailored. Furthermore local Government budget are used in controlling the operations at the grass root level.

Public Expenditure Control

Every country needs serious financial resources for its existence. All governments have to collect resources from the economy, in a sufficient and appropriate manner, and allocate the

use of those resources responsively, efficiently and effectively. The national budget is the main instrument through which these transactions are planned and carried out.

Research methodology

In respect of this research, the following government parastatals were visited; Ikosi Isheri local council; development area, Agboyi-ketu local council development area, Onigbongbo local council development area, and the office of the Deputy Governor of Lagos state, Alausa, Ikeja Lagos.

Population

The entire staff in the maintenance, planning and budget, finance and audit, information units, council managers, human resources, health service departments of Ikosi-isheri, Agboyi-ketu, and Onigbogbo local council development area while for office of the deputy Governor, The entire staff in that office were taken as sample.

Sample and sample techniques

For the purpose of this research, the simple random sampling technique is employed. One hundred and fifty (150) respondents consisting of the entire staff of the finance and audit, maintenance, planning and budget, council manager, health service and human resources departments in the local government were sampled.

Research instrument

The research instrument used in this study to generate primary data is the questionnaire. It consists of carefully structured statement or questions prepared to obtain some factual and adequate information.

Data analysis

The study adopts the Pearson product moment correlation coefficient to test the relationship between the variables. The correlation is a measure of the relationship between the variables.

Let X and Y be two variables, the population correlation co-efficient is

$$PXY = \frac{\sum(x-\bar{x})(y-\bar{y})}{\sqrt{\sum_{i=1}^n(x-\bar{x})^2 \sum_{i=1}^n(y-\bar{y})^2}}$$

The correlation coefficient lies between -1 and 1 i.e $-1 < p < 1$. If P is equal to 1 this is a perfect correlation but if $p=0$ no correlation exist between X and Y,

If $p=-1$ you have a perfect negative correlation.

Also the PPMCC can be in this form.

$$R_{XY} = \frac{\sum \epsilon \times Y - N \times \bar{X} \times \bar{Y}}{(n-1)S_x \times S_y} = \frac{n \sum \epsilon \times y \epsilon \times \epsilon y}{\sqrt{n \sum \epsilon x^2 - (\sum \epsilon k)^2 [\sum \epsilon y^2 - \epsilon(Y)^2]}}$$

Sx1 is the simple standard deviation for x

Sy = is the sample standard deviation for y

While

Y can be taken to represent expenditure control. An application of correlation analysis to be carried out in the study will follow a decision rule which will be strictly considered and adhere to in order to test for the reliability and significance of the model.

Data analysis

This section describes the demographical characteristic of respondents that are instrumental to the administration of the research instrument. It presents the result of the analysis carried out, interpretation, discussion and implication of findings.

Table 1. Educational qualification.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid ND/NCE	45	30.2	30.2	30.2
BSC/HND	83	55.7	55.7	85.9
MSC/MORE	21	14.1	14.1	100.0
TOTAL	149	100.0	100.0	

30.2% of the respondents hold ND/NCE, 55.7% ARE EITHER HND or BSC graduate while 14.1% hold MSC degree or more.

Table 2. Length of Service

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid below 3 years	13	8.7	8.7	8.7
3-5 years	35	23.5	23.5	32.3
6-10	53	35.6	35.6	67.8
11years/above	48	32.2	32.2	100.0
Total	149	100.0	100.0	

Source: Author's Computation.

The table above revealed that 8.7% have spent below 3years in service, 23.5% are between 3-5 years in service, 35.6% are between 6-10 years of service, while 32.2% have spent 11 years in service.

Table 3.Local Government Area

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid IKEJA	34	22.8	22.8	22.8
AGBOYI KETU	50	33.6	33.6	56.4
ONIGBONGBON	34	22.8	22.8	79.2
IKOSI ISHERI	31	20.8	20.8	100.0
Total	149	100.0	100.0	

Source: Author's computation.

The table above revealed that the respondents are residents of Lagos State in which 22.8% are Ikeja local government, the Deputy Governor's office of Lagos state to be precise 33.6% are from Agboyi ketu local government, 22.8% are from onigbongbon and 20.8% are from Ikosi Isheri local government.

The demographic characteristic of the respondents described above portrays that influences and generalization can be made from information supplied because the respondents are grown-ups with considerably high level of education and length of service/years of experience which makes it possible to elicit responses that are void of naivety, ignorance and bias among other things, the implication of this is that the responses can be trusted.

Test of Hypotheses

The hypothesis of the study were analysed using the Pearson Product Moment Correlation Coefficient (PPMCC) observations of each variable attributed were qualified from favourable responses in order to carry out correlation.

Hypothesis one

Adequate planning in government parastatals does not significantly influence expenditure control.

Table 4. Correlations

		ADEQUATE PLANNING	CONTROLLED EXPENDITURE
ADEQUATE PLANNING	Pearson correlation	1	-.049
	Sig. (2-tailed)		.916
	N	7	7
CONTROLLED EXPENDITURE	Pearson Correlation	-.049	1
	Sig. (2-tailed)	.916	
	N	7	7

Source: Author's computation.

Pearson correlation test carried out between adequate planning and controlled expenditure revealed a correlation coefficient of -0.049. It implies that correlation that existed between adequate planning in government parastatals and expenditure control its negative and not significant at 5% level of significance. Hence the research work tends to accept the null hypothesis that not been so efficient to significantly influence expenditure control.

Hypothesis two

Budgeting Techniques has no Significant Influence on Expenditure Control

Table 5. Correlations

		BUDGETING TECHNIQUES	CONTROL EXPENDITURE
BUDGETING	Pearson correlation	1	.165
TECHNIQUES	Sig. (2-tailed)		.752
	N	6	6
CONTROL	Pearson correlation	.165	1
EXPENDITURE	Sig. (2-tailed)	.752	
	N	6	6

Source: Author's computation.

Pearson correlation test carried out between Budgeting Techniques controlled expenditure revealed a correlation coefficient of 0.167. It implies that correlation that existed between budgeting techniques and expenditure control is positive although not significant. Hence, the research work tends to accept the null hypothesis that budgeting techniques has no significant influence on expenditure control.

Hypothesis three

Performance measurement does not significantly influence expenditure in government parastatals

Table 6. Correlations.

		PERFORMANCE MEASUREMENT	EXPENDITURE
PERFORMANCE	Pearson correlation	1	.123
MEASUREMENT	Sig. (2-tailed)		.817
	N	6	6
EXPENDITURE	Pearson correlation	.123	1
	Sig. (2-tailed)	.817	
	N	6	6

Source: Author's computation.

The result of Pearson correlation test carried out between performance measurement and expenditure revealed a correlation coefficient of 0.123. It implies that the correlation between performance measurement and expenditure of government is positive and insignificant. Hence, the research works accepts the null hypothesis that performance measurement does not significantly influence expenditure in government parastatals.

Summary of the Findings

The main objective of the study has been to show the role of budget as a mechanism for expenditure control in government parastatals.

In the cause of carrying out the research, a number of problems were identified, such as poor standard settings and performance measure in the public sector etc. These problems have posed certain threats to the stability and survival of government entity, which has brought about the underperformance of government in terms of providing social services.

The basis of budgeting in the public sector as a whole were identified at the introductory level.

We examined how budget influences expenditure control in government parastatals using the Pearson product moment correlation coefficient analysis in interpreting data which were retrieved from questionnaires distributed.

During the course of the analysis of the data gathered from the field, it was observe that the role of budgeting as a mechanism for expenditure control in government parastatals in Nigeria is insignificant though positive.

In a layman's language, despite the fact that the budget is being stressed in government parastatals, it has not been able to curb unproductive expenditure in government parastatals.

For budget to have significant role in expenditure control in government parastatals, it must be void of political dictation that is, it must enjoy autonomy and be corruption free. Only by this can expenditure in the public sector be properly checked.

Conclusion

The role of budget in controlling expenditure cannot be over emphasized:

Budget provides a basis for planning and measuring performance. The formation of budget is the exclusive responsibility of individual in the highest echelon of government parastatals. Despite the general view of budget having a significant impact on the expenditure of an organization, analysis of the responses gathered through questionnaire indicates that budget do not have significant impact in the control of expenditure in the public sector.

This does not mean that the general perspective of budget and expenditure control is wrong, it is just that budget in the public sector has been below the acceptable standard due to reasons such as; absence of autonomy, corruption and political dictation.

The failure of budget in government parastatals has also ensured failure to achieve its intended goals. Hence for budget to be effective in public sectors, the identified lapses need to be corrected.

Recommendations

The researcher recommends the following

- (i) **Autonomy:** public parastatals providing social services should be given a high degree of independence, though outright independence might not be impossible due to the fact that it depends on the government for funds.
- (ii) **Corruption free:** measures adequate to eradicate the flow of corruption in government parastatals should be put in place, such as;
 - Regular Auditing.
 - Evicting and punishing any officer found guilty.
 - Installation of an effective internal audit system among others.
 - Political independence: politics should not be allowed in government parastatals. Law enforcement and law making bodies should work hand in hand to ensure that establishment set up for public purpose is not converted into an instrument of campaigning in the hands of politician.

References

Abdullahi (2008), **Public Financial Management in Nigeria; Principles, Practices and Issues.** Primer Education Institute Abuja.

Abdullahi, Y.S (2011); “**Public Budget And Budgetary Control In Nigeria,**” *Journal On Business And Organizational Development.* Vol.3.

Aronso, J.R. And Eli, S. (1981): **Management Policies In Local Government Finance** (Washington D.C International City Management Association).

Baker, R. (2005): **Advance Financial Accounting,** Mc Graw-Hill Higher Education, New York Usa.

Bhatia, H.L (2002): **Public Finance,** 25th Edition Vikas Publishing House, Pvt Ltd, India.

Cooker, M.A And Adams J.(2012): “**Challenge Of Managing Local Government Finance In Nigeria**”; *Research On Humanity And Social; Sciences.* ISSN 2224-5766. Vol.2, No.3

Dubrick, M.J. (2002): “**Seeking Salvation for Accountability**”. *Paper Presented At The Annual Meeting Of The America Political Science Association Boston.*

Edmonds, J.P Et'al (2007): **Fundamental and Financial And Managerial Accounting Concepts,** Mc Graw-Hill Higher Education, New York USA.

Edwards, J.R (1994): **Accountancy for Banking Students,** the Chattered Institution of Bankers.

Gbadebo, O.O (2008): **Crude Oil and the Nigerian Economic Performance** (Downloaded From [Http://Www.Ogbus.Ru/Eng/-23/8/2012](http://Www.Ogbus.Ru/Eng/-23/8/2012))

Gildenhuys, J.S. (1997): **Public Financial Management.** 2nd Edition.(Pretoria: J.L. Van Schaik Publibsher)

Glautier, M.W And Underdown, B.(1987): **Accounting Theory And Practice.** New York, U.K; Pitman Publishing Ltd.

Jadranka, D.T. And Marina, D. (2009): “**The Importance of Public Expenditure Management In Modern Budget System**”; *Facta Universitatis.* Vol.6, No.3.

Nadan(2009): **Public Finance A Nigeria Perspective,** Faith Printers, Zaria.

Obadan, B.A (2003): **Review and Harmonization Of Frame Work Fiscal And Monetary Policies For Economic Management In Nigeria.** CBN Economic and Financial Review, 38(4)

Ojo, O. (2009) **Efficient Financial Management for Local Government, The Nigerian Experience;** Department Of Business Studies, Covenant University; Vol. LXI, No.2.

Olurankinse, F. (2012): “**Is Budget Performance A Function of Funds Adequacy/ The Case Selected Local Government In Ondo State, Nigeria**”, *Interdisciplinary Journal Of Contemporary Research In Business.* Vol.3, No.9.

Omolehinwa, E. (2003): **Government Budgeting In Nigeria**; Lagos, Nigeria, Pumark Nig.

Omopariola, O. (2003): **Government Budgeting In Nigeria, Principles, Policies and Practices**. O.A.U Press Ltd, Ile-Ife.

Perrin, J.R. (1958) **Budgeting Planning and Control In British Industry; Financial Accountability And Management Summary**. New York, U.K. Pitman Books.

Reeve, J.M. And Werren C.S. (2008): **Principles of Financial And Managerial Accounting**. Thompson Higher Education. New York, Usa.

Taiwo, M. And Abayomi, T. (2011): **Government Expenditure and Economic Development: Empirical Evidence from Nigeria**.

Uguh, S.C And Ukpere, W.I. (2009): **“Problems And Prospects Of Budgeting And Budget Implementation In Local Government System In Nigeria”**. African Journal Of Business Management. Vol3, No.12.

Wale, A. (2012): **Protecting Nigeria’s Revenue through Crude Oil Edging**: (Article Accessed Via [Http:Allafrica.Com/Stories/201207161419.Html](http://Allafrica.Com/Stories/201207161419.Html)-23/8/2012).

APPENDIX
QUESTIONNAIRE

SECTION A: DEMOGRAPHIC DATA

Please tick the correct or chosen option.

1. Sex of respondent: male [] female []
2. Age group: 18-30 years [] 31-40years [] 41-50years [] above 50years []
3. Marital status of respondents: single [] married [] divorced []
4. Educational qualification: ND/NCE [] BSC/HND [] MSC/More []
5. Length of service/year of experience: Below 3 Years [] 3-5 years [] 6-10 years [] 11 years and above []
6. Local government area.....

SECTION B: please tick ‘yes’ or ‘no’

		YES	NO
7	Do you think budget implementation often affect economic wellbeing of populace in your community?		
8	Will you agree that there is close correlation between forecasted expenditure and actual expenditure?		
9	Do you think policies implementation often affect the social wellbeing of your community members?		
10	Is there proper documentation of production process which consist processes and activity used in turning input to output?		
11	Can you succinctly say that economic and social changes resulting from policies and program over the years are related to the budget/predetermined objectives?		
12	Can you rate budget implemented over the years as effective and efficient?		
13	Over the years, can you say that budgeted revenue and expenditure outweighed their actual?		
14	If performance is measured by the following: effectiveness, economy, compliance, service quality, and efficiency e.t.c will you rate your budget in the past as high in terms of performance?		
15	Do you think expenditures in your organization are uncontrolled?		
16	Do you agree that expenditure in your organization are questionable		

17	Do you agree that expenditure in your organization are planned		
18	Do you think expenditures in your organization are politically influenced?		
19	Do you think expenditures in your organization are corruption free?		
20	Do you agree that expenditures in your organization are most time excessive?		
21	Can you say that expenditure in your organization lacks focus?		
22	Do you trust the planning process in your organization?		
23	In planning process, do you think your organization enjoys adequate autonomy?		
24	In terms of adequate planning will you rate your organization "HIGH"?		
25	Will you ascribe organizational success recorded so far to adequate planning?		
26	Is the planning structure in your organization all encompassing?		
27	Have you ever sense any trace of corruption in the planning structure of your organization?		
28	Do plans often fail in the implementation process of programs and policies?		

SECTION C:

Please tick the option that best describe your opinion

29. From the knowledge of programs and policies adopted so far will you rate the expenditure as:

- (a) EXCCSSIVE []
- (b) MODERATE []
- (c) ADEQUATE []
- (d) UNCONTROLLED []
- (e) INADEQUATE []
- (f) PLANNED []

30. from the list of budgeting techniques below which one do you think is most frequently used in your organization

- (a) Line-Items Budgeting []
- (b) Program Budgeting []
- (c) Performance Budgeting []
- (d) Zero-Based Budgeting []
- (e) Multi-Year Budgeting []
- (f) Other Budgeting Techniques []

HYPOTHESIS ONE

Adequate Planning in Government Parastatals does not Significantly Influence Expenditure Control

Correlations

		ADEQUATE PLANNING	CONTROLLED EXPENDITURE
ADEQUATE PLANNING	Pearson correlation	1	-.049
	Sig. (2-tailed)		.916
	N	7	7
CONTROLLED EXPENDITURE	Pearson correlation	-.049	1
	Sig. (2-tailed)	.916	
	N	7	7

HYPOTHESIS TWO

Budgeting Techniques has no Significant Influence on Expenditure Control Correlations

		BUDGETING TECHNIQUES	CONTROLLED EXPENDITURE
BUDGETING TECHNIQUES	Pearson correlation	1	.167
	Sig. (2-tailed)		.752
	N	6	6
CONTROLLED EXPENDITURE	Pearson correlation	.167	1
	Sig. (2-tailed)	.752	
	N	6	6

HYPOTHESIS THREE

Performance measurement does not significantly influence expenditure in government parastatals Correlations.

		PERFORMANCE MEASUREMENT	EXPENDITURE
PERFORMANCE MEASUREMENT	Pearson correlation	1	.123
	Sig. (2-tailed)		.817
	N	6	6
EXPENDITURE	Pearson correlation	.123	1
	Sig. (2-tailed)	.817	
	N	6	6

Frequency table

Sex of Respondent

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	73	49.0	49.0	49.0
Female	76	51.0	51.0	100.0
Total	149	100.0	100.0	

Age group

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 18-30	25	16.8	16.8	16.8
31-40	72	48.3	48.3	65.1
41-50	44	29.5	29.5	94.6
ABOVE 50	8	5.4	5.4	100.0
Total	149	100.0	100.0	

Marital status

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Single	26	17.4	17.4	17.4
Married	111	74.5	74.5	91.9
Divorce	12	8.1	8.1	100.0
Total	149	100.0	100.0	

EDUCATIONAL QUALIFICATION

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid ND/NCE	45	30.2	30.2	30.2
BSC/HND	83	55.7	55.7	85.9
MSC/MORE	21	14.1	14.1	100.0
TOTAL	149	100.0	100.0	

Length of Service

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid below 3 years	13	8.7	8.7	8.7
3-5 years	35	23.5	23.5	32.3
6-10	53	35.6	35.6	67.8
11years/above	48	32.2	32.2	100.0
Total	149	100.0	100.0	

Local Government Area

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid IKEJA	34	22.8	22.8	22.8
AGBOYI KETU	50	33.6	33.6	56.4
ONIGBONGBON	34	22.8	22.8	79.2
IKOSI ISHERI	31	20.8	20.8	100.0
Total	149	100.0	100.0	

Do you think budget implementation often affects economic wellbeing of populace in your community?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid YES	138	92.6	92.6	92.6
NO	11	7.4	7.4	100.0
Total	149	100.0	100.0	

Will you agree that there is close correlation between forecasted expenditure and actual expenditure?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid YES	110	73.8	73.8	73.8
NO	39	26.2	26.2	100.0
Total	149	100.0	100.0	

Do you think policies implementation often affect the social wellbeing of your community members?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid YES	137	91.9	91.9	91.9
NO	12	8.1	8.1	100.0
Total	149	100.0	100.0	

Is there proper documentation of production process which consist processes and activity used in turning input to output?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid YES	76	51.0	51.0	51.0
NO	73	49.0	49.0	100.0
Total	149	100.0	100.0	

Can you succinctly say that economic and social changes resulting from policies and program over the years are related to the budget/predetermined objectives?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid YES	101	67.8	67.8	67.8
NO	48	32.2	32.2	100.0
Total	149	100.0	100.0	

Can you rate budget implemented over the years as effective and efficient?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid YES	63	42.3	42.3	42.3
NO	86	57.7	57.7	100.0
Total	149	100.0	100.0	

Over the years, can you say that budgeted revenue and expenditure outweighed their actual?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid YES	85	57.0	57.0	57.0
NO	64	43.0	43.0	100.0
Total	149	100.0	100.0	

If performance is measured by the following: effectiveness, economy, compliance, service quality, and efficiency e.t.c, will you rate your budget in the past as high in terms of performance?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid YES	81	54.4	54.4	54.4
NO	68	45.6	45.6	100.0
Total	149	100.0	100.0	

Do you think expenditures in your organization are uncontrolled?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid YES	49	32.9	32.9	32.9
NO	100	67.1	67.1	100.0
Total	149	100.0	100.0	

Do you agree that expenditures in your organization are questionable

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid YES	91	61.1	61.1	61.1
NO	58	38.9	38.9	100.0
Total	149	100.0	100.0	

Do you agree that expenditure in your organization are planned

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid YES	119	79.9	79.9	79.9
NO	30	20.1	20.1	100.0
Total	149	100.0	100.0	

Do you think expenditures in your organization are politically influenced?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid YES	112	75.2	75.2	75.2
NO	37	24.8	24.8	100.0
Total	149	100.0	100.0	

Do you think expenditures in your organization are corruption free?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid YES	38	25.5	25.5	25.5
NO	111	74.5	74.5	100.0
Total	149	100.0	100.0	

Do you agree that expenditures in your organization are most time excessive?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid YES	85	57.0	57.0	57.0
NO	64	43.0	43.0	100.0
Total	149	100.0	100.0	

Can you say that expenditure in your organization lacks focus?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid YES	55	36.9	36.9	36.9
NO	94	63.1	63.1	100.0
Total	149	100.0	100.0	

Do you trust the planning process in your organization?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid YES	90	60.4	60.4	60.4
NO	59	39.6	39.6	100.0
Total	149	100.0	100.0	

In planning process, do you think your organization enjoys adequate autonomy?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid YES	66	44.3	44.3	44.3
NO	83	55.7	55.7	100.0
Total	149	100.0	100.0	

In terms of adequate planning will you rate your organization “HIGH”?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid YES	95	63.8	63.8	63.8
NO	54	36.2	36.2	100.0
Total	149	100.0	100.0	

Will you ascribe organizational success recorded so far to adequate planning?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid YES	115	77.2	77.2	77.2
NO	34	22.8	22.8	100.0
Total	149	100.0	100.0	

Is the planning structure in your organization all encompassing?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid YES	65	43.6	43.6	43.6
NO	84	56.4	56.4	100.0
Total	149	100.0	100.0	

Have you ever sense any trace of corruption in the planning structure of your organization?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid YES	88	59.1	59.1	59.1
NO	61	40.9	40.9	100.0
Total	149	100.0	100.0	

Do plans often fail in the implementation process of programs and policies?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid YES	96	64.4	64.4	64.4
NO	53	35.6	35.6	100.0
Total	149	100.0	100.0	

From the knowledge of programs and policies adopted so far, how will you rate the

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid EXCESSIVE	19	12.8	12.8	6.0
MODERATE	70	47.0	47.0	59.7
ADEQUATE	14	9.4	9.4	69.1
UNCONTROLLED	15	10.1	10.1	79.2
INADEQUATE	11	7.4	7.4	86.6
PLANNED	20	13.4	13.4	100.0
TOTAL	149	100.0	100.0	

From the list of budgeting techniques which one do you think is most frequently used in your organization?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid LINE-ITEMS BUDGETING	9	6.0	6.0	6.0
PROGRAM BUDGETING	74	49.7	49.7	55.7
PERFORMANCE BUDGETING	39	26.2	26.2	81.9
ZERO-BASED BUDGETING	11	7.4	7.4	89.3
MULTI-YEAR BUDGETING	7	4.7	4.7	94.0
OTHER BUDGETING TECHNIQUES	9	6.0	6.0	100.0
TOTAL	149	100.0	100.0	