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## Budget approval timing and level of implementation in Nigeria: Issues and agenda for research

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### ABSTRACT

*The low level of the country's stock of infrastructure, poor degree of economic development and citizens' standard of living has triggered research on their causes and effects. This study investigated the influence of budget approval timing on the degree of implementation as a means of addressing the above issues in Nigeria. A cross sectional design was used and the population of the study consists of 288 senior staff of federal government ministries, departments and agencies randomly selected in March, 2015. 229 valid questionnaire administered were received (79.5% responses rate). The structured questionnaire was developed from the conceptual, theoretical and empirical framework from previous studies and validated by professionals. Exploratory factor analysis was conducted with Cronbach's Alpha Coefficients of Reliability ( $R_c$ ) and the result obtained for the constructs are 0.701 and 0.812 which confirm the instrument's reliability. Regression technique was used to measure the relationship between the variables. The findings showed that there is a statistically significant relationship: between preliminary approval timing and the degree of implementation ( $r=0.762$ ,  $p=.000$ ) and legislative approval timing and the degree of implementation ( $r=0.250$ ,  $p=.017$ ). The study concluded that undue delay in budget approval timing is responsible for poor degree of budget implementation in Nigeria. It was recommended that (i) 1999 constitution of the Federal Republic of Nigeria should be amended to define the timeframe for each stage in the budget process (ii) executive should preparation and presentation budget early to the parliament for adequate deliberations and timely approval and the adopted Medium term budgeting framework should be properly implemented to overcome the problems of annual budget. This will enhance full implementation and economic development in Nigeria.*

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**Keywords:** Budget Approval Timing, level of Implementation, Public sector, Nigeria

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## 1.0 INTRODUCTION

According to the 1999 Constitution of the Federal Republic of Nigeria, Section 80, subsection 2, 3 and 4, no money shall be withdrawn from the Consolidated Revenue Fund of the federation except that money has been authorized by an Appropriation Act, Supplementary Appropriation Act or an Act passed in the pursuance of section 81 of the constitution. This means that officers controlling votes can only incur expenditure in accordance with the approved estimates subject to any reserved items (Adams, 2010). When budget is prepared, it takes various stages of approvals before it can be put into use (Omolehinwa, 2002). This exercise is known as “budget process” which range from ministerial consideration through legislative approval to presidential assent. The time frame taken to approve the budget is called “approval timing” (Bill & Keith, 2004; Obara, 2013). Timeliness should be the watch word in the budget preparation and approval as well as the release of funds as delay in the process may reduce the national budget to a mere paper work (Aigbokhan, 2013; Okpala, 2014). The advocates of early budget approval stated that the reason behind the idea is that the earlier the approval coupled with adequate implementation capacity and integrity, the higher the level of implementation of budget and achievement of national goals (Posner & Park, 2007; Ekeocha, 2012; Olurankinse, 2012; Obara, 2013). On yearly basis, the public administrators had prepared budget that was eulogized by public sector financial management experts. In one of the past years, the budget was termed “The Nigerian budget of hope” and at the end of the year without an iota hope realization (Okpala, 2014). The question is that why is it that at the end of every year the envisaged benefits are not always achieved? This issue has generated a number of debates and all conclusions are pointing towards poor budget implementation and not resources constraint. The relevance of this study is based on ground that poor budget implementation of capital budget has been the greatest problem in the budget circle in Nigeria (Ugwuanyi & Ebe, 2012; Ekeocha, 2013; Obara, 2013).

The low level of the country's stock of infrastructure and non performance of the existing ones, poor degree of economic development, the country's ranking among comity of nations and the pitiable citizens' standard of living have been traced the degree of implementation of annual development plans. Implementation of capital budget is a major factor that determines the level of achievement of macroeconomic objectives - infrastructure development and optimal level of nationals' standard of living. Previous studies have reported that undue delay in budget process is responsible for implementation dilemma and lack of development in Nigeria. Most of these studies focused on the parliamentary approval without examining the pre legislative budget activities. This has created gap in the body of knowledge that need to be investigated. This study is conducted to have overall view of the effect of both pre and legislative approval timing on the level of budget implementation. The result will be documented to bridge the identified gaps in the body of knowledge.

The general objective of this study is to examine the influence of budget approval timing on the level of budget implementation in Nigeria. In order to achieve the broad study target, the following specific objectives will be pursued: (i) to study the relationship between preliminary approvals timing and the level of capital budget implementation in Nigeria and (ii) to investigate the effect of parliamentary approval timing on the level of capital budget implementation in Nigeria. Based on the study objectives and research questions, the following propositions were developed:

**Hypothesis 1:** There is no significant relationship between pre - legislative approval timing and the level of capital budget implementation in Nigeria.

**Hypothesis 2:** There is no significant relationship between parliamentary approval timing and the level of capital budget implementation in Nigeria.

The rationales for each of the hypothesis above is on the basis that ministerial, executive and legislative approvals timing have been found to be important factors influencing the level of

capital budget implementation in the Nigerian public sector. This study's reason for these hypotheses is that the earlier the approvals, the earlier the implementation take off which allow ample time for actual execution, control and proper accounting of funds. In line with this reasoning, the relationships between the variables were theorized. The effect of the moderating variables such as preliminary and legislative are the explanatory variables predicting the budget implementation level. The population of the study was drawn from selected members of the public sector due to budget specialization. Early budget preparation and approval at ministerial and executive level will enhance the presentation of the bill to the National Assembly and subsequently lead to adequate and timely passage of bill into law. The geographical region covered by the study is Nigeria. All other issues outside approval timing were excluded.

## **2.0 LITERATURE REVIEW**

### **2.1 Conceptual Framework of Budget Approval timing**

Taiwo (1995) noted that the Nigerian government in pursuit of economic development adopted various national development plans after independence. The first was that of 1962-1968, second was 1970-1974, third was 1975-1980 and the fourth was the 1981-1985. Each of these plans embodied goals, strategies and formulae in the form of public investment programmes and socio-economic policies that will assist in accelerating the country's development process within a comprehensive expenditure framework (Ojo, 2012). Development plans are funded through capital expenditure also known as "development budget". It consists of macroeconomic policy and framework which gives birth to capital projects and programs to be executed within the budget timeframe and the allocation of funds to each project. In drafting capital budget, provisions are made for ongoing and new projects which will need to go through the approval process to enable the release of funds for the implementation (Ojo & Adebayo, 2012). Preparation and approval of a budget takes various stages before it can be put to use and this period is what is

known as approval time (Ekeocha, 2013). Olurankinse (2012) stated that there are three levels of budget approval in Nigeria namely ministerial, the executive and parliamentary approvals. The ministerial and executive approval is also known as preliminary or pre-legislative activity. In the first instance, each ministry submits their estimates to the Budget Office of the Federation (BOF) for consideration, approval and consolidation. BOF will in turn set up a Draft Committee for the review of estimates submitted by the ministries, department and agencies (MDAs). Based on the proposal viva, an aggregate estimate will be produced in the form of a consolidated revenue and expenditure statements and sent to the Presidents for approval. On receipt of the advanced proposal approved by the BOF, The President presents it before the Executive Council for further consideration and approval. The council will discuss and reconcile the estimates in line with the government's political priorities and thereafter approve. The President in accordance with S.81 (1) of the 1999 Constitution of the Federal Republic of Nigeria (FRN) presents the estimate to the legislature at a joint meeting of both houses in form of appropriation bills in a meeting known as "budget session" According to 1999 Constitution of FRN Section 4 (1) the legislative power is vested on the National Assembly. In exercising the parliamentary power, each house appoints a standing committee, which organizes defense meeting with Accounting Officer of each ministry, department and agency (MDAs) to justify budget allocation and programmes inclusion (Posner & Park, 2007; Olomola, 2000; Ekeocha, 2012; Obara, 2013).

The committee examines and discusses the bill and makes modifications where necessary, consider and reconcile the budgets estimates in the light of national economic priorities. The appropriation committee is then brought in for adoption purposes (Ekeocha, 2013). If both houses are satisfied with the proposals, each of them will approve the budget but where there are discrepancies in opinion on some particular items, both houses will appoint finance committee that would resolve such differences. The resolution of the finance committee is final on the

difference and both houses will sit to approve the budget which will be sent to the President for his signature. The delay in the approval process will definitely affect the implementation take off (Reid, 1966; Bendlebury, 2005; Ekeocha, 2013). Government budget is a forecast of its revenues and expenditures for a specific period of time. In public sector financial management, the period covered by a budget is usually a year, known as a financial or fiscal year. Within the time frame, budgetary system is an effective public administration device for planning, reviewing and controlling government operations, particularly in relation to the implementation of national development plans within the scope of public expenditure (Omopariola, 2003). While the budget duration is one year period, the time for preparation and presentation to the parliament for approval leading to appropriation act, varies and may depend on the constitution, law, parliamentary guideline or existing national practice. Table 1 below shows a comparative basis and submission period of selected countries.

**Table 1: Requirement for selected countries' date of budget submission to the Parliament.**

Number of Months	Legal requirements			Practices (No legal requirement)
	Constitution	Law	Parliamentary Regulation	
More than 6		USA (8 Months)		
4- 6	Demark, Finland (4 Months)	Germany (4 Months)	Norway (4 Months)	
2-4	France, Spain /Korea (3 Months / 90 days)	Japan / Sweden (2 - 3 / 3.5 Months)		
0-2 After year begins		New Zealand ( Not later than 1 Month in the new yr.		Canada/United Kingdom
No period required	Nigeria, (Lay before the NASS any time in the year)			

Sources: Lienert & Jung (2004); OECD (2008b) & Constitution of the FRN (1999)

It is obvious that while all other countries have time frame for budget submission, Nigerian constitution has no proper time definition for the entire budget process. The constitution states that budget should be "laid before the NASS any time in the year". This formless statement has negative effect on the budget processes as a whole.

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## 2.2 Conceptual Framework of Budget Implementation

Implementation is the third phase in the budget process in the Nigerian public sector. It covers the various operational aspects of execution such as the establishment obligatory ceiling; the evaluation of work and 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 (Kighir, 2007; Aigbokhan, 2013). The national assembly has the responsibility for ensuring that implementation is according to budget provisions. This oversight function is accomplished through its various committees (Abdullahi, 2011). Budget implementation should be reviewed periodically to ensure that projects are implemented effectively as planned and to identify any financial or policy slip-up (Omopariola, 2003). A comprehensive mid-term review of budget execution progress covering financial, physical and other performance indicators should be conducted to track any increase in cost due to inflation, unexpected difficulties or insufficient initial study of the projects. The financial implementation of the budget should be reviewed on monthly basis. This information will aid the assessment of implementation level and ensures that adequate counter measures are taken in good time to correct any identified anomalies arising from the execution exercise.

Olurankinse (2012) noted that it has always been a recurrent observation of those reviewing budget performance of government that implementation is the problem of the budget circle in Nigeria. He opined that the problems experienced during implementation might have originated from formulation stage coupled with implementation capacity issues and then advised that the evaluation of budget should consist of progress assessments and its impact, so that areas of success and failure in implementation stage can be identified early enough to warrant meaning corrective action. Evaluation in this context serves mainly to link formulation and implementation of budgets. Due process that is already established should ensure strict compliance with laid-down rules and

procedures to guide the entire process and the achievement of full budget implementation. Recently due to poor budget implementation, the government adopted a paradigm shift in the budget preparation which gave rise to the transformation of budgeting horizon from the traditional annual budget to multi-year budgeting within a medium-term expenditure framework (MTEF). The medium-term budgeting framework ensures that the weaknesses of annual budgeting are defeated and that performance measurement information is incorporated into the budget (Olomola, 2007). The concept of performance budgeting essentially places emphasis on linking budget levels to expected results rather than inputs or activities. The focus on results involved a clear definition of missions and outcomes, measuring performance to gauge implementation progress and using performance information within the decision process (Olomola, 2009). Within the framework of performance budgeting, the preparation of the budget at the level of individual agency will require proper articulation of targets indicators and elaborate record keeping for ensuring data availability on regular basis.

### **2.2.1 Effective Budget Implementation Period in Nigeria**

The lack of strict legal prescription concerning the timing of preparation and approval of the budget by National Assembly has produced negative effect on the budget process. Experts have suggested that the timing of budget process should be firmly stated in the constitution to have legal backing. This will put pressure on all parties to address the issue of undue delay in the budget process (Olomola, 2000; Adams, 2010). Table 2 shows the practical timing of budget process in Nigeria ranging from preparation to execution between the year 2000 and 2012.

**Table 2: Time frame showing Federal Budget Preparation and Enactment 2000-2012**

S/ N	Fiscal Year	Date the President submitted to NASS (A)	Date approved by NASS/ Presid. assent (B)	Date President assented to budget (C)	Time frame b/w presentation and signature (D)	Time lag between Jan. 1 and date of take off (E)	Remarks ( Implem. period) (F)
1	2000	24th Nov., 1999	14th April, 2000	5th May, 2000	5 months 11days	4 Months, 5 days	7 Months
→2	2001	9th Nov., 2000	21st Dec., 2000	21st Dec., 2000	1 month, 12 days	Nil	12 Months
3	2002	7th Nov.2001	28th March, 2002	28th Mar., 2002	4 months, 21days	2 Months, 28 days	9 Months
4	2003	20th Nov., 2002	11th March, 2003	10th April, 2003	4 months, 21days	3 Months, 10 days	8 Months
5	2004	18th Dec., 2003	20th April, 2004	21st April, 2004	4 months, 3 days	3 Months, 21 days	8 Months
6	2005	12th Oct., 2004	18th March, 2005	12th April, 2005	6 months	3 Months, 12 days	8 Months
7	2006	6th Dec., 2005	21st Feb., 2006	22nd April, 2006	2 months, 16 days	3 Months, 22 days	8 Months
→8	2007	6th Oct., 2006	22nd Dec., 2006	22nd Dec., 2006	2 months, 12 days	Nil	12 Months
9	2008	8th Nov., 2007	27th March, 2008	14th April,2008	5 months, 7 days	3 Months, 14 days	8 Months
10	2009	2nd Dec., 2008	3rd Feb., 2009	10th Mar., 2009	3 months, 8 days	2 Months, 10 days	9 Months
11	2010	23rd Nov., 2009	25th May, 2011	26th May, 2011	4 months, 29 days	3 Months, 22 days	8 Months
12	2011	15th Dec, 2010	25th May, 2011	26th May, 2011	5 months, 11 days	4 Months, 26 days	7 Months
13	2012	13th Dec, 2011	15th March, 2012	13th April, 2012	4 months	3 Months, 13 days	8 Months

Source: Adapted from Ekeocha (2012)

According to Table 2 above, the average implementation period is (AIP) about 8 months (Ekeocha, 2013). Okpala (2014) argued that effective average implementation period (EAIP) is much less than the stated 8 months period and developed a model for the computation of the EIP which is shown below:

$$Y_{PS} = X_{PS} - Z_{PS} \dots\dots\dots(i)$$

Where:  $Y_{PS}$  =Effective Average Implementation Period;  $X_{PS}$  =Average Implementation Period (total implementation period divided by no of years);  $Z_{PS}$  =Average Implementation Preparation Period (Average period it takes MDAs to prepare to implement and  $_{PS}$  = Public sector. According to Okpala (2014), the preparation period which takes a fairly long time to conclude is estimated to be 5 months. Broken down into: (i) Tender publication / announcement = 1 month, (ii) Tender meeting, adjudication report and award of contract = 1 month; (iii) Release of funds and mobilization = 3 weeks, (iv) Lead-time for importation of major materials = 2 months (v) Workforce deployment to site = 1 week.  $Z_{ps}$  = 5 months.

$$\text{If AIP} = 112/13= 8, \text{ then } Y_{ps} (8 - 5) = 3 \dots\dots\dots (ii)$$

However, by law, budget implementation extension continues for three months in the first quarter of the following year. This provision has not been properly utilized by most MDAs as they are concerned with preparation and approval of the new budget instead of executing old project (Okpala, 2014). Also projects for which contracts have been awarded are the only projects entitled to this implementation extension.

## **2.2 The theoretical underpinning**

The study is underpinned by both the theory of budget process and budget execution theory. The theory of budget process modeled a system of rules governing the decision-making that leads to a budget from formulation, through legislative approval to execution within an established time frame (Ehrhart, Gardner, von Hagen & Keser, 2006). In recent times, the details of the budget process both in developed and developing countries have been the object of considerable research due to its importance to projects and programmes execution as well as economic development (Wildavsky, 1975; Ferejohn & Krehbiel, 1987; Alesina & Perotti, 1999). According to Posner & Park (2007), the theory of budget process sees legislature and the executives as the two most important players in the budget process. Their respective roles and power in the budget process differ from country to country and are influenced by many factors such as: the constitution; the political context; legal and procedural framework and the internal legislative structures and arrangement. Theory of budget process views realistic budgets as an expression of practical politics which relates to a country's specific traditions (Wildavsky, 2003). Budgeting reveals the norms by which men live in a particular political culture or dispensation. In Nigeria, the theory of budget process rest on the 1999 constitution of the Federal Republic of Nigeria. Ekeocha (2012) presented a clear picture of the theory of budget process in Nigeria. He opined that the executive prepares the budget while scrutiny, amendment and approval rest with the legislature. The budget process

dictates both the degree to which a policy debate can actually occur as well as the policy outcomes (Bill & Keith, 2004).

The theory of budget execution which was first hypothesized by Kenneth Campbell in 1994 is concerned with actual budget implementation as specified by the theoretical execution objectives in the appropriation act. Campbell's dissertation suggested that attention should be paid to the actual implementation of an entity's budget to enable comparison between the established theoretical objectives and actual budget execution. This will enable the administrators to measure whether the actual budget result is line with the requirements of budget execution reference points as depicted in the normative theory. Budget execution theory within the public sector is concerned with the actual implementation of ministries, departments and agencies (MDAs) budget to track the level of deviation between theory and practice. The theory suggested that each government agency should strive to have full implementation of its budget in line with the theoretical frame – appropriation act in order to achieve development plans and citizens welfare (Campbell, 1994).

### **2.3 Empirical studied on budget approval and implementation**

Posner & Park (2007) conducted a survey on the role of the legislature in the budget process to provide a broad historical and conceptual overview of its evolution and assess the potential consequences of the expanded role of the legislature. The result showed that multiple committees and extended deliberations were responsible for the delay in the pre legislative and parliamentary approval and concluded that the Legislature should enhance and institutionalize the process to avoid delay. CBN (2003) survey the conflicts between the legislature and the executives over budget matters resulting in delay in the budget process. Findings includes (i) that the phenomenon of delay approval was common to all levels of government in Nigeria (ii) poor relationship between executives and the legislature over the budget matters was responsible for the delay in

approval process. The study recommended the adoption and implementation of medium term expenditure budget (MTEB) to enable 3 years planning framework broken down into yearly budget with an element of continuous implementation process. Ekeocha (2012) researched government budget process in Nigeria to analyze the budget implications for institutional reforms for achieving timeliness. Finding highlighted the high variation on time frame between federal budget preparation and enactment for the period covering 2000 to 2012 and concluded that approval delay is the major reason for poor budget execution in Nigeria. Olurankinse (2012) conducted a study on due process and budget implementation in Nigerian public sector. The result showed that delay in approval timing was due to the three stages approval (ministerial, executive council and legislative approval stage) which definitely has negative consequences on implementation level and full realization of budget plan.

Obara, (2013) conducted a survey of budget implementation in Nigeria public sector. The result showed that the average implementation level is 32.5% which is evident by so many uncompleted and abandoned projects littered around. It was concluded that the degree of budget implementation in Nigeria is outrageously low due to noncompliance with due process. Honadle (1979) carried out an assessment of implementation of budget in developing countries to enable contribution to development administration. The study findings showed that there exists implementation gap in public sector resulting from many factors such as (i) the policy maker, or policy environment. He suggested that planning in public sector is top-down and by implication, the target beneficiaries are not allowed to contribute to the formulation of the policies that affect their lives. (ii) inadequate provision of manpower (iii) inadequate maintenance of equipment and (iv) lapses in projects monitoring. It was concluded that policies are rolled out through budget in developing nations but without full achievement. Makinde (2005) conducted a survey on the problems of policy implementation in developing nations in an attempt to proffer solutions to the problems of poor

policy implementation. The identified problems include corruption, lack of policies continuity, inadequate human and material resources, budget approval delay which has produced implementation gap. Kighir (2007) conducted a research on budget reforms and budget implementation in Nigeria and critically reviewed the medium term expenditure framework. The result confirmed that the introduction of MTEF in 2005 has not started yielding fruits as anticipated. It was therefore concluded that the budget reforms in Nigeria have not significantly impacted on the budget implementation.

Bhattacharya, Iqbal & Khan (2009) investigated implementation of annual development programme in Bangladesh. Findings showed that the level of implementation has been on the downward slope over the last decade due to resource constraints; unrealistic targets; delay in budget approval; and lack of implementation capacity. Ugwuanyi & Ebe, (2012) studied the impact of budget implementation of Enugu State parastatals on the achievement of the overall goal of the state. The study discovered the existence poor and inefficient budgetary implementation of government parastatals in Enugu. It was concluded that poor implementation in the state was due to the defective personnel employed in government organizations. Olomola (2012) appraised budget implementation and its effects on Nigerian economy. It was concluded that the quality of good budget process is lacking in Nigerian public sector. Specifically, the following gaps were identified in the literature reviewed: (i) various studies concentrated on legislative approval timing without considering preliminary activities at ministerial and executive levels. Therefore, the conclusive effect of the overall budget approval timing on the level of implementation is yet to be ascertained; and (ii) the degree of the influence of budget approval timing on the level of implementation was omitted.

### 3.0 METHODOLOGY

The study adopted a cross sectional survey research design. A 6-point Likert scale structured questionnaire was used to elicit respondents' opinion. The scale rating range from 1= very late, to 6=very early. The population consists of 288 senior staff of the key federal ministries, departments and agencies (MDAs) randomly selected based on the basis of researcher's experience and judgment as at January, 2015 as shown on table 4. The validity of the questionnaire was confirmed by the experts in the field of public sector accounting. The questionnaire was developed from the conceptual, theoretical and empirical framework of study and exploratory factor analysis was conducted to test the reliability of the instrument. Cronbach's Alpha Coefficients of Reliability ( $R_c$ ) obtained for all the constructs were between 0.701 and 0.812 which were above the recommended benchmark of 0.70 (Nunnally, 1978). This affirmed the reliability and internal consistency of the instrument. 229 usable copies of questionnaire representing 80% of the total administered were returned and analyzed. In the researcher's opinion, the response rate is adequate for the study. Total enumeration of the entire population was studied since it is not too large to necessitate sampling. Regression analysis was used to test the relationship between the variables upon which appropriate findings, conclusion and recommendations were based. A co linearity test was conducted and the result obtained shows that relationships between the predictor and the outcome variable meet the assumptions of linear regression. Given the equation  $Y = f(\text{MEXAP} \ \& \ \text{LEGAP})$ , where  $Y$  = dependent variable (LBI) and MEXAP & LEGAP are the independent variable of the study (budget approval timing). The general model specification for regression is:

$$Y = \beta_0 + \beta_1 (\text{MEXAP}) + \beta_2 (\text{LEGAP}) + \varepsilon \text{----- (iii)}$$

Where,

$Y$  = level of implementation (LBI) and covers  $y_1$  and  $y_2$

$\beta_0$ , = Is the intercept parameter, is the value predicted for the response variable when the explanatory variable takes the value zero

**MEXAP** = Ministerial and Executive approval (preliminary or pre legislative approval=  $x_1$ )

**LEGAP** = Parliamentary approval ( $x_2$ )

$\beta_1$  and  $\beta_2$  = The slop parameter,  $\beta_1$ to  $\beta_2$  are the changes in the response variable predicted when the explanatory valuable is increased by 1unit (coefficient of valuable **MEXAP** and **LEGAP**)

$\epsilon$  = Are the random disturbance terms assumed to be normally distributed with mean zero and variance  $Q^2$

A priori expectation is shown as follows:

**Model 1 for H0<sub>1</sub>**:  $Y=f(X)$  where  $Y = LBI, X=AT$ ; Thus,  $y_1 =f$  (MEXAP);

A priori expectation  $x_1 > 0$ (Positive)

**Model 2 for H0<sub>2</sub>**:  $Y=f(X)$  where  $Y = LBI, X=AT$ ; Thus,  $y_3 =f$  (LEGAP);

A priori expectation  $x_2 > 0$ (Positive)

**4.0 RESULTS**

**Summary of Results**

The following is the summary of the result of the results of the study

**Table 3: Summary of Test results**

Hypotheses	R	R Square	P-value	Durbin-Watson	Remarks
1	.762 <sup>a</sup>	.289	0.000	1.010	Reject H0 <sub>1</sub>
2	.250 <sup>a</sup>	.202	0.017	1.132	Reject H0 <sub>2</sub>

Source: Author computation (2015)

**4.1 Interpretation of results**

**Hypothesis 1:** The descriptive statistics in table 5 showed that 87 respondents’ agreed that budget proposal for the coming year is presented to legislature in the last quarter of the fiscal year with slightly late option representing 38% to rank first. The mean score obtained is 3.12. Table 6

showed that there is a statistically significant relationship between ministerial and executive approval timing (MEXAP) and the level of budget implementation (LBI) in Nigeria as the probability of the t-calculated = 0.000 which is < 0.05. The result of R<sup>2</sup> of .289 is a measure of goodness of fit. It shows that ministerial and executive approval timing accounts for about 29% variation in budget implementation level in Nigerian public sector. **Hypothesis 2:** The descriptive statistics in table 7 showed that 80 respondents agreed with slightly late option that Legislative approves budget with dispatch after submission by the Executive. This represents 35% of the total opinion to rank first. The mean score obtained is 2.44. Table 8 confirmed that there is a statistically significant relationship between legislative approval timing (LEGAP) and the level of budget implementation in Nigeria as the significance of the t-calculated = 0.017 which is < 0.05.

The R-value of .250 showed there is a positive correlation between LEGAP and LBI though the relationship is considered weak. The result of  $R^2$  of .202 is a measure of goodness of fit. It shows that legislative approval timing accounts for about 20% variation in budget implementation level in Nigerian public sector. Table 6c and 8c showed DW statistics of 1.010 and 1.132 of the residuals which is half way between “0” and “2”. Thus, this established that there is the presence of positive autocorrelation and since, it is greater than the  $R^2$  (.289 and .202) in the equation, the obtained result can be considered as valid and an evidence of a high degree of the model specifications. Based on the available empirical evidence, the null hypothesis 1 and 2 which states that there is no significant relationship between pre legislative approvals timing and the level of budget implementation in Nigeria and there is no significant relationship between parliamentary approval timing and the degree of budget implementation in Nigeria are rejected and the alternate not rejected.

#### **4.2 Discussion of Findings**

The association between pre-legislative and the level of budget implementation (LBI) and parliamentary approval timing and the level of budget implementation (LBI) in Nigeria are not only positive but also statistically significant. The reason is that all the approvals are interwoven as approval at one level must be duly completed before it proceeds to the next stage. When preparation and approval at the ministerial and executive level is delayed, presentation to the National Assembly will suffer from adequate deliberation and timely approval which will dovetail into late implementation take off time. While pre-legislative activities directly influence the parliamentary approval, the later has direct effect on implementation level and degree of economic development. The result of this study is in agreement with the report of Posner & Park (2007); CBN (2003); Ekeocha (2012); Olurankinse (2012); and Obara (2013) which agreed that budget

approval timing has significant relationship with the degree of budget implementation. The result of the study also revealed that delay in legislative approval is responsible for about 80% of the poor level of implementation of capital budget in Nigeria and the negligible degree of development in the country. The analysis result also agreed with the results reported by Honadle (1979); Makinde (2005); Bhattacharya, et al. (2009); Ugwuanyi & Ebe, (2012); Olomola (2012); and Obara, (2013). Although the study revealed that there is a significant relationship between legislative approval timing and implementation degree, the correlation is weak and the possible reasons for this weak relationship is attributed to: (i) hasty spending to use up all remaining resources held in the vote by the end of the year thereby fulfilling financial aspect of implementation with no physical result in terms of Projects or Programme execution. (ii) rushed budget implementation syndrome to impress the public also has an unconstructive effect on the quality of projects/ programme executed and subsequently the level of the stock of the country's infrastructure (Obara, 2013). According to Aigbokhan (2013), poor implementation of capital projects remains the nation's major concern. This reality is reflected in the country's performance in some major global rankings released in 2013: World Economic Forum was 137th of 183 economies reported and UNDP was 153 out of 187 countries profiled as opposed to IMF impressive growth of over 6% GDP growth rate and ranking of 37th out of 187. The later shows a disconnection between citizens' standard of living and growth rate.

## 5.0 CONCLUSION

This study investigated budget approval timing and the degree of budget implementation in Nigerian public sector. Data collected was analyzed to test the hypotheses of the study. The findings from descriptive and regression analyses are highlighted as follows: (i) result of the studies showed that there is a positive and significant correlation between budget approval timing

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and budget performance in general terms, (ii) The effective average implementation period in

Nigeria for the period under review is 3 months and seems too short for any reasonable achievement. Although the law allows 3 months extension but have not been properly utilized as focus on in the first quarter is on new budget. (iii) the legislature extended roles and multiple deliberations has led to undue delay in passage of appropriation bill, (iv) ill executive – legislature relationship and duplication of committees is also responsible for the delay (v) duplication of committees in the two houses slows down the approval process (vi) ill executive and legislature relationship to a large extent is also responsible for the undue delay, (vii) The phenomenon of delayed approval is common to all levels of government in Nigeria (viii) poor degree of budget implementation has an obvious effect on non-achievement of the country macroeconomic objective (ix) The nonchalant attitude of the legislature over the budget matters is due to lack of proper time frame definition for each stage of the budget process in the constitution, (x) execution of delayed project has extra cost attachment to the nation due to inflation. These findings are in agreement with that of CBN (2003); Ekeocha (2012); Olurankinse, (2012) Obara (2013) and Okpala (2014) and (xi) lastly, the Medium term expenditure framework adopted to address the shortcomings of annual budgeting framework is yet to be effective hence the continued implementation dilemma (Yelwa, 2010; Kighir, 2012).

Based on the findings above, the study concluded that budget approval timing has moderating effect on the level of budget implementation in Nigeria. The undue delay in budget approval has resulted in late implementation take off, abandoned projects, low stock of economic infrastructure, economic progress retardation, under development unemployment and poverty (Olurankinse, (2012; Obara, 2013). The poor degree of implementation of capital budget has various implications to all facets of the economy. To the government the realization of macroeconomic object becomes

impossible which is a threat to all aspect of the economy (Oghojafor, 1998). It also has implications to the business community on the ground that government expenditure provides an input into the economy which affects the business enabling environment. Poor degree of budget implementation also affects the society through unemployment and poverty and reduced living to fall below the acceptable standard.

The study recommended that (i) the National Assembly should amend the 1999 constitution of the FRN to have a firm and definite timetable for each stage of the budget process. (ii) the constitution should establish stringent punishment for offenders, (iii) duplicated committees in both house should be harmonized, (iii) multiple deliberations should be reduced and the process institutionalized for easy passage of appropriation bills, (iv) There should re-orientation of all the business committees responsible for deliberations and passage of appropriation bills in Nigeria at all levels. This will educate them on the causes and effect of undue delay in approval timing (v) the medium term expenditure framework adopted should be strongly pursued to address the poor implementation level. The recommendations will enable full Implementation and enhance economic development in Nigeria,

#### **6.0 CONTRIBUTION TO THE BODY OF KNOWLEDGE:**

The contribution to knowledge was in line with the gaps identified in the literature reviewed. (i) Previous studies concentrated on legislative approval timing without considering preliminary approval activities at ministerial and executive levels which lead to partial conclusion of the effect of overall budget approval timing on the level of implementation. This study reported on both pre-legislative and parliamentary approval timing and the effects on the degree of implementation of national development plans. (ii) the degree of the influence of budget approval timing on the level of implementation was omitted. This study reported that the  $R^2$  of  $H_{01}$  and  $H_{02}$  are between 29%

and 20%. This means that undue delay in approval timing is responsible for about 80% problem of poor implementation of Nigeria development budget, (iii) this study also reported on the extent of negative effect on of undue delay in enacting appropriation act on the economy in general. The above contributions made by this study to the body knowledge are based on empirical results obtained from the review of literature and data analysis.

## 7.0 SUGGESTION FOR FURTHER STUDIES

The limitation of this study is that researcher concentrated on the effect of budget approval timing on the degree of budget implementation in Nigeria without addressing the implication on the economy development such as stock of infrastructure. It is therefore suggested that future researchers should conduct studies in this direction to determine the influence of budget implementation on economic development in Nigeria.

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## APPENDIX 1

**Table 4: Population make-up definition**

Agencies	Definition – category and number of staff at the HQs
Federal Ministry of Finance	Management staff of this ministry was drawn from Accounts / Finance Department of Ministry of Finance (45), Internal Audit Department (27), Office of Accountant General of the Federation (26) and Budget Office of the Federation (27). <b>Total 125</b>
Central Bank of Nigeria	In CBN, management staff was drawn from Accounts/Finance (54), Internal Audit (21), <b>Total 75</b>
Federal Ministry of Works	Management staff of was drawn from Accounts Department (34), Internal Audit (18) Civil engineering section (36). <b>Total 88</b>
<b>Total</b>	<b>125 + 75 + 88 = 288</b>

Source: Field work, 2015

## TEST OF STATISTICAL HYPOTHESE

### HYPOTHESIS 1

#### Restatement of Research objective and question 1

**Objective 1:** To investigate the relationship between pre-legislative approvals timing (ministerial and executive) and the level of budget implementation in Nigerian public sector

**Question 1:** What is the relationship between ministerial and executive approval timing and the level of budget implementation in Nigerian public sector?

**Table 5: Analysis of Respondents' information on pre - legislative approval timing**

Variables	1	2	3	4	5	6	Mean Score
	F(%)	F(%)	F(%)	F(%)	F(%)	F(%)	
Budget proposal for the coming year is prepared and presented to legislature in the last quarter of the financial year.	4 (2)	43 (19)	87 (28)	65 (38)	23 (10)	7 (3)	3.12

Sources: Research Survey Data, January, 2015

### Restatement of Research Hypothesis 1

**Hypothesis 1:H0<sub>1</sub>:** There is no significant relationship between pre legislative approval timing and the level of budget implementation in Nigeria.

**Model 1 for H0<sub>1</sub>** is stated as  $Y = f(X)$  and  $y_1 = \beta_0 + \beta_1(\text{MEXAP}) + \varepsilon_1$

**Table 6:** Significant relationship between the pre-legislative approval timing and the level of budget implementation in Nigeria.

Model	Coefficients <sup>a</sup>				t	Sig.
	Unstandardized Coefficients		Standardized Coefficients			
	B	Std. Error	Beta			
(Constant)	3.432	.154			21.424	.000
	.056	.061	.762		.765	.000

a. Dependent Variable: LBI

Model	ANOVA <sup>a</sup>				
	Sum of Squares	df	Mean Square	F	Sig.
Regression	.663	1	.663	.845	.000 <sup>b</sup>
Residual	161.075	228	.785		
Total	161.738	229			

a. Dependent Variable: LBI;

b. Predictors: (Constant), MEXAP

Model	Model Summary <sup>b</sup>				
	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.762 <sup>a</sup>	.289	.284	.7421	1.010

a. Predictors: (Constant), MEXAP

b. Dependent Variable: LBI

## HYPOTHESIS 2

### Restatement of Research objective and question 2

**Objective 2:** To investigate the relationship between legislative approvals timing and the level of budget implementation in Nigerian public sector

**Question 2:** What is the relationship between legislative approval timing and the level of budget implementation in Nigerian public sector?

**Table 7: Analysis of Respondents' information on legislative approval timing**

Variables	1	2	3	4	5	6	Mean Score
	F(%)	F(%)	F(%)	F(%)	F(%)	F(%)	
National Assemble approves budget with dispatch after submission by the Executive	24 (10)	80 (35)	63 (27)	52 (23)	6 (3)	4 (2)	2.44

Sources: Research Survey Data, January, 2015

### Restatement of Research Hypothesis 2

**Research hypothesis 2: H<sub>02</sub>:** There is no significant relationship between parliamentary approval timing and the level of implementation of capital budget in Nigeria.

Hence **Model 2 for H<sub>02</sub>** is stated as  $Y = f(X)$  and  $y_2 = \beta_0 + \beta_2(\text{LEGAP}) + \varepsilon_2$

**Table 8:** Significant relationship between the parliamentary approval timing and the level of budget implementation in Nigeria.

**Table 8a Coefficients<sup>a</sup>**

Model	Unstandardized	Coefficients tandardized		t	Sig.
	B	Std. Error	Beta		
(Constant)	3.549	.173		20.489	.000
	.041	.047	.250	.885	.017

a. Dependent Variable: LBI

**Table 8b ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	.452	1	.452	.782	.017 <sup>b</sup>
Residual	182.075	228	.578		
Total	182.527	229			

a. Dependent Variable: LBI

b. Predictors: (Constant), LEGAP

**Table 8c Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.250 <sup>a</sup>	.202	.163	.46027	1.132

a. Predictors: (Constant), LEGAP

b. Dependent Variable: LBI