



Impact of accountability on the management of public sector finances in Nigeria

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Abstract

This study intended to access the impact of financial accountability on the management of public sector finances in Nigeria.

Lack of financial accountability on the management of public finances among three tiers of government in Nigeria has remained a critical issue for long and nowadays.

As a result, poor culture of financial accountability has made corruption to become an endemic in the country. The level of accountability is very poor in Nigeria, and that all attributes of accessibility, comprehensiveness, relevance, quality, reliability and timely disclosure of economic, social and political information about government's activities are completely non – available or partially available for the citizens to assess the performance of public office holders in government; as such, corruption and fraud malpractices become rampant in public service.

Meanwhile, a sound financial accountability of a nation's public sector is the most important and relevant to efficient and effective economic development. But the reverse is the case, whereby financial discipline seems not to have been maintained.

The study adopted descriptive survey design for describing the state of things as it existed and expected achievement.

The population of the study consist of 850 peoples drawn from six geo political zones which contained federal, state and private establishment, with age bracket from twenty five years and above. The source of data was primary and secondary sources.

Data was analyzed using Chi – Square statistical tool, employed to test hypothesis, to see deviation of the actual observations from the expected. This led to the acceptance or rejections of the null hypothesis.

Findings among others showed that the present financial accountability in Nigeria have not enhanced management of public sector finances, as such, have a negative turnaround. The study have finally concluded and made recommendations based on result found.

Keywords: accountability, public, sector, finances, management, financial

Introduction

Sound Financial Accountability of a nation's public sector is important and relevant to efficient and effective economic growth.

In any economy, emerging or developed, finance stands as a life wire for its survival, as such, is the pillar of control for all functional organization or government. It is a crucial pre – requisite which enables an organization, public or private entity, to maintain itself and effectively meets its commitment to individuals, group or nation, who consumes its output of goods, or enjoys its public services rendered.

Financial accountability to any system of financial management is the mechanism for enforcing prudence and transparency in the conduct of financial activities in both public and private sector institutions. It was now crops up everywhere performing all manner of analytical and rhetorical tasks and carrying most of the major burdens of democratic governance, (Masoyi, 2000) [25].

Mamman (2000) [24] viewed that, poor stewardship performance of public finances in the Nigerian public service in recent time coupled with the rising evidence of fraud, embezzlement and misuse of public funds in this sector, has not only created suspicion, lack of confidence and distrust between the ruled and the rulers, but has done away with the belief that every public duty is a public trust and government is a contract between the governor and the governed.

Dandago (2006) [10] added that, the frequent setting up of panels, commissions, committees of inquiry to prove financial misappropriation and frequent activities of public sector servants at all level of government in Nigeria, is a testimony to how deeply rooted, indicates weakness of financial control and accountability in the nation's fabric. The various reports submitted by the panels, clearly reveal high level of fraudulent activities.

Odigbo P. C. (2015) point out that, lack of accountability in Nigerian public sector is plaguing the nation and threatening its existence. Concerned Nigerians have written extensively on the issue. What should be done if those entrusted with public resources are not accountable?

A societal responsibility perspective is recommended in which in addition to measures already in place, everyone take up the challenge to resist and expose corruption by adopting either the active or passive approach."

Emmanuel (2012) added that, lack of accountability in the public sector creates opportunities for corruption with its attendant negative consequences. For instant, through corruption, the commonwealth of Nigerians is being diverted by a few, leaving the nation at a loss. Due to the poor culture of accountability, corruption has become a way of life in Nigeria, to the extent that, it is trite to say that officials are not only corrupt but corruption is official.

Purpose of The Study

The study is intended to analyses the impact of accountability on the management of public sector finances in Nigeria, and

- a. To state the ways of improving accountability in Nigerian public sector.
- b. To state the challenges facing financial accountability in Nigerian public service.

Research Questions

The following research questions were set to guide the research study:

1. Why the present process of financial accountability does not enhanced management of public sector finances?
2. Why the present needed time for financial accountability not gingered public sector accountability in the Nigerian public service?

Hypothesis

H0: Present process of financial accountability does not enhance management of public sector finances in Nigeria.

H1: Present process of financial accountability enhances management of public sector finances in Nigeria.

H0: present needed time for financial accountability does not ginger public sector accountability in the Nigerian public service.

H1: Present needed time for financial accountability gingers public sector accountability in the Nigerian public service.

Literature review and theoretical framework

Concept of accountability

In its simplest form, the word accountability implies being held into account for one's actions. Preston (1992) says it means holding public officials responsible for their actions. Accountability, according to Lawton and Rose (1994) ^[21], is a process where a person or group of people are required to present an account of their activities and the way in which they have or have not discharged their duties. By inference, a person is held accountable for not only his/her actions but also inactions. To Rouse (1997), accountability entails the demonstration to someone else of success or achievement- it involves revealing, explaining and justifying what one does, or has done, or how one discharges one's responsibilities. In the words of Laxmikant (2006:201) ^[22]: "The concept of accountability connotes the obligation of the administrators to give a satisfactory account of their performance and the manner in which they have exercised powers conferred on them".

Ejiofor (1998) ^[13] was so categorically viewed that, the Nigerian public servant – both highly placed and not so highly placed have consistently used their position to run down the organization under their control or operate them sub – optimally in the course of pursuing their own selfish ends."

Adegite (2010) ^[3] also noted that there are three pillars of accountability, which the UNDP tagged ATI (Accountability, Transparency and Integrity).

Principles of accountability

Khan (2010) ^[20] identified five principles of financial accountability.

These are

1. Clearly Defined Roles

2. Clear Performance Expectations
3. Balanced Expectations and Capacities
4. Credible Reporting
5. Reasonable Review and Adjustment

Challenges of accountability in the nigerian public sector

Kelle. G. Bula (2013) ^[19] states that, the followings were the major challenges of Accountability on the Management of Public Sector Financial in Nigeria

1. Lack of Professionalism.
2. Poor payment of Remuneration and Incentive Policies.
3. Administrative and Bureaucratic Malpractices.
4. Weak Institutions of Enforcing Ethical and Accountability Standards.
5. Politicization of Nigerian Public Service.
6. De- Professionalization of the Public Service.
7. The Brain – Drain Problem.
8. Contribution of International Business to the Ethical Deficit and Corruption in Nigeria.

Tools or mechanism of accountability

According to Bula. K.G (2010) opined that, the followings were the tools or Mechanism for ensuring Accountability Management of Public Sector Finances in Nigeria: -

1. Lead by the Legislature
2. Performance reports by ministries and department
3. Internal Auditing
4. Making Audit reports accessible to public.
5. Oversight by Ministry of Finance

Theoretical Framework

1. **Public-Private Partnerships (PPP):** The activities and practice of PPP in country like the United Kingdom, encourages financial accountability which relates to the Value for Money (VFM) (Istemi and Iqbal, 2009). For an effective discharge of financial accountability for economic growth, the cooperation of public and private sectors is necessary (Istemi and Iqbal, 2009).
2. **Commander Theory:** It is most times seen that whoever owns the power of resources equally be the main controller of the activities of the establishment with an effective economic power and control of the available resources (Goldberg, 1965). Reporting financial accountability has therefore been thrown into different processes and timing due to the power that plays. The researcher, Goldberg (1965) defines control over resources.
3. **Unified Theory of Commander:** Jason (2014) posits further on the Commander theory which says despite lots of transactions and varied expectations, it is appropriate for he write thing to be done in terms of accountability. To be able to have a rewarding financial accountability there will be challenges but facing the challenges will bring out the best in the financial report. That there is a steep learning curve which inspires financial payers to improve, but also drives some players clear out of the format.
4. **Accountability and Usefulness:** The behaviours and the way people reacts to one another differs which affects the financial accountability thereby either positively or negatively affects the process and timing of financial accountability (Vance, Lowry & Eggett, 2015). More so, it

is critically important that the process and timing of financial accountability be properly defined else the resultant effects might not serve the desired purpose thereby affecting economic growth either negatively or positively (Vance, Lowry and Eggett, 2015) [39]. This study hinges on accountability and usefulness. Justification being that with an appropriate process and timing of financial accountability, economic growth will be enhanced in Nigeria.

Empirical literature

Adejuwon, Kehinde – David (2018) [4] conducted a critical Research on the Dilemma of Accountability and Good Governance for improved public delivery in Nigeria. The study found that, Public service become a scorn in Nigeria, because for too long, both Government and public servants have paid lip service to the crucial issue of effective and efficient service delivery. His study recommended that, all the professional tendencies such as, ethnicity bias and nepotism in appointment and promotions, lack of security of tenure of office, and appointment of non-career public servants in key positions in the service must stop, and also effective service delivery must be tailored to the circumstances of Nigeria.

Beetsch. Kwagha (2014) conducted a Research on challenges of Ethics and Accountability in Nigeria Civil Service and concluded that, rules and regulations, were no long observed in the Nigerian Public Service due to kind of people recruited into the service. It recommends that, selfless leadership must be adopted into the service in solving the problems. P.C. Odigbo (2020) conducted a Research on Accountability in Nigeria public service: A societal responsibility prospective. The research found that the used of fictitious invoices and receipts, falsification of government Accounts, fake declaration of Assets, violation of oath of office, payment of government jobs not done or not well excuted as the major problems of Accountability in Nigeria. The study concluded that, the use of active and passive approach in the conduct of public service delivery, empowering Anti-corruption agencies, as well as exemplary leadership of integrity by the Nation's leaders. Chidiebele. I. O and Egbunike. C.E (2018) [8] conducted a Research on Nigerian Public Sector Accountability: the way forward; using 50 staff as a sample and chi-square statistical tool. The result showed that, increase rate of corruption in Government operations, ethnicity and tribalism, political instability as well as military culture, as well as lack of strong accounting infrastructure, were the major causes of challenges of Accountability in Nigerian Public Service. Conclusively recommended that, Anti-Corruption Agencies should be re-amended and strengthen to suit the modern day Public Sector arrangement, and overhauling the ineffective ones. Otubor. O.O and Philips. O.S (2017) [29], have conducted a Research on Assessment of Financial Accountability and Economic Growth in Nigeria. The Research used descriptive survey design and used 850 staff as sample population which was drawn from public service and private sector in Jos metropolis of Plateau State; using chi-square for Data analysis. The findings among others showed that, the current practical process and timing of financial accountability in Nigeria have not enhance economic growth; rather have negative turnaround. The findings recommended that, legislators should demonstrate Accountability attitude openly, reviewing of financial rules and regulation, clear process of

honesty, protecting whistleblowers, program budgeting, public performance reporting, efficiency benchmarks, strengthen internal Audit institutions as well as Public Account Committees. Onuorah. A.C and Appah. E (2012) [28], Conducted a Research on Accountability and Public Sector Financial Management in Nigeria using 1961 – 2008 CBN statistics Data. The findings reveals that level of Accountability is very poor in Nigeria Public Sector, because the attributes of accessibility, comprehensiveness, relevance, quality, reliability and timely disclosure of economic, social and political information about Government activities are completely non-available for the citizens to assess the performance of Public officers, mostly the political office holders. The Research recommended that, for Accountability to be successful in the Management of Public Sector Finances in Nigeria, there must be a reduction in the level of corruption, improving public sector accounting and auditing standards, legislators, restructure of the Public Accounts Committees and value of money must be applied in the conduct of government business.

Methodology

Research Design

Research design according to Jonker and Pennink (2010) [18] is an arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance with the research purpose. It specifies the methods and procedures for the collection, measurement, and analysis of data. With respect to the current study, descriptive survey research design was used (Mohamed, Ngui and Mulili, 2017) [26]. This research adopted the descriptive survey design conducted in Kano State metropolis, where both public and private establishments exist. A descriptive survey design is the collection of information from a common group through interviews or the application of questionnaires to a representative sample of that group. This design was preferred because very large samples are feasible, making the results statistically significant even when analyzing multiple variables (Creswell, 2013).

Population of the Study

Target population is that population to which a researcher wants to generalize the results of the study (Dul and Hak, 2007) cited in (Mohamed, Ngui and Mulili, 2017) [26]. The population of the study was made up of 850 people drawn from federal and State establishments selected from six geo political zones and with age bracket from twenty five years and above to accommodate adequate respondents with variant views. The selection of the target respondents was by the researcher who personally visied some federal and State establishments in the six zones and conducted the survey responses within five weeks from the respondents. Basically, the source of data for this research is primary.

Table 1: Responses

Sectors	Federal Staff	State Gov't Staff	Total
No. of Responses		415	850

Source: Researcher's Survey

Instrument for Data Collection and Analysis

The instrument for the data collection was a self-administered questionnaire mainly of open-ended questions. Adopting this

enables, respondents expressed their opinions without constrain and reservation. Furthermore, Chi-square statistical tool was used to test the hypothesis to see deviations of actual observations (observed frequency) from the expected. Justification for the use of the data collection method and statistical tool is that Rafiu & Oyedokun (2007) [33] that did similar study on: “Auditing and Accountability Mechanism in the Public Sector applied questionnaires data collection method and Chi – square tool to analyze the data”.

Chi-square formula used

$$\chi^2 = \frac{\sum [(f_o - f_e)^2]}{f_e}$$

O = Observed value (frequency);

E = Expected value (frequency) and

Σ = Summation sign.

Degree of freedom = (Rows - 1) (Column -1)

Level of significance = 0.05

H₀: Present process of financial accountability does not enhance public financial management

H₁: Present process of financial accountability does enhance public financial management

H₀: Present time for financial accountability does not ginger public financial management

H₁: Present needed time for financial accountability does ginger public financial management

Table 1 above, shows the representation of the responses of the federal and State establishments. The federal Staff responded more than the State Government Staff. There could be factors to why these responses varied as can be shown. That is for further studies.

The null hypotheses are

H₀: The present process of financial accountability does not enhance management of public sector finances in Nigeria.

H₀: The present needed time for financial accountability does not ginger public sector accountability in Nigerian public services.

Decision Rule

Whenever the P-value is more than the level of significance 0.05, we accept H₀ and we reject H₁.

However, when it is less than the level of significance of 0.05, we reject H₀ and we accept H₁.

The application of chi square compares variable, the observed frequencies with the expected frequencies.

The expected frequency was first calculated and it tested the observed frequencies (Table 1).

Since we have two sectors of respondents, we expect half of the individuals to fall in each of the sector. Half (50%) of 850 is 425. Table 2 shows the calculations of the observed and expected frequencies for each establishment resulting to 0.48

Table 2: Observed and Expected Frequencies calculations

Sectors	O	E	O-E	(O-E) ²	(O-E) ² /E
Federal Staff	435	425	10	100	0.24
State Gov't Staff	415	425	-10	100	0.24
Total	850	850			

Source: Researcher's Calculations

Discussion and Findings

This section of the study discussed based on the major findings of the study which are that;

1. The present process of financial accountability in Nigeria does not enhance management of public sector finances in Nigeria which is big challenge to the Nation.
2. Also the present needed time for reporting financial accountability does not ginger the management of public sector finances in Nigeria which is a very big concern to be tackled.

In the first list, the present process of financial accountability in Nigeria does not enhance public financial accountability. Considering the purpose of this research, the extent of present process of financial accountability affects public financial management of Nigeria in a negative progression. Financial accountability should enable public financial management in consonant with the dynamics of management. One important exposure is that, financial accountability could benefit financial management in all sectors. From the analysis in table 2, each establishment has different observed frequency. None is same. But the level of significance of 0.05, that is, half (50%) of the total observed frequency gave 425 expected frequency which is common to all the establishments. From the analysis of this study, it is clear that the present process of financial accountability in Nigeria does not enhance public financial management. In support of this finding, findings from other researchers showed that the way financial accountability have been practiced has not encouraged public financial management and recommended that poor financial accountability can be improved by revisiting the processes of accountability (Agbodike & Udunze, 2015) [5].

Secondly, the present needed time for reporting financial accountability does not ginger public financial management in Nigeria considering the negative attitude and behaviours of those responsible for rendering financial accountability. Considering the decision rule in this study since the P-value (0.48) from the chi-square is more than the level of significance, H₀ definitely be accepted and H₁ rejected. The analysis shows that considering all other factors for financial accountability, the present time needed by establishments to render financial reports stood out to be not the best approach hence public financial management in Nigeria cannot stand the taste of time in comparison with other developing nations. The result further explains that the earlier a second look is taken on timing of financial accountability by establishments in both sectors, the better if growth of Nigeria's economy is the main consideration. The existing financial accountability timing system needs a revisit to improve performance. For public financial management of any nation, financial timing and process are important which most importantly involves all financial activities (Dalia, Merieta & Sabin, 2015) [11]. More so, the major purposes for any economy to grow it include: stability; economic sustainability

and development that are not separated from one another (Dalia, Merieta & Sabin, 2015) ^[11].

Conclusion

In conclusion, financial accountability is the ability of putting together figures to form a report with the view of conveying a message for decision making. The more financial accountability is modified in consideration of a revisit to the present process and timing, the better the development of Nigeria economy. Interestingly, Federal and State establishment are prone to negative tendencies of “process” and “timing”. The present financial accountability in the public sector is not in consonant with due diligence where the process and timing are negatively affected. Most times, the process is ignored and timing not consistent. All these do not enhance public financial management in Nigeria. Significantly, any nation that intends to grow economically must look at aspect of financial accountability. But the process and timing of rendering financial accountability is an aspect much more to be considered.

Recommendations

For Nigerian economy to developed in consideration of this finding, the present process of financial accountability needs to be revisited by professional accounting bodies and government parliamentarians saddled with making of laws by adopting a modern process of financial accountability. The present process of rendering financial reports has not helped the public financial management of Nigeria. The process should be brief and not cumbersome so that necessary variables are understood by whoever reads it. The mode of presentation of figures should be made simple and straight to the point.

Now that these findings have indicated that the present needed time for financial accountability does not trigger public financial management in Nigeria, timing for financial accountability should be clearly short and brief but with the major variables captured. Where too long time is taken to render financial accountability, should be avoided to enable quick decision taking for public financial management. Delay in taking decision when it comes to public financial management is dangerous to Nigeria’s success.

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