**AN ASSESSMENT OF THE LEGAL FRAMEWORK OF THE ROLE OF LEGISLATURE IN NIGERIA’S BUDGET PROCESS**

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**ABSTRACT**

The budget is the most crucial instrument for economic management and the vehicle for achieving

government’s public policy goals. It is an important governance issue which has very negative effects on administration when not properly managed. Succinctly, there are extant laws that empower the legislature and confer upon them certain responsibilities over the National purse; hence, the study titled “An Assessment of the legal framework of the role of legislature in Nigeria’s budget process” to examine the adequacy of existing constitutional and other framework in place to guarantee the role of the legislature in budgeting. Although, there has been significant increase in literature on the subject matter especially since the beginning of the fourth republic in Nigeria but only few of these studies have focused on the role of the National Assembly in budget process.

This study adopted the ex-post facto research design which rely solely on relevant information sourced from the survey of journals, articles, textbooks, archival documents, National Assembly’s

official documents among others for data collection. Examining the effectiveness of National Assembly in budgeting was sourced from secondary data which are arguments advanced by scholars on the importance of establishing the roles of the National Assembly in the budget process. Evaluation of adequacy of existing constitutional and legal framework that guaranteed the involvement of legislature in the budget process was obtained from the 1999 constitution and other legal documents. Factors hindering the National Assembly from performing effectively its functions in the budget circle were sourced from official documents and existing literature. Proffered solutions to ameliorate the impact of the identified impending factors to the effectiveness of the legislature in budgeting were collated views and arguments advanced by scholars who first identified the problem and also proffered solution; thus, all these data were critically analyzed with the content analysis measure.

Findings shows that there was currently adequacy of existing constitutional and other legal frameworks in place to guarantee the involvement of the National Assembly in the budget process. It also indicated that the National Assembly is a very important actor in the budget process in Nigeria; as the national budget will not take effect without the approval of the nation’s apex legislative assembly. Furthermore, it established that there were avalanche of challenges hindering the National Assembly from effectively performing its functions.

Consequently, this study recommended separation of powers between the executive and legislature, where there is synergy, cooperation, bridging communication gaps and closing ranks before the appropriation bill is formally presented, during enactment, implementation and evaluation to avoid unnecessary misunderstandings in the passage of the appropriation bill. In conclusion, it acknowledged the importance of budgeting as a significant instrument of fiscal policy; it also reiterated the tripartite mandate of the legislature and its crucial role in budgeting. Suffice to say, there were adequate existing constitutional and legal framework in place to guarantee the involvement of the National Assembly in the budget process. However, there were challenges identified as impediments to the effective performance of the legislature and solutions were proffered to curb the challenges.

# CHAPTER ONE INTRODUCTION

* 1. **Background to the Study**

Government budget refers to a country’s financial plan encompassing revenue and expenditure over a period of one year. It therefore, provides important government revenue sources and items on which such revenues would be spent within a specific period, usually one year. This entails that budget outlines government policies, strategies and fiscal implications of public programs over the financial year while simultaneously setting aside resources necessary for executing such projects, policies and/or programmes captured in the budget (Kipkirui, 2009). Thus, government budget encompasses government’s priorities on the diverse developmental needs of a country and course of action to address them. However, any government budget that is not properly and carefully prepared in substantial detail engenders inefficient and wasteful expenditure as outcome. Budget either encourages or discourages corruption depending on how well or otherwise the process that produced it is. Government budget is an essential instrument for achieving three significant policy objectives (Renzio 2004; Schick, 2001; World Bank, 2002). These significant policy objectives include – fiscal discipline, allocation efficiency and operational efficiency in governance and use of public resources.

Across the world, parliaments play very fundamental role in determining the annual budget and in ensuring effective oversight of the budgetary (Lienert, 2013). Legislators as elected peoples’ representatives adopt various budget strategies and policies when fiscal policies and medium-term budgetary objectives are debated in parliament and annual budget laws are adopted by the parliament. Therefore, if the legislature is bypassed or is inactive in budget decision making, fiscal policies are decided by politicians on the advice of unelected officials or appointees of government.

However, this is an aberration under a democratic setting where there is separation of powers as well as checks and balances (Fajingbesi, 2016). This is because, in the absence of strong accountability arrangements on the government, there is a risk that budgetary policies reflect the wishes of those in the executive arm of government which may be in contrast to the yearnings of the people. Therefore, it is an essential part of democracy for the legislature to be actively involved in the budget process.

Generally speaking, legislatures play three types of roles in the budget process: budget making, budget influencing, and budget approving. The legislature has played a more active role in budget process in the past three decades following the high wave of democracy as the most accepted type of government (Posner & Park 2007; Schick 2001). Lienert, (2013), stated that the impact of the legislature on the budget and fiscal policy outcomes is minimal because they have less control on such policies after approval. He maintained that in deciding fiscal policies, legislators usually have a short-range perspective as legislators’ interests are more often concentrated on maximizing electorates’ interest on budget spending. Given the limited resources that is always at the disposal of government, there is usually the permutation of who gets what, when and how especially during the budget approval stage. In most democracies, parliament has unfettered power to alter budgetary estimates and can effect changes by either increasing or reducing spending and/or revenues (Fajingbesi, 2016).

Parliamentary budgetary decisions making process is subject to several intervening political factors. Some these factors include but not limited to the role and number of political parties; political party cohesion; the composition of legislatures (unicameral or bicameral); existing consensus mechanism within the legislature; the re-election incentives of members of parliament; etc. (Lienert, 2013).

The budgetary powers of legislatures are highly variable and give the budget process a direction (Lienert 2005; Wehner 2010). This reflects very different constitutional arrangements, legal constraints on parliaments, political factors and budgetary traditions. According to the Organization for Economic Co-operation and Development (OECD), the legislature’s budget powers are highest where the separation between legislative and executive powers is strongest, notably in presidential systems. However, there is not a one-to-one relationship between the form of government (parliamentary versus presidential) and budgetary powers. Evidence has shown that parliamentary budgetary powers are particularly strong when political separation is accompanied by unlimited budget amendment authority by parliament (Lienert, 2013).

In Nigeria, the 1999 Constitution of the Federal Republic of Nigeria (as altered) gives power of the purse to the legislature (National & State Assemblies). This entails that the nation’s annual or supplementary budget embodying projections of government revenue sources and expenditure must receive the approval of the National Assembly at the federal level and state houses of assembly at the state level. This study therefore, seeks to examine the role of the legislature in the budget process or circle in Nigeria with a special focus on the effectiveness the National Assembly.

# Statement of the Problem

The budget is the most crucial instrument for economic management as it is the vehicle for achieving government’s public policy goals. In Nigeria, Sections 80-84 of the Constitution of the Federal Republic of Nigeria, 1999 provide that no money can be spent or generated by the Federal Republic of Nigeria without the approval of the National Assembly. This is to say that the 1999 Constitution and Fiscal Responsibility Act 2007 provide for no limitations on the National

Assembly’s power to amend the annual Appropriations Bill. Basically, the National Assembly is empowered by several legal frameworks to alter, amend or adjust the draft budget thereby giving it power to increase or reduce projected revenue or total expenditure with a few to achieving balanced budget where expenditure does not outweighs revenue.

Section 80(4) of the 1999 Constitution precisely provides that ‘*No money shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly.*’ While Section 81(1) states the timeframe open for the executive to submit the budget proposal to the National Assembly for consideration. It explicitly states that: ‘*The President shall cause to be prepared and laid before each House of the National Assembly at any time in each financial year estimates of the revenues and expenditure of the Federation for the next following financial year*.’

Similarly, the 1999 Constitution in Sections 80–84 confers ‘appropriation powers’ on the National Assembly and its responsibilities over the national purse. The Fiscal Responsibilities Act 2017 confers on the nation’s national parliament the formulation and planning powers in Section 18, where the Act unambiguously stated that the Medium Term Expenditure Framework (MTEF) should be the basis for preparing the estimates of revenue and expenditure in the national budget per annum. Thus, the two Chambers of the National Assembly are required by law to pass the same version of the budget (or MTEF) for it to qualify for presidential assent and legal instrument. However, when there are variations in the version passed by the two houses of the National Assembly, the Conference Committee for harmonization and concurrence is constituted and mandated to harmonize the two versions to produce one clean copy. Thus, the 1999 Constitution specifies the roles and responsibilities regarding the submission, adoption and approval of the Appropriations Bill. The 1999 Constitution also provides that, upon passage of the Appropriations

Bill, the National Assembly should send the bill to the president for assent within 30 days, failing which the National Assembly may veto the bill. Section 82 of the 1999 Constitution authorizes spending from the Consolidated Revenue Fund for up to six months in the New Year, pending the passage of the Appropriations Bill.

The budget process is a very important governance issue which has very negative effects on administration when not properly managed. The nation’s national budget circle has not been disrupted despite conflictual legislature- executive relations experienced under Chief Olusegun Obansanjo (who had 5 senate presidents and 3 speakers in 8 years) and Dr. Goodluck Jonathan (the Rt. Hon. Aminu Waziri Tambuwal as speaker) regimes as well as Muhammad Buhari’s first term when Sen. Bukola Saraki and Rt. Hon. Yakubu Dogara were elected President of Senate and Speaker of House of Representative respectively against the will of the President. However, the time for laying the budget continually changed, yet the circle remained unbroken. Thus this study seeks to examine the legal framework of the role of legislature in Nigeria’s budget process.

# Research Questions

The following research questions serves as compass to direct this study:

* + 1. What is the role of the National Assembly in the budget process in Nigeria.
    2. How adequate are constitutional and other legal frameworks/ provisions for the role of the legislature in Nigeria’s budget process?
    3. Are there factors hindering the National Assembly from performing effectively its functions in the budget circle?
    4. What are the solutions to ameliorate the impact of the identified factors impeding legislative effectiveness in the budget process in Nigeria?

# Objectives of the Study

The broad objective of this study is to assess the role of the legislature in the budget process in a democratic setting. Specifically, this study seeks to:

* + 1. Examine the role of the National Assembly in the budgeting process in Nigeria;
    2. Evaluate the adequacy of existing constitutional and other legal framework in place to guarantee the involvement of the legislature in the budget process in Nigeria;
    3. Assess factors hindering the National Assembly from performing effectively its functions in the budget circle; and
    4. Proffer solutions to ameliorate the impact of the identified factors impeding legislative effectiveness in the budget process in Nigeria.

# Scope of the Study

This study focuses on the role of the National Assembly in Nigeria’s federal government budget process in the Fourth Republic. This restriction to the National Assembly in the Fourth Republic became imperative because of a number of reason. First, the republic has lasted for over twenty years and has provided adequate space and events worthy of examination. Secondly, the role of the National Assembly in the budget process can never be overemphasized. As the nation’s national legislative body and the highest lawmaking assembly in the country, the National

Assembly’s role deserves study to understand how well it has played its role in the budget process in general and government expenditure in particular.

# Significance of the Study

There are arguably several studies on the budget process in the country as it is in every democracy, however there are very few ones that focuses on/ examines the role of the legislature in budget process. This is because of two main reasons – firstly, the importance of budget in public finance management for the authoritative allocation secondly, of resources and of the role of the legislature in approving government expenditure. Although there has been significant increase in literature on the subject-matter, especially since the beginning of the fourth republic in Nigeria, however, only few of these studies have focused on the role of the National Assembly in the budget process. Therefore, this study is intended to fill the existing gap in literature and to further enrich the sophistication of this sub-field.

Also, this study would make original contribution to the existing stock of knowledge on the role of the legislature in the budget process in Nigeria and indeed across democracies. It would also be invaluable in extending the theoretical and empirical frontiers of knowledge in this particular area of study. In the same vein, the study will offer a good lead in the series of attempts to resolve theoretical and conceptual issues associated with the subject-matter. This study is being conducted with the hope that the outcome and findings would challenge other scholars and researchers to imitate and advance the findings and explore other aspects of the subject-matter with the main aim of increasing the richness and broadening the intellectual frontiers in this area of study.

The conclusion and recommendations from this study will be useful to members of the National Assembly, members of the general public, the academia, scholars and students as well as other growing democracies across the world.

# Definition of Concepts

**Budget:** This an estimate of income and expenditure for a set period of time. A government budget is a document prepared by the government and/or other political entity presenting its anticipated tax revenues (Inheritance tax, income tax, corporation tax, import taxes) and proposed spending/expenditure (Healthcare, Education, Defense, Roads, State Benefit) for the coming financial year.

**Budget Process:** This is the means by which the executive and legislative arms of government together formulate a coherent set of revenue and spending proposal that covers a period of one fiscal year.

**Legislature:** This is the arm of government saddled with the tripartite functions of lawmaking, representation and oversight. In otherwords, it is responsible for enacting the laws of the state and appropriating the money necessary to operate the government and oversight public spendings.

# CHAPTER TWO

**LITERATURE REVIEW AND THEORETICAL FRAMEWORK**

This chapter reviewed extant literature on Budget, Legislature, Government Budget Process and the Effectiveness of the National Assembly in Budgetings. It also captures the theoretical framework considered appropriate and suitable that served as a compass to this study.

# Budget

Governments all over the world no matter the type and level, do come to power with an intention to deploy all resources at the disposal of the state to deliver qualitative goods and services that are people and development oriented (Iloh & Nwokedi, 2016). According to Akpan (2008), such intended policies, projects and planned programmes as well as their financial implications are normally communicated to the various critical stakeholders in a document called the annual budget or appropriation Bill/Act. Therefore, a government budget entails a financial plan which describes policies, projects and programmes that it intends to pursue in the coming period (usually one financial year) alongside with their cost implications. Collaborating Akpan’s argument, Obara (2013) views budget as an official/public finance instrument that provides in detail the estimated receipts and proposed spending under different heads for a specified period for the purposes of finance prudence and accountability.

Akpan (2008) further posited that budget evolved from the French word – bougette – which is a small leather bag or wallet containing spending money along with the spending plan, the origin of budget or budgeting can be traced to France. He maintained that government budget articulates public decisions relating to taxation, loyalties, borrowing, and expenditure aides as well as other

fiscal matters. These decisions and policies are systematically linked together to form a part of the overall set of objectives which government plans to pursue within a specified period (usually one fiscal year). This underscores the importance and the indispensability of public/government budget in public finance management for two critical functions.

1. The budget is the most crucial instrument for economic management because it is an annual, financial and economic plan for resource mobilization and allocation, and the tool for achieving government’s public policy goals. The Constitution and other legal framework bestow on the National Assembly the power of the purse. While several institutions offer support to the legislature in the budget process, Legislative Aides have the privilege of working directly with members thus, serving as the most immediate resource and expert pool for them. Understanding the budget process and enhancing the skill set of Legislative Aides in that process is the focus of this presentation. In the literary sense of it, budgeting is the process of creating a plan to obtain and spend income. Government budget is an annual financial statement which outlines the estimated government expenditure and expected government revenues for the forthcoming fiscal year.
2. The budget serves as a mechanism for allocating resources among different needs and priorities as well as bringing economic stability and growth. It is an important tool for the implementation of policy decisions to achieve social, economic and political objectives. It involves the determination of resources and their use for attainment of government objectives. It also serves as a tool for economic and financial management.

Akpan (2008) is also of the view that the formulation of a good budget must be in accordance with the following basic principles:

* 1. It must present an account of the previous year’s achievement in relation to fiscal policies and approved programmes. The essence of this as said before, is to provide a launching pad and direction for tomorrow’s plan.
  2. The budget proposals need to be supported by an analytical description of the current economic state of the nation or state along with the position of the treasury.
  3. It must be as clear as possible leaving no one in doubt as to the government intensions and direction of policies.
  4. The estimates should not be too far from the actual under normal conditions even though one does not expect complete accuracy.
  5. It should reflect the overall policy and purpose of government and should be so designed as to help the society move forward.

Similarly, Iloh & Nwokedi (2016) views budget to be the key tool of fiscal policy utilized to foster stable growth, sustainable development and prosperity in the economy. This assertion is in agreement with the position of Ugoh & Ukpere (2009) who portrayed government budget as an inclusive document that captures activities (both economic and non-economic) a government intends to carry out with special attention on policies, objectives and strategies for achievements that are substantiated with revenue and expenditure projections. In agreement with Iloh and Nwokedi (2016), Ojo (2012) perceives budget as a policy document outlining the statement of estimated income and projected expenditure over a time period, usually a year, of the government. These are indeed good opinions about what constitutes government budget. These scholars’ views are laudable however, Kwanashie (2003) provides an all-encompassing and comprehensive view of what constitutes a budget. According to Kwanashie (2003):

The budget is a key instrument for macroeconomic management in most economies and its efficacy determines the success of governments in meeting

societal goals. The budget is also a tool for the implementation of social, political and economic policies and priorities which impact on the lives of the population…A budget is a plan and we know that plans depend heavily on information, analysis and projections. A successful budget must be a product of a process that is based on sound and quality information, rigorous impact analysis and an effective feedback mechanism to internalize lessons of past budgets. The budget is an integrated output of a dynamic process in which the connections between the various sectors are critical for its ultimate impact and should be looked at in a holistic manner.

Inferring from the forgoing arguments therefore, budget is not only a veritable vehicle for fostering national growth and development, but also for stimulating participatory democracy. This explains why democracies have developed the culture of involving their citizens in the budget process through their representatives in the legislature (Kwanashie, 2003). Apart availing the constituents/ electorates the opportunity to identify and prioritize the projects and programmes they need for the fiscal year, this participatory practice also gives them a sense of belonging as critical stakeholder in the governance system of the state, thereby deepening democratic culture in the society. However, in Nigeria, budgeting is seen as an exclusive responsibility of the executive arm of the government, with the legislature participating at the approval and audit stages. They assume better knowledge of the problems and priorities of the citizens more than the citizens themselves, and as such, completely sideline them in the preparation of the budget and in its implementation too (Iloh & Nwokedi, 2016; Obara, 2013). Participatory budgeting solves or reduces most of the problems accompanying budgeting such corruption, poor and selective implementation, as well as extra-budgetary spending.

Iloh & Nwokedi (2016) further posit that the government or public budget is different from other forms of budgets in many ways. Under government budgeting, the voters delegate the power of spending their money to the politicians or the elected representatives.

# Budget Outcomes

Having established what budgeting entails, it is imperative to note the various budget outcomes and they are captured below:

1. **Balanced Budget:** As suggested by the name a balanced budget is that which has no deficit or surplus. The revenues generated or projected are equal to the expenditures. A government budget is said to be a balanced budget if the estimated government expenditure is equal to expected government receipts in a particular financial year. Advocated by many classical economists, this type of budget is based on the principle of “living within means.” They believed the government’s expenditure should not exceed their revenue. Though an ideal approach to achieve a balanced economy and maintain fiscal discipline, a balanced budget does not ensure financial stability.
2. **Surplus Budget:** A government budget is said to be a surplus budget if the expected government revenues exceed the estimated government expenditure in a particular financial year. This means that the revenues accruing to government in that financial year from taxes levied are greater than the amount the government spends on public welfare. A surplus budget denotes the financial affluence of a country. Such a budget can be implemented at times of inflation to reduce aggregate demand. This kind of budget impacts economic growth and development as it encourages fiscal flexibility, leads to decline in government debts as it has excess funds to service or pay off existing debts owed, lowers interest rates on credit facilities and culminates in deflation in the economy. It may also lead to economic decline, negative deflation effects such as less money in circulation and discourage domestic production, etc. if not properly managed.
3. **Deficit Budget**: A government budget is classified as a deficit budget if the estimated government expenditure exceeds the expected government revenue in a particular financial year. This type of budget is best suited for developing economies, such as India. Especially helpful at times of recession, a deficit budget helps generate additional demand and boost the rate of economic growth. Here, the government incurs the excessive expenditure to improve the employment rate. This play important role in addressing social issues of unemployment and poverty rate during economic crunch or recession and encourages welfarism in government spending as well as foster prudence in government spending. It however, increases government’s debt burden as government may resort to borrowing in order to fund the budget.

Other outcomes of budget include:

* 1. **Revenue Budget:** It is just the details of the revenue received by the government through taxes and other sources and the expenditure that is met through it.
  2. **Performance-Based Budget:** This type of budget is mostly used by the organizations and ministries involved in the developmental activities. This process of budgeting, takes into account the end result or the performance of the developmental programme thus insuring cost effective and efficient planning. With the increasing developmental challenges and awareness regarding the usage of tax payer’s money, new methods of budgeting are required of which the performance based budgeting has emerged as a transparent and accountable method. It relies on three aspects of understanding of the final outcome, the strategies formulated to reach those final outcomes and the specific activities that were carried out to achieve those outcomes. With a very detailed and objective analysis, this budgeting process is very result oriented in its approach.
  3. **Zero based budget:** Zero based budgeting has its clear advantage when the limited resources are to be allotted carefully and objectively. It is quite flexible in nature and relies on rational methods, systematic evaluation to reallocate resources and justify the usage of funds. It starts from a zero base unlike traditional budgets where incremental approach is used. Here, the needs and costs of every function of the organization are taken into consideration for the next year’s budget. So the budget is futuristic and may or may not be equal or more from the last year’s budget as traditionally calculated.

Ultimately, the budget is an instrument used by countries, both government and the private sector organizations to ensure fiscal discipline, set achievable goals, determine how to fund the processes of achieving the set goals, determine the time frame and assess achievements. These reviewed literature failed to capture the importance of they placed premium on achievements and the means of attaining them with little or no attention on fiscal discipline and thereby paving the way for sharp and corrupt practices to thrive. Thus, this study will try to bridge this gap as it will seek ways that fiscal discipline can be guaranteed in Nigeria’s budget process by harping on the importance of strict oversight of the budget execution and emphasizing the evaluation stage of the budget process.

Ndan (2007) outlined the functions and objectives of budget. According to him, the rationale a public budget is to ensure fiscal discipline and efficiency in public spending. Although there may be variations among countries, Ndan (2007) identifies the objectives and functions of a typical budget to include the following: the effective allocation of resources and projections on means to generate such revenues. According to him, both government expenditure and taxation policies influence the allocation of resources. The budget decision making process must take account of the allocation consequences. For instance, a decision to increase government

expenditure on road construction, power, housing, etc., will have wide spread effects on the private sector. In Nigeria and many other countries, the government accepts responsibility for the degree of inequality in wealth and income distribution. It therefore uses its budgetary policy from time to time to narrow the gap in income distribution among the various segments of the society.

Ndan (2007) opined that the budget is also used as a tool to manage and control government expenditure. This deals with accountability as well as efficient use of resources within the government industries. Variations in government expenditure and taxation inherent in budgetary decisions from time to time are sometimes used to stabilize the economy. Inflation and unemployment are typical economics problems which government may control through the instrumentality of the budget. Also, the budget through its provisions may be used in protecting local industries. Finally, the budget ensures financial control and audit.

However, for Osaretin (2021), budget seeks to achieve a number of objectives in government spending. These include:

1. **Adequacy**: Government seeks to achieve adequacy of revenue to finance the projected expenditure;
2. **Inclusive:** Government wants to achieve administration by ensuring that its budget benefits everyone including the poor, vulnerable in the society;
3. **Priority:** Budget is a tool that avails the government the opportunity to prioritize on what is important and urgent to be given attention as against things that are necessary but not important in the scheme of things;
4. **Equity:** It enables government to be fair and equitable in the allocation of state resources as well in citing projects and launching programmes during budgeting;
5. **Efficiency:** It engenders efficient spending in order to ensure that resources are maximized in spending. This ensures that government achieve results with minimum resources;
6. **Effectiveness:** Government uses budget as a mechanism to ensure that state resources are spent on right thing or better used elsewhere; and
7. **Sustainable:** During budgeting, the government determine the suitability and sustainability of projects, policies and programme in order not to spend on issues that do not deserve its attention or not sustainable.

Osareti (2021) posited that a good budgeting system remains a major driver of a well- functioning governance system in a living democracy. Any more move to strengthen the governance system must therefore start with assessing the quality level of the existing budgetary system. In this regard, there are six essential characteristics that have been universally accepted, on the basis of international experience, as the framework for assessing a good budgetary system. These essential features according to Osareti (2021) are:

1. *Constructive political engagement: -*

This requires that government’s planned activities in the budget must reflect political intentions and promises of politicians in power. All the arms of government especially the executive and the legislature must be actively involved in the framing of the budget strategy right from the beginning without waiting until the draft copy has been prepared. This is because late involvement builds pressures which open the door for unaffordable capital projects to gain entry in the budget, then making it a wish-list.

1. *Policy clarity, consistency and affordability:-*

This refers to the quality of policy analysis and formulation. This requires that there be government-level policy statements and priority areas which provide guidance and direction to the live ministries in terms of need and affordability. There must exist a credible budget performance feedback mechanism which makes available on consistent basis information on the extent policy objectives have been realized.

1. *Predictability:-*

Affordability is manifested in the manner funds are released to finance both operations and capital projects. Since expenditures are not targeted at priority programmes, there is the tendency to take on too much with too little resource. When policy shocks occur, uncertainty develops and there is a resorting to the popular ‘cash flow’ pattern of budget funding. The poor manner in which capital programmes are prepared which does not specify time frames for fund requirement an easy game. The practice of arbitrary allocating cash in time of actual payments by the executive and treasury further heats the budgetary system.

1. *Transparency:-*

This is how open government is running managing the affairs of the state. It shows the access the civil society has on the delivery of public services and resource utilization. The public must be allowed to know how much value the society is deriving from public money so far spent by government.

1. *Comprehensiveness:-*

This has to do with the extent the budget captures all activities of government ministries, departments and agencies and all operations of all state owned or partially owned parastatal as they affect their revenue-raising and spending in order to assess the possible trade-offs between different policy options.

*(i) Accountability: -*

It requires that public officers in position of trust given the mandate to spend public resources on behalf of the people should account for the exercise of that mandate. In this regard, all budget officials and line ministries must stand ready to answer for the use of public funds and be ready to face the consequence of any misuse of such funds (Osaretin, 2021).

A good budget system according to Osaretin (2021) must possess the above discussed basic characteristics. Thus, in developing a government or public budget, these features are indispensable. Government exercise enormous control on the society through the budget process and the people also judge the performance of a government based its ability to meet its projected revenue and estimated expenditure.

# Budget Process

Budget process underscores the process by which governments create and approve budgets. It is therefore a means by which executive and legislative branches of government together formulate coherent set of taxing and spending proposals (Akpa, 2008). The mechanics of this process, and the relative roles of the two arms of government differ considerable among countries.

According to Oshisami (1992), the budget cycle entails a complete set of events occurring in the same sequence every year and culminating in the approved budget. In constitutional democracies where there is separation of powers between the Executive and Legislative arms of government, the budget cycle has four discernable stages (Oshisami, 1992). These stages include: planning/ preparation stage, enactment stage, implementation stage and monitoring and evaluation stage. Granted that the ideal cycle is stipulated, the actual practice in Nigeria however depicts a very much unstable cycle. However, the operations of all these phases have to be coordinated to

achieve a sound budgetary process since they are not mutually exclusive (Oshisami, 1992; Ndan, 2007). Akpa (2008) is of the view that the budget cycle is better captured by the generic budgeting process. The generic budgeting process is made up of six phases in a cycle as presented;

Figure 2.1: The generic government budget process

Phase 6: Reporting and audit

Phase 2: Strategic development planning

Phase 1: Policy review and analysis

Phase 3: Budget preparation

**Source:** DFID Guidelines, 2001 version 1

Phase 4: Budget execution

Phase 5: Budget tracking and monitoring

## Policy Review and Development and Strategic Planning

Policy development and strategic planning sessions are organized at the instance of the sitting government involving all the relevant stakeholders to articulate policy directive taking into account the macroeconomic fundamentals of the economy. In this activity, the executive arm in consultation with the legislative arm along with the relevant stakeholders packages the government goals and objectives, policies and strategies as well as a selection of programmes and projects as prioritized and scheduled in the development plan document. The outcome of these consultative retreats is the government’s action plan or policy thrust for the next fiscal year and forwarded under-directive to the budget office via the ministry of finance and economic planning.

## Budget preparation and execution

The budget crafting and execution phases entail the following activities.

1. **The call circular:** The Budget Office in the federal ministering of Finance and National Planning issues circular to all ministries, departments and agencies calling on them to prepare and submit their individual budgetary estimates to them.
2. **Advance proposals and budget hearing:** The executive carries out series of proposal appraisal or scrutiny in order to ensure that it captures minute details of revenue projections and expenditure estimates for the financial year.
3. **Presentation to executive council**: The draft budget is presented to the executive council for approval before it goes to the legislature.
4. **Legislative examination, hearing and passage**: This stage captures the laying of the Appropriation Bill by the president of his delegate in a joint session of the National Assembly in the case of Nigeria. The legislature then takes a holistic scrutiny of the projections query the various MDAs in order to ensure that resources are judiciously utilized with the financial year under projection before granting approval which turns it to Appropriation Act once the presidential assent is granted.
5. **Assent to appropriation bill:** The presidential assent is what makes the budget a legal document for government decisions.
   * 1. *Budget tracking and reporting and audit*. This includes the following step:
        1. Budget tracking
        2. Reporting and audit

Auditor-General reviews that extent of complains with the budget and reports in detail to the public accounts committee the two chambers of the National Assembly which advisers the

legislative and initiates actions where need be. It also requires that expenditure information be publicly made available via the House of Assembly and State Legislature.

The medium-term expenditure framework (MTEF) is a very important area in Nigeria’s fiscal and public finance policy preceding annual national budget where the National Assembly play a very fundamental role. It has been recommended as an integral component of regular government budget process. It promises to introduce medium-term perspective to budgeting of introducing strategic thinking into the budget process. The focus on realistic aggregate allocation decisions. Its essences is to force leaders think ahead of time by forecasting the future consequence of present ahead decisions thus pinpointing to government whether undertaking more than it can afford (Akpa, 2008).

Akpan (2008) and Oshisami (1992) failed to stress the centrality of monitoring and evaluation in the budget process as their emphasis were on (a) policy review and development and strategic planning and budget preparation and execution. Conversely, Fajingbesi (2016) underscored the importance of monitoring and evaluation as a feedback mechanism to ensure that government budget meets its intended objectives and when it fails to, proper attention is given towards addressing identified challenges.

Fiscal strategy paper (FSP) is another fundamental public finance instrument that requires the approval of the National Assembly preparatory to the introduction of the national budget by the executive arm of government to the National Assembly for the ratification of the appropriation bill/act.

# Legislature and Budgeting

According to Posner & Park (2007), the role of the legislature in the budget process has evolved over centuries and varies from country to country. In the United Kingdom, the ascendancy of the parliament as a political and fiscal establishment was integral to the shift from a monarchy to a democracy. Other countries have had similar experience. The independent exercise of the “power of the purse” was a primary anchor of the legislature’s emerging role in the governance process. Determining the allocation of resources among competing claims was critical to establishing the legitimacy and authority of the legislature as an institution competing with the monarchy. Over time, the legislature’s authority to appropriate public funds became the foundation for public budgeting and accountability, preceding the development of budgets by the executive. The key power of appropriation bestowed on the legislature avails it formative influence in allocating funds among competing priorities. Parliaments moved beyond this ex-ante role to assume ex-post influence over the process of budget execution and programme administration. Agencies were typically bound to follow the levels in detailed appropriation accounts in order to spend funds during the course of the year. Legislative influence over executive agencies was further reinforced by the exercise of oversight over agencies’ management and budget implementation, either directly or through independent audit offices. The roles currently exercised by legislatures actually range widely. The major influences include broader political, legal and institutional forces beyond the control of legislatures, as well as internal legislative structures and processes that can be changed by the legislature itself.

The constitutional division of responsibilities between the executive and the legislature has a major impact on legislative-executive roles in budgeting. In presidential separation-of-powers systems, like in the United States, Nigeria and Kenya, the legislature has a significant role in policy

formulation and in budgeting, partly due mainly to its independent election by constituencies that are different from those of the president as against what obtains in parliamentary systems like the UK, Canada, etc. Posner & Park (2007) further opined that legislative powers are arguably weakest under the Westminster system, where the executive leadership is drawn from the parliament and where the legislature is politically obligated to support the government. In between are modified forms including the semi-presidential system (France, Korea), the parliamentary republic (Germany, Italy) and the non-Westminster parliamentary monarchy (Netherlands, Sweden) (Lienert, 2005).

Party systems play a fundamental role in determining the degree of independence of the legislature vis-à-vis the executive. Strong, cohesive two-party systems will generally work to attenuate legislative influence. In these systems, legislatures have a working majority to support executive initiatives. Under these circumstances, there is often little incentive for the executive to bargain and little incentive for the legislature to disagree. In parliamentary systems, the majority party in the legislature can precipitate a downfall of its own government by voting against the budget or by making major amendments. The executive’s influence is further strengthened if the national party selects legislative candidates, thereby ensuring that legislative members owe their allegiance more to national party leaders than to local constituencies. On the other hand, weaker two-party systems, as well as multiple-party systems, generally strengthen the role of legislatures in budgeting and in the policy process more broadly. In these systems, the executive must bargain with more independent legislative actors to ensure majority support for budgets and policy goals. Sometimes this bargaining takes place outside of formal legislative channels and institutions, such as in pre-budgetary negotiations, but should nonetheless be considered as an exercise of legislative influence over executive decisions.

The institutional structure and role of the legislature have a bearing on the legislature’s ability to act. Generally speaking, bicameral legislatures may have greater possibilities for influence, particularly if one house has a political standing that is different from that of the government’s majority. Thus, for instance, the upper house in Australia and in Germany has different electoral constituencies and cycles that can lead to control by parties outside of the majority government. Also, legislatures that are full-time governing bodies will tend to attract members with an interest in promoting the legislature’s role, as opposed to legislatures composed of part-time members with careers outside of government. Legislative bodies whose members serve for a number of terms tend to have greater expertise and interest in participating in governing than do those where membership is considered to be temporary.

The structure of the budget will have a major bearing on the role played by the legislature in the budget process. Generally speaking, comprehensive budgets which afford maximum control to budget decision makers over allocations and levels provide the greatest opportunities for influence for political leaders, whether they are in legislative or executive branches. On the other hand, budgets with large portions deemed “uncontrollable”, due to entitlements or to trust funds that are considered to be external to general budgetary debates, will tend to limit the influence of the legislature in the annual budget process. While legislatures can still bid for influence over entitlements or trust funds, they must often pursue their interests outside the annual budget process in such areas as authorizing or enabling legislation.

Other factors lending themselves to legislative influence are more in the control of the legislature itself. For instance, as governing has grown more complex, legislative influence is in no small part a function of the capacity of the legislature to marshal the expertise and information necessary to monitor and supervise executive agencies. In this regard, legislatures that organize

their budgetary review and oversight in specialized committees help to deconstruct large, complex budgets and divide the labor of reviewing such massive amounts of information. Specialized committees also encourage legislative officials to acquire sufficient expertise to effectively compete with and, when necessary, challenge executive officials.

In a presidential system of government, the legislature plays fundamental roles across the budget process (starting with budget preparation through approval, implementation to monitoring and evaluation. According to Posner & Park (2007), the legislature’s capacity to influence budget decisions is a function of both its authority over executive budget recommendations and its internal processes for decision making. With regard to the scope of legislative authority, Wehner (2010) and Fajingbesi (20116) places legislatures into three categories of influence over budgeting:

1. Budget-making legislatures have the capacity to amend or reject the budget proposals of the executive and to substitute one of their own (Sweden, United States and Nigeria under Saraki/Dogara as president of Senate and HoR speaker respectively).
2. Budget-influencing legislatures can amend or reject executive budget proposals but lack the capacity to formulate their own independent budgets (Italy, Netherlands). The amending power is often constrained as well: many legislatures may cut but not add to executive budgets, while others may add as long as they find offsetting cuts.
3. Legislatures with little or no budget role lack the capacity to reject or amend executive proposals in any substantive way, largely for fear of prompting the fall of the government (United Kingdom).

The varying influence of legislatures in budgeting reflects, in part, differing authority to modify executive budget proposals. According to the OECD 2007 survey, 18 of the 30 OECD countries report that their legislatures have unrestricted powers to amend the budget. Legislatures

in other countries, however, can make amendments only if they do not change the overall fiscal position, while others may only decrease, not increase, proposed spending. In Japan, Sweden and the United States, the legislature has unlimited legal power to amend the budget proposal. In France and Korea, the constitution limits the scope of legislative amendments to the budget, while in the United Kingdom these limitations are contained in the parliamentary regulations. In the United States Congress, the president’s budget is regarded as only a recommendation; when Congress is controlled by a different political

# The Role of the Legislature in the Budget Process

Osarentin (2021) and Omoju (2021) are the of the view that although the preparation stage is largely within the scope of the executive, but the National Assembly also plays some roles by reviewing of past budget performance, consultations and monitoring the process at the executive (through oversight assessments, investigative hearings, etc.) level to ensure that the process is consistent with required and existing laws. This is to say that during budget preparation, the legislators do not just consult the executive but also interact with their constituents to ascertain pressing needs of their constituencies in a bid to ensure that these needs are captured in the appropriation bill at the preparation stage (Omoju, 2021). The president or any delegate of the president (usually the minister of finance) lays the budget proposal at the joint section of the National Assembly for legislative considerations. This is known as the enactment stage where the National Assembly is expected to enact (approve, adjust) the appropriation bill for president’s assent.

The role of the National Assembly at enactment stage is akin to the role of the United States Congress at this stage. According to Omoju (2021), at this stage, there are series of activities at the

National Assembly such as the scrutiny of proposed allocations to ministries, departments and agencies as well as projects and programme. Hence, legislative committees are mandated to review the budget allocations for the MDAs under its supervisions. Osaratin (2021) identified this committee stage as the committee level budget defence where every MDA is required to outline the implementation status of its budget allocations in the preceding financial year and defend the budgetary projections as captured in the appropriation bill. These committees conduct public hearings in order to harvest public opinions and views on each projects and programmes introduced in the appropriation bill and make appropriate recommendations to the committee of the whole (plenary) for final passage of the appropriation bill (Omoju, 2021). The final role of the legislature in the enactment stage is the passage and harmonisation of the budget bill by both Houses of Assembly before it is transmitted to the president for assent.

The implementation is the critical stage of the budget cycle where the Ministries, Departments and Agencies (MDAs) execute the policies, programmes and projects as approved in the Appropriation Act. In Nigeria, poor implementation has been one of the major problems affecting budget effectiveness and efficiency of resources use, resulting in a low rate of performance and inability of the government to achieve most of the spelt-out development goals and objectives (Omoju, 2021). Studies have shown that the average budget implementation level in Nigeria is less than 50% due to the prevailing situation. To ensure compliance with the projections and the objectives of the appropriation Act, the National Assembly embark on oversight of the implementing MDAs through oversight visits, on-the-spot assessments, invitations, etc.

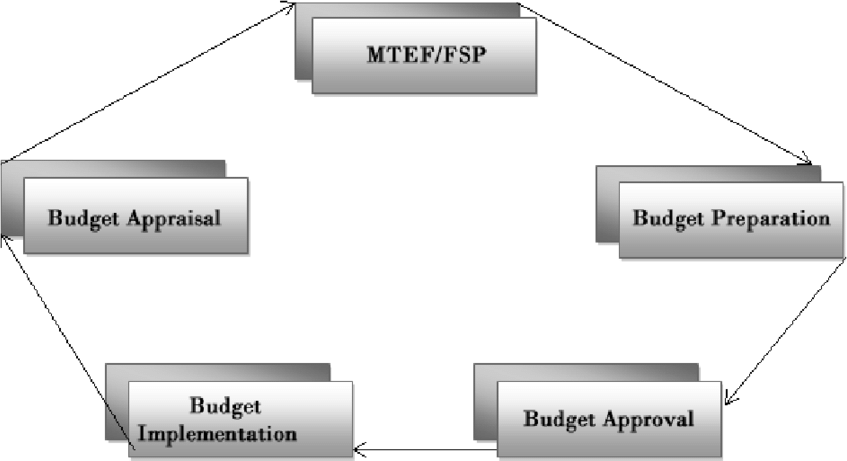
The role of the National Assembly at the monitoring and evaluation stage is purely oversight of the implementing MDAs. This the nation’s apex legislative assembly does through

investigative hearings, investigations and feedbacks from monitoring and evaluation of the budget should be incorporated into the planning of subsequent budget (Osaretin, 2021).

# The Nigerian Government Budget Process

For Fajingbesi (2016), the budget process is the decision-making process for allocating public resources to the government’s policy priorities. It is through the Budget process that the government gains the legislatures’ authority to make relevant spendings through the passage of the annual Appropriation Act. He therefore captured government budget process in Nigeria to include the following as;

Figure 2.2: Budget Process in Nigeria



# Source: Fajingbesi (2016)

Fajingbesi (2016), stated that the MTEF is an integrated top-down & bottom-up system of public expenditure management designed to achieve macro-economic stability without compromising economic development and direct the bulk of public spending to the State’s strategic priorities as articulated in the Nation’s strategic development plan and for the attainment of the SDGs. MTEF is also a public finance instrument used to assure predictability of funding and improve the value for money of the State’s spending.

Fajingbesi (2016), further posited that the budget preparation is largely within the scope of the executive, however, the National Assembly also plays some roles by reviewing the performances of past budget. It engages in consultations and monitoring the process at the Executive level to ensure that the process is consistent with required and existing laws. After the budget preparation stage follows the budget enactment stage. Under this stage, the role of the Legislature at enactment stage includes a plethora of activities in the National Assembly. First the president or his representative lays the budget estimate – Appropriation Bill in a joint seating of the two chambers of NASS. This is a ceremony that heralds the beginning of the making of a new national budget in Nigeria. There after the legislature scrutinizes the proposed allocations and engage in committee level budget defense and conduct public hearings and eventually both Houses of Assembly pass the Appropriation Bill, harmonize it and send it to the president for assent.

Implementation stage of the government budget is the critical stage of the budget cycle where the Ministries, Departments and Agencies (MDAs) execute the policies, programmes and projects as approved in the Appropriation Act. However, poor implementation has been one of the major problems affecting budget effectiveness and efficiency of resources use, resulting in a low rate of performance and inability of the government to achieve most of the spelt-out development goals and objectives. In Nigeria, the average budget implementation level is less than fifty percent.

The last stage in the budget process is the monitoring and evaluation stage. At this stage, the National Assembly carry out oversight MDAs to ensure that policies, projects and programmes budgeted for are being adequately implemented. This is to ensure that funds approved in the budget are being maximized. To do this, the legislators engage on oversight visits, carryout investigative hearings, etc. Thus, feedbacks from monitoring and evaluation of the budget is incorporated into the planning of subsequent budget.

Fajingbesi also stated that the Nigerian government budgeting process is influenced by two main factors. These factors include:

1. *Institutional environment*: This refers to the interaction between the executive and the legislature in order to have a budget for a working year. The duty to propose a budget for a running the business of government on the executive is to net the proposals well and being guided by considerations of accountability, fiscal prudence, political responsiveness to the yearnings and aspirations of the people, ensuring that the majority of the people’s lives will be positively touched by the budget. They can add or deduct as the case may be with a view to striking a fair balance that can be sustained by expected revenues.
2. *Government Budgeting Environment*: The government budgeting environment in Nigeria is characterized by pervasive uncertainties both about the past and future made so by the fact that available information is insufficient and unreliable.

For example:

* 1. No one can tell for sure what will happen to inflation, foreign exchange, global market prices, revenue flows, etc., each of these is capable of making nonsense of all promises put in the budget.
  2. The delays in the budget preparation and approval processes.
  3. Even after the budget has been approved, many changes or altercations are still possible thus making the budget to become “a series of patches”. All these are reflection of political instability.
  4. The environment is turbulent. Everyone tries to devise its own coping strategies of hedging against uncertainty. Survival becomes you trying at all times to pass on your

uncertainty to someone else. Revenue collecting units of the ministry of finance estimate low revenue while the spending ministries/agencies estimate expenditures high.

* 1. In an election year, politicians in power in an effort to secure more votes will want to do more favors to the electorate such that both revenue and expenditure estimates are high.

Because this game is well known to everyone, especially the ministry of finance, the approved budget is never relied upon in the time of budget execution. More scrutiny is therefore put in place via delivery or control. In the Nigerian environment, budget preparation and approval is more of formality than a spending document. Again, for the budget item to be funded eventually depends on patronage and lobbying power of the spending unit (Akpa, 2008). Therefore, the budget process to a large extent depends on the budget quality assessment.

# Table 2.1: Cross Country Comparison of Budget Planning.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **S/No** | **Country** | **On Budget Panning & Formulation** | **Budget Approval & Scrutiny (Average time for Approval)** | **Variation in Appropriati on Bill** | **Budget Oversight** | **Budget Evaluation & Audit** |
| 1. | USA | At the planning and formulation stage, the executive branch prepares the President's Budget (federal budget). Office of Management and Budget (OMB) and the Federal Agencies begin preparing the next budget almost immediately the President has sent the last one to the Congress for approval. OMB officially starts the process by sending planning guidance to executive branch agencies between March-June. Every activity at this stage culminates in the President sending the draft budget to the Congress on the 1 October, as specified in law, although occasionally presidents have sent it later for various reasons. For example, in a year with a transition between outgoing and incoming Administrations, the timing of the president's budget transmittal changes. Ultimately, Congress plays no significant role within this  phase of the budget circle. | This phase starts in late January or February, when the Congress receives the president's budget. The Congress does not vote on the President's Budget itself, and it does not enact a budget of its own, as such.  It considers the President's Budget proposals, passes an overall revenue and spending plan called a "budget resolution," and enacts the regular appropriations acts and other laws that control spending and receipts | Yes, because the president budget is harmonized with Congress budget to  arrive at budget resolution which serves as the federal budget of the United States. | Government Accountability Office (GAO) is the investigative arm of the Congress. It helps the Congress meet its Constitutional Responsibilities and helps improve the performance and accountability of the federal government for the  American people. It examines the use of public funds, evaluates federal programmes and activities, and provides analyses, options, recommendations, and other assistance to help the Congress make effective oversight, policy, and funding decisions. | GAO provides Congress the avenue to improve the  economy, efficiency, and effectiveness of the federal government through budget and financial audits, programme reviews and evaluations, analyses, legal opinions, investigations, and other services. It is designed to ensure that the executive arm is  accountability to the Congress and Americans. |
| 2. | Japan | Under Japan’s 1947 constitution the Cabinet has the responsibility of preparing the national budget, | In Japan, House of Representatives receives and approves the budget with  concurrence from the House of | Yes. This is because the  Diet is  empowered by | Diet oversight the implementation of the budget by the executive  arm through oversight | Diet carry out budget evaluation and monitoring |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | which must then be submitted to the lower house of the Diet. | Councilors. However, upon consideration of the budget, when the House of Councilors makes a decision different from that of the House of Representatives, and when no agreement can be reached even through a joint committee of both Houses, provided for by law, or in the case of failure by the House of Councilors to take final action within thirty (30) days, the period of recess excluded, after the receipt of the budget passed by the House of Representatives, the decision  of the House of Representatives shall be the decision of the Diet. | law to amend (increase or reduce) budget estimates or  approve it  based its caprices and in the interest of Japan. | visits, project inspections, oversight and investigative hearings, etc. | through summons, questions, etc. |
| 3. | UK | In the United Kingdom, the Treasury have complete authority over government departments on matters of details in preparation of the budget. Major issues are settled in Cabinet discussions. The British system thus vests extensive controls in the Treasury bureaucracy. Once the  U.K. budget is formulated, it is submitted to Parliament by the chancellor of the Exchequer, who is responsible for its preparation. Being a  parliamentary system, Parliament plays major role in | Relevant committees of the Parliament assess and amend budget estimates as well as approve budget of departments. | Yes. | There is fusion of power so cabinet and parliament work together to ensure that budget is properly and effectively implemented. | Ditto |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | every aspect of UK budget  process. |  |  |  |  |

Source: Desilver, D. (January 16, 2018), Congress has long struggled to pass spending bills on time. Pew Research Centre. <https://www.pewresearch.org/fact-tank/2018/01/16/congress-has-long-struggled-to-pass-spending-bills-on-time/>, <https://www.britannica.com/topic/government-budget/Japan>

# NOTE:

Germany differs somewhat from other countries in that there are unusual constraints on government borrowing and unusual reliance on countercyclical taxes and reserves. This is a direct result of Germany’s history of extreme inflations. Detailed rules of budgetary behavior apply to particular circumstances to determine whether deficits of borrowing are permitted.

After a steep expansion in government expenditure in the 1950s and early 1960s, new legislation was passed in 1967 to restructure the budgetary process. This provides for a five-year Federal Finance Plan that covers expenditures and receipts of the federal government, the Länder (states), and the local authorities for each year of the plan. The plan includes the budget for the present year, the draft budget for the next year, and estimates for each of the next three years. These financial plans are linked to a macroeconomic projection based on published target values for various economic indicators. The system ensures that expenditure and taxation are planned together for a five-year period and that countercyclical measures are also considered in such a medium-term framework rather than as panic responses

Legislative influence is also affected by the time available to consider requests: a legislature that has limited time to examine budget proposals is at a disadvantage. The time from budget submission to the beginning of the new fiscal year ranges from eight months in the United States to a general norm of about three months in most of the other countries (Posner & Park, 2007). The United Kingdom proposals are presented only two weeks before parliamentary consideration, although substantial informal consultation can take place between executive and legislative leaders. As part of recent budget reforms, some legislatures have established a more regularized process with more time for legislatures to consider budget requests. Mexico, for instance, instituted changes requiring presidents to present their budgets earlier than before. Table 1 shows the timing of executive budget submissions for some countries.

# Table 2.2: Timetable for Budget Submission to the Legislature

## Start of fiscal year (A)

***Deadline for submission (B)***

## Source

1 October First Monday in Feb.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| *France* | 1 January | First Tuesday of  October | About 3 | months | | Organic budget  law |
| *Japan* | 1 April | During January | More  months | than | 3 | Law (Public  Finance Act) |
| *Korea Mexico Netherlands* | 1 January | 2 October | About 3 months | | | Constitution |
| 1 January | 8 September | About 4 months | | | Law |
| 1 January | Third Tuesday of  Sept. | More  months | than | 3 | Constitution |
| *Sweden* | 1 January | No later than 20  Sept. | More  months | than | 3 | Law (Parliament  Act) |
| *United Kingdom* | 1 April | None (at the  discretion of HM Treasury) | - | | | None |
| *United States* |  | | | | | |

**Source:** Posner & Park (2007)

About 8 months Law (Budget

and Accounting Act)

The committee structure is the heart of legislative influence. Given the sheer complexity and technical details involved with modern budgets, legislatures have found it essential to divide the

task of reviewing the budget into committees. The relationship between the overarching budget committee and sectorial committees is important in determining legislative budgetary outcomes. Schick (2002) notes that some legislatures assign full responsibility to a budget committee while others disperse jurisdiction among sectorial committees. The first method makes it easy to co- ordinate and promote consistency in legislative budget action, particularly facilitating fiscal discipline. The second method helps the sectorial interests reflected in the final budget, whereas it may complicate the task of maintaining discipline.

An emerging pattern empowers sectorial committees to review relevant portions of the budget and recommend legislative action within an overall fiscal framework maintained by the budget committee (Schick, 2002). Of the nine countries studied, all except the United Kingdom have overarching budget or finance committees, reflecting the growing role of these legislatures in considering aggregate fiscal targets and policies. In-depth discussions on the aggregate expenditure limit and revenue and major fiscal policy issues take place, and reconciliation for budget amendments are made by these committees. Reviews of specific sectors or programmes in the budget, and review of proposed appropriations, are often delegated to sectorial committees within the overall targets and principles approved by the budget or finance committees. In many countries, sectorial committees are responsible for decisions authorizing programmes and for appropriations. The role played by these committees has expanded in some systems, in parallel with the growth in the proportion of spending on entitlements, which are funded automatically according to underlying laws enacted by these committees.

In Sweden, for instance, the finance committee sets the overall spending ceilings, while appropriations are handled by the other committees. The United States congressional committee system is among the most complex: a budget committee formulates the overall budget targets to

guide subsequent congressional budget decisions by appropriations committees, which consider only discretionary spending, and the authorizing committees, which review entitlement and revenue legislation. In Italy’s legislative process, the *rapporteur*, a senior politician from the majority or coalition party, plays a unique role as a reconciler between the legislature and the executive in the budget process. He/ she presents the budget to the legislature and is responsible for examining the budget bill and amendment arising through the legislative process.

## Development in Government Budgeting in Nigeria

Akpa (2008) and Fajingbesi (2016), observed that the influence of government on the society is typically exercised through the instrumentality of the budget which today plays a variety of functions. Akpa (2008) and Fajingbesi (2016) further agreed that government budget perform the following:-

* + 1. It provides sense of direction to the entire country. It performs this function by coordinating into a whole the various goals of the constituent parts of government.
    2. It is a political tool because they use it in allocating resource in order to meet their campaign promises and influence the power structure toward desired direction.
    3. It is an economic tool because, it is the medium used by government to put forth its macroeconomic policies as they bear on consumption, employment, interest rates, prices, savings and international trade.
    4. It is a legal document because once approved and passed into law, the public budget specifies rights and obligations relating to revenue generation and spending of public monies.
    5. It is a communication tool to the extent that it disseminates relevant information to all the stakeholders including implementers and beneficiaries.
    6. It is a motivator by inspiring in the implementer’s sufficient enthusiasm and commitment for heightened productivity. This function is best achieved if the budget targets are realistic and challenging.
    7. It is a control tool in the sense that the targets set over expected revenue and expenditure are used as benchmarks against which actual performance is compared to permit timely intervention.

There are a number of types of budgeting system that Nigeria has practiced at one time or the other in the past that are identifiable in social science. These types are based on their features. They are outlined below Ibrahim (2017):

## Traditional Budget System

Traditional budget system otherwise known as incremental budgeting or conventional budgeting was in practice in Nigeria from independence till 1980 when it was replaced with the planning programming budgeting system (PPBS). It however was re-adopted in 1999 and held sway in the country until when the current regime announced its replacement with zero-based budgeting in 2016. It is characterized by the following features as captured by Ibrahim, et al, (2017):

1. It does not look at output or performance but rather is more focus on resource consumption.

It therefore proceeds by listing out items or objects on which funds will be spent in the ensuring year. Its structure consists of heads and subhead that is heads are codes for ministries and other establishments whilst subheads are codes for expenditure and revenue items.

1. It compilation is routine in nature because the expected expenditure on items tend to increase in naira amount over those of the previous year to reflect inflation but not

necessarily the underlying needs of government. This approach is tedious to the extent that it does not depend on any credible data base. Under this regime resources are bound to get misallocated.

1. It encourages spending rather than thrift in the sense that under it the performance of the civil servant is measured on the basis of spending. In this way, an effective public officer is one who does not overspend his vote; it does not matter what has been done with the money. Emphasis is therefore on accountability and financial control that is centered on the extent of adherence to existing rules and regulations in spending.
2. It contains a volume of items of expenditure most of which come as a separate uncoordinated expenditure object which the legislative is expected to ponder upon and approve.
3. It does not permit the conducting of cost-benefit analysis of alternative methods of attaining a programme’s objective as a basis for choosing the most beneficial option and allocation of scarce resources in the order of priority as opposed to heuristic, personal influence or lobbying power.

It also has some certain valuable attributes such as follows:

1. It is simple and easy to understand and supply.
2. It is good for exercising financial control over the executive by the legislature.
3. It provides for a system of screening of the draft budget as several intermediate stages before the final approval and passage into law.
4. It is easy to conduct trend analysis under the system.

Based on the weaknesses of the traditional budgeting system, other budgeting system such as programme and performance budgeting (PPB), Zero-Based Budgeting (ZBB), etc. where advanced by scholars to improve budgeting system (Alain & Melegy, 2017).

## Programme and Performance Budgeting

Alain & Melegy (2017) posited that programme and performance budgeting system (PPBS) specifically came about through a fusion of the good aspects of programme budgeting and performance budgeting approaches. They argued that PPBS is a performance based budgeting system that prioritizes results. This combination became inevitable because of the inseparability of the duo models in the sense that each needs the other for a full and rich harvest.

For Alian & Melegy (2017), PPBS came about as a result of a desire to remedy and improve on the obvious defects in the traditional budgeting system (TBS) as stated before. The TBS did not border on the fact that the resources available to government are scarce as a result of other demands on it for quality service. A decision to experiment with different approaches to improve government budgeting in the circumstance of scarce resource by monitoring the steps by planning and implementation of programmes but also insist on measuring the extent of achievement of programme goals. Similarly, Ibrahim, et al. (2017) stated that government budgeting system should break away from the traditional shopping list approach to an orientation that explodes a project into its major constituent activities or possesses in a sequential order. In order words, the budgeting emphasis should shift to specification of desired results as opposed to a mere list of activities on which government intends to spend money. This aspect of budgeting that involves spelling out expected result or benefit to the society from different programmes is called programme budgeting.

The second segment of the budgeting activity involves devising a mechanism for measuring the actual results or performance attained against which the expected results are compared. This budgeting segment is referred to as performance budgeting. It is then the combination of the aforementioned two budgeting systems that makes up programme and performance budgeting (PPB).

## Zero-Base Budgeting

Oshisami (1992) states that zero-base budgeting system attempts to shift the traditional management approach of the public sector budgeting towards a new mode of thinking and operation. It is a management process that provides for systematic consideration of all programmes and activities in conjunction with the formulation of budget and programme planning. It can be achieved as a technique which complements and links the existing planning, budgeting and review processes. The zero-base budgeting originated from the USA in the early 1970 as a tool for maximizing profit by investigating each expenditure item to give if it is really needed, be revised or even deleted completely. This means that every business unit must stand ready to justify its existence at all the time failing which test it is closed down (Ibrahim, et al, 2017). Upon passing the justification test, a unit can then proceed to present and defend its optimum level of operation along with its financial implication interns of budgeting. Under the ZBB, there are no scared departments that are exempted from the justification test. Every time money is required, the justification exercise must be undergone (Akpa, 2008).

Zero based budgeting when compared with the traditional budgeting shows that traditional budgeting calls for incremental increases over previous budgets, such as a 2% increase in spending, as opposed to a justification of both old and new expenses, as called for with zero-based budgeting (Ibrahim, et al, 2017; Mukdad, 2019). Traditional budgeting also only analyzes only new

expenditures, while ZBB starts from zero and calls for a justification of old, recurring expenses in addition to new expenditures. Zero-based budgeting aims to put the onus on managers to justify expenses and aims to drive value for an organization by optimizing costs and not just revenue (Mukdad, 2019; Ibrahim, et al, 2017).

## Balanced versus Deficit Budgeting

Government budget is said to be a balance one if the total expected revenue meets the total expected expenditure over the budget year under consideration. Once the other hand, when planned total expenditure exceeds expected total revenue, the situation is referred to as a deficit budget. The expectation is that the difference will be financed through borrowing. There are a number of weaknesses of government budgeting process. They are captured below:

## Weaknesses in Nigeria Budget Process

Public expenditure management system in most developing countries is faced with a plethora of challenges emanating from the weaknesses of the budgeting process. Some of these identified weaknesses include: -

# Institutional Weaknesses:

The budget processes in most third-world countries are dominated by strong personalities as opposed to strong institutions. This makes public officials to determine the direction of budget process irrespective of whether it favors the public or it is against the public (Lienert & Sarraf, 2001). When legal and institutional framework put in place are not effective enough to ensure strict enforcement of public finance rules. In countries such as Nigeria where the party in power at the centre becomes too powerful that other political parties appear to be decimated such that they do not pose any form of threat to the party in government.

This situation gives the president and the entire executive arm in a presidential system like Nigeria the power to determine revenue projections and expenditure estimates in a fiscal year. Lienert & Sarraf (2001) is of the opinion that instead of the legislature to approve the appropriation bill based on its merits by either increasing or reducing revenue projections and expenditure projections, they tow party-lines and accept whatever comes from the executive. This also manifests in the budget execution stage, where governments officials tend to divert funds meant for projects and policies to either self-serving engages or siphon them without being questioning. In a situation where the legislature plays a weak role in the budget process, oversight functions of the parliaments becomes so weak that ministries, departments and agencies appropriate public funds without recourse to the legislature. This because they know that the legislature lacks the capacity to thoroughly oversight the implementation of the annual budget as they can be easily compromised by the leadership of the party in power (NDI, 2003). Another angle to this weak institutions is the issue of having several institutions sharing the same or similar responsibilities. For instance, in Nigeria, there existed the federal ministry of finance, budget office and federal ministry of national planning in the executive arm, and national assembly budget and research office (NABRO), the National Institute for Legislative and Democratic Studies and the Senate/House committees on Appropriation in the National Assembly. Each trying to feature prominently in the budget formulation and enactment process. This creates conflicts and confusion as to which agency should do what, when and how. However, ministries of finance and national planning have been merged into one with the Budget Office under it.

# Weakness in Budget Preparation:

Weak budget preparation process speaks volume of poor long-term plans that provides seamless continuity in policies, programmes, and projects. Any budgeting process that does not

take the *medium term expenditure framework (MTEF)* and the *fiscal strategy paper (FSP)* into consideration is weak (Lienert & Sarraf, 2001). Thus, such planning becomes a problem itself, not solution. It was not until 1990s that MTEF began to gain currency in a few African countries such as Malawi, Uganda and Ghana and later Nigeria, Kenya, etc. (Lienert & Sarraf, 2001). This weakness in budget preparations result into unrealistic annual budget projections, frequent supplementary budgets, non-transparent budgets and loss of significance of the budget document

# Shortcomings in Budget Execution:

A fall out of the ‘ii’ above is that government most times run into deficits and debts as government experiences difficulties in paying invoices and staff salaries thereby accumulating arrears. Sequel to poor planning, monitoring or oversighting of payment arrears prove to be very difficult as public servants tend to take advantage of this scenario to enrich themselves by inundating expenditure bank accounts (Lienert & Sarraf, 2001). There are also issues of unrealistic fiscal reports and annual accounts as well as weak internal auditing system. It also engenders the excessive reliance on cash rationing, resulting in unsatisfactory service delivery and the absence of effective cash management and financial planning (NDI, 2003).

# Failure to Impose Budget Discipline:

A major weakness of the government budgeting system especially in developing countries such as Nigeria, is the non-compliance with the laws and regulations as public officials or those planning and implementing the budget disobey financial laws and regulations (Iloh & Nwokedi, 2016; Obara, 2013). Cases of increase in off-budget activities with limited or no budget oversight role played by the legislature becomes a norm. Issues such as weaker control over special funds, withholding of no-tax revenue, non-adherence to cash limits, etc. flourish under government budget process. According to Lienert & Sarraf (2001), government adopt innovative ways for

circumventing expenditure controls such as suspense accounts and advance payments as well as promissory notes. Thus, corruption flourishes in the budget management as officials become clever in covering their tracks.

This study therefore, is an attempt to bridge the gap in literature regarding the best ways to boost government budgeting process that will not only take planning serious but will also prioritize monitoring and evaluation of budget execution. This this work will do by critically examining Nigeria’s government budget process, identify its flaws and proffer possible solutions. Haven underscored the various budgeting systems in practices, it is imperative to look at Nigeria’s budgeting experimentation.

## Budgeting Experimentation in Nigeria

Nigeria incremental budgeting system started as far back as the early 1970s. The government budgeting system follows the UN model in which the classification employed for both budgeting and accounting purposes follows the organization structure of government. Budget allocations follows the pyramidal structure e.g. government administration and then ministries and other establishments. In this approach, too much emphasis is given to personnel emoluments while little attention is paid to the need to identify government activities in terms of programmes arranged in order to impact or priority.

Government has made serious attempts at improving on the budgeting system but none has sustained. In 1977, the military government appointed a committee to look in to the existing one, they came up with the programme and performance budgeting (PPB) approach, skepticism put an end to it. The Shagari administration also made attempts but still failed. The budget process is about events and activities in the budget cycle involving the determination of resources and their uses for the attainment of government goals (Parliamentary Centre, 2010). It is a system of rules

governing the decision-making that leads to a budget, from its formulation, through its legislative approval, to its execution and evaluation (Ekeocha, 2012). The budget cycle itself is a year-round process involving formulation (establishing budgetary policies, parameters and allocation priorities) by the executive, legislative approval by the Parliament, implementation involving Government Ministries, Departments and Agencies (MDAs) and even Civil Society Organizations (CSOs), and evaluation and audit including the role of the Auditor-General. Essentially, most countries follow the same processes in their budget administration. Figure 1 shows the different stages of the budget cycle.

# Legislative Oversight

Barkan (2010) opined that legislative oversight is central to prudence and accountability in every democracy. Barkan (2010) further laid credence to this when he asserted that oversight is a democratic tool that ‘ensures both vertical accountability of rulers to the governed as well as the horizontal accountability of all other government agencies to the legislature’. Existing literature on legislative oversight has been subjected to variegated views and understandings as there are variegated schools of taught in the field of political science.

Oversight owes its origin to Woodrow Wilson who coined the concept and described it as the “duty of a representative body to look diligently into affairs of government and to talk much about what it sees. It is meant to be the eyes and the voice, and to embody the will and wisdom of its constituents” (Hamalai, 2015). Similarly, Madue (2012) noted that oversight is “the review, monitoring and supervision of government and public agencies, including the implementation of policy and legislation’. A more comprehensive definition is captured in Oyewo (2007) as “the exercise of constitutional powers by the legislature to check or control the exercise of

constitutional powers of other arms of government, and more specifically to check or control the exercise of executive powers or to make the executive accountable and responsible to the electorates”. Oversight can be performed *ex ante (*during design and implementation of policy/programme) and *ex post* (after implementation – evaluation stage) (Staddon, 2012).

According the International Parliamentary Union (IPU), it is the review, monitoring and supervision of government and public agencies, including the implementation of policy and legislation. While Pelizzo & Stapenhurst (2014) opined that it is the obvious follow-on activity linked to lawmaking. However, according to Pelizzo et al, (2006) oversight is not just a supervision of what the executive branch of government has done but is also supervision of the executive’s legislative proposals such as executive bills and appropriation bills. According Abiola et al (2014), legislative oversight covers three different but coordinate phases. These phases include: policy, programme and project.

Legislative oversight is carried out with the following objectives as advanced in Hamalai (2015) & James (2002):

1. Ensure transparency and openness of executive activities.
2. Hold the executive arm of government accountable.
3. Guarantee financial probity and accountability in governance.
4. Uphold the rule of law.
5. Ensure executive compliance with legislative intents
6. Evaluate programme performance.
7. Investigate instances of alleged poor administration, arbitrary and capricious behavior abuse, waste, dishonesty and fraud within government institutions.
8. Protect rights and liberty of citizens.

Legislative oversight function can also be referred to as scrutiny (Heywood, 2007). Cosmeus (2016), opined that the primary role of every parliament is that they are responsible for holding governments accountable in their decisions and they scrutinize the government in their

actions. Lately, the lawmakers have become progressively a scrutinizing institution of the executive in a bid to engender responsible and accountable government (Nwogwugwu & Ishola, 2019). Oversight functions take many forms, however the commonest form is the annual (as obtained in the United States) congressional hearings where agencies are required to defend their budget estimates and justify their actions to the conviction of the Congress (Shafritz, Russell & Borick, 2016). In other cases in the US, subpoena power are used to summon reluctant MDAs or officials (Nwogwugwu & Ishola, 2019). Legislators derive their legislative oversight function from the constitution in most democracies and this legal backing enables parliaments to monitor the activities of the executive branch and its agencies to determine if public policies, projects or programmes are being adequately executed in the interest of the public (Nwogwugwu & Ishola, 2019). In otherwords, the oversight function of the legislature connotes making sure that laws, legislation and government policies are implemented effectively (Saiegh, 2014).

By monitoring, reviewing and investigating activities, programmes and projects of government, the parliament ensures that the actions taken are transparent, accountable, consistent and in accordance with the original objective and in line with the provisions of the constitution (Staddon, 2012; Nwogwugwu & Ishola, 2019). Legislators have the legal backing, authority and responsibility to hold governments to task on their stewardship in public offices (Frolick, 2016). According to Ojo & Omotola (2014) lawmakers oversight ministries, departments and agencies of government to ensure that they are accountable to the public in all their activities. The oversight powers of the legislature do not end with holding the executive accountable in their functions, it extends to approval or confirmation of appointments made by the executive and judiciary arms of government. Some of these executive and judicial appointments include ministers, board chairmen, ambassadors, Chief Justice of the federation, federal commissions and councils, justices

of the supreme courts and the chief judge of the Federal High Court (Nwogwugwu & Ishola, 2019). According to Nwogwugwu & Ishola (2019), lawmakers make sure that funds appropriated for government institutions are spent for the purpose they were allocated for in order to ensure that citizens enjoy optimal benefits from such projects or programmes.

The powers lawmakers have the constitutional mandate to appropriate public funds is actually the basis for public budgeting and accountability. The constitutional power of appropriation has bequeathed to the legislature enormous influence to amend appropriation bills by allocating, reducing or increasing funds among competing priorities (Staddon, 2012). The form or type of democratic government in place in a country determines the influence of legislators in budgeting. For instance, in the United Kingdom’s parliamentary system, the prime minister and other senior ministers are regularly cross examined especially when there is mismanagement in the federation’s finances (Nwogwuwgu & Ishola; Heywood, 2007). Conversely, in the presidential systems, the legislative oversight function is normally a routine of checks and balances which is part of separation of powers in a presidential system such as it is the case in US Congress and Nigeria’s National Assembly (Pelizzo & Stapenhurst, 2004). It may be politically difficult for legislative committee to question ministers as it is done in presidential system since they are also members of parliament under parliamentary system of government. Therefore, a regularly scheduled question and answer session are created to serve the purpose by allowing opposition members to question the ministers, challenge the decisions of government on policies and programmes in a parliamentary system (Nwogwugwu & Ishiola, 2019). However, the oversight mandate of the legislators forms a fundamental part of modern democracy regardless of the system of government (Ewuim, Nnamani & Eberinwa, 2014). The parliaments play active role in helping

the public to understand and monitor the performance of the MDAs regularly (Ewuim, Nnamani & Eberinwa, 2014).

The rationale behind legislative oversight function is to ensure that public policy, programmes and projects are implemented or executed in accordance with their original objectives and in compliance with constitutional provisions. This means that legislative oversight function encompasses watching and controlling the actions and inactions of government through summons, debates, questioning of representatives of MDAs. Lawmakers also oversight their leaders by conducting investigation of committees and when needed impeach presiding officers whose activities are perceived to run counter to democratic performance (Nwogwugwu & Ishola, 2019). For instance, Section (1) (a-b) of the 1999 Constitution of the Federal Republic of Nigeria (as amended) captures that each House of the National Assembly shall have power to direct or cause to be directed an investigation into any matter or thing with respect to which it has the power to make laws and the conduct of affairs of any person, authority, ministry or government department charged or intended to be charged, with the duty of or responsibility for executing or administering laws enacted by the National Assembly. According to Agba, Chukwurah & Achimugu (2014) this constitutional provision serves the purpose of exposing corruption, inefficiency or wastages in the execution of public programmes and projects as well as in the implementation public policies.

The essence of oversight function is to ensure that the policies, project and programmes of government reflect the needs of the people. Therefore, the legislature should not just perform this all important function but should also be seen to be performing the role to the benefit of the greater majority of citizens of the affected country. Malapane (2016) outlined the purposes of the oversight functions by the legislature to include:

* 1. it is to improve the efficiency, economy and effectiveness of government operations; to evaluate programmes and performance;
  2. to investigate and prevent poor administration, to avoid waste, abuse of power, arbitrary and illegal and unconstitutional conduct,
  3. to protect civil liberties and constitutional rights and lastly to inform the general public and ensure that executive policies reflect public interest.

The legislative oversight mandate of the legislature covers policy, budget, security issues, and procurement of defense equipment, investigating the activities of the armed forces and the deployment of the military in a state of emergency (Nwogwugwu & Ishola, 2019). However, political system, constitutional and legal framework reduces the influence of the legislature in oversighting the executive in formulating and implementing policies in the society. Nwagwu (2014) opined that the oversight function has been compromised by several lawmakers (especially in young democracies such as Nigeria) in quest for personal gains. Legislative oversight according to Nwogwugwu & Ishola (2019) is been used in most country by legislators as an instrument to witch hunt and blackmail political opponents rather than being used is to checkmate the excesses of the executive arm of government in order to check corruption, inefficiency and waste of public funds by MDAs.

# Gap in Reviewed Literature

Existing literature portrayed the relation between the legislature and executive arms of government in the budget process as being mutually rosy. Existing literature failed to indicate whether the effective and potential capacities of the executive and legislature to manage their budgetary responsibilities have been effective. And whether they have effectively performed their roles effectively starting from the making of the draft budget, through the enactment stage, implementation to evaluation/feedback stage. It failed to identify the gap between the effective and potential capacities of the executive and legislature to manage their budgetary responsibilities.

The issue of capacity of both the legislature and the executive to perform their statutory duties in the legislative process. Literature failed to underscore the importance of strengthening the technical expertise and capacity of legislators in the budget process. Thus, for parliament to effectively grapple with the increasing complexity of fiscal policies and budget processes, transparency and higher quality data are also needed to inform complex decision making and reduce inconsistencies in fiscal information between the executive and the legislature. Another major issue is the challenge of access to adequate data and information that are required to make a public budget that addresses the need of the state in their order or importance and not just for necessity and self-serving reasons.

Similarly, the premium placed on legislative oversight of the executive and the budget through visits, hearings and budget defence remains inadequate mechanism to ensure transparency and accountability in public finance management in the country. This is because of a number of reasons, chief among them is the primordial importance attached to monetary aggrandisement above public interest and fiscal discipline. This avails both the executive and the legislature the opportunity to engage in unwholesome practices to compromise the system.

# Theoretical Framework

Structural functionalism (also known as functionalism) is a theory that sees the society as a complex system whose parts work together to promote solidarity and stability. This approach looks at society through a macro-level orientation, which is a broad focus on the social structures that shape society as a whole, and believes that just like organisms, the society has gone through evolution. This approach looks at both social structure and social functions. Functionalism

addresses society as a whole in terms of the function of its constituent elements. These elements include; - norms, customs, traditions and institutions.

Herbert Spencer presented these parts of society as organs that work towards the proper functioning of the body as a whole (Urry, 2000). In the most basic terms, it simply emphasizes "the effort to impute, as rigorously as possible, to each feature, custom, or practice, its effect on the functioning of a supposedly stable, cohesive system" (Urry, 2000). According to Talcott Parsons version of this theory, structural-functionalism came to describe a particular stage in the methodological development of social science, rather than a specific school of though

Structural Functionalism is a sociological theory that attempts to explain why society functions the way it does by focusing on the relationships between the various social institutions that makes up society (e.g., government, law, education, religion, etc.). According to Woodger (1948) and Robert Merton (1968) Structural functionalism has a lengthy history in both the biological sciences and the social sciences. Functionalism's history goes back to Aristotle's study of ultimate causes in nature or of actions in relation to their ends, or utility. Developed in l7th century France, Montesquieu's doctrine of separation of powers is based on the notion of functions that are best undertaken separate from each other as a means of ensuring stability and security (Fisher, 2010).Structural functional, especially in the work of Talcott Parsons, Robert Merton, and their students and followers, was for many years the dominant sociological theory (Ritzer, 2011). Functionalists tend to view social and political units in more holistic, organic terms. According Susser (1992) "Social practices are said to have a functional role in sustaining the system as a whole".

Functionalism became important when Darwin's evolutionary theories began to influence thinking about human behaviour Darwin conceived of the idea of survival in functional terms.

Each function was important to the survival of the whole system. Homwood (2005) described two distinctive types of functional analysis: traditional and formal. Traditional functional analysis is the most commonly used. It is based on the premise that all social patterns work to maintain the integration and adaptation of the larger system. Formal functional analysis is called formal because it does not include a theoretical orientation or a substantive hypothesis about events. Rather it examines the relationships between elements. It contrasts with the traditional type of analysis in that its proponents reject the attributes of "integration" and "adaptation" in favour of an examination of the equilibrating or feedback functions in systems (Fisher, 2010).

Talcott Parsons described the structure of general Action systems which covers the cultural system, social system, behavioral organism and personality system. In social system, Parsons also talked about the relationship between the actors and social system (Ritzer, 2011). On the one hand, actor has primary role to develop the social system. On the other hand, social system controls the function of actor. In the society, various institutions and agencies play different roles in ensuring that the society works.

Structural functionalism has been severally criticized for being unable to account for social change, or for structural contradictions and conflict (and thus was often called "consensus theory" (Homewood, 2005). The theory also ignored inequalities including race, gender, class, which cause tension and conflict. The criticism that functionalism is static and has no concept of change been challenged by scholars (Ritzer, 2011; Susser, 1992; Fisher, 2010). Concluding that while Parsons' theory allows for change, it is an orderly process of change (Parsons, 1961), a moving equilibrium. Therefore, referring to Parsons' theory of society as static is inaccurate. It is true that it failed to place emphasis on equilibrium and the maintenance or quick return to social order, but this is a product of the time in which Parsons was writing (post-World War II, and the start of the cold

war). There was fear in the atmosphere arising from social upheaval. At the time social order was crucial, and this is reflected in Parsons' tendency to promote equilibrium and social order rather than social change.

This theory is most appropriate for this study considering the fact that government is like a system which its components – legislature, executive and judiciary must all work together, each performing its duties effectively in order to achieve set goals. It will be used to explain why government functions the way it does by focusing on the relationships between the three arms of government in Nigeria. The interaction between the legislature and the executive arm and by extension the judiciary centers more on the mandate of the legislature approve government budget and oversight public spending in order to ensure that government and society function effectively. ***Principal/Agent Theory***

This study also adopts the principal/agent theory. This theory applies to principal/agent problem, in political science, supply chain management and public fiancé management (economics) which occurs when one person or entity (the "agent") is able to make decisions and/or take actions on behalf of, or that impact, another person or entity (the "principal") (Eisenhardt, 1981). This dilemma exists in circumstances where agents are motivated to act in their own best interests, which are contrary to those of their principals, and is an example of moral hazard. Issues also arise when human organisations or states have an incentive to become increasingly deferential to management/ leadership that have ownership stakes (Hirst & Bebchuk, May 1, 2019).  As stakeholders/ shareholders are dis-incentivized/alienated to intervene, there are fewer checks on leadership/management.  Handy examples of this relationship include corporate management (agent) and shareholders (principal), elected officials (agent) and citizens (principal), or brokers (agent) and markets (buyers and sellers, principals) (Voorn, Van Genugten, & Van Thiel, 2019).

In the context national budgeting, the citizens are the principals and the government is the agent (National Assembly inclusive), the agent required to be proactive, effective and transparent in the budget circle especially about its sources and uses of funds (Nagel & Purnanandam, 2017). The Principal Agent Theory is a traditional conservative theory, first utilized to describe the relationship between top level managers and shareholders in a private sector economic enterprise. The managers are contracted by the agents to manage their monies on their behalf. The theory was not without its own set of criticisms, where it was pointed out that the agent may not always be acting in the interest of the principals. However, rather the agents pursue their self-interests instead.

Things became more complicated when the principal agent theory was used to explain relations in the public sector since there may be diverse principal (citizen) groups with various interests and each group may try to pressure the agent (government) in different ways. To resolve the dilemma of an agent possibly deviating from the interests of the principals, several alternative solutions are proposed. The least challenging of which is asking the agent to be as transparent as possible about the national budget, deemed as the most important policy document. In the public budgeting context, there are a lot of advocacy efforts calling for greater budget transparency. How far have these efforts reached in different parts of the globe, including Nigeria, and with what level of effectiveness?

## Relevance and Applicability

This theory is also relevant to this study as it provides basis for citizens (principal) who are the true stakeholders or owners of the nation’s commonwealth and in whose interest public resources are supposed to be expended, to demand stewardship from the agents. Agents in this situation consists of the National Assembly in particular and the federal government in general. Therefore, the National Assembly should in all its dealing especially in public budgeting seek to maximize the interest of the greater majority of the masses as against self-interest. This also entails

that the National Assembly should ensure the effective performance of its functions in the budget circles as captured in the 1999 Constitution and extent laws. It should ensure transparency in the implementation of Nigeria’s federal/national budget through effect oversight of the MDAs in the execution of projects, programmes and policies.

The big question therefore, remains ‘does the government/National Assembly in the context of Nigeria understand that it is the agent holding brief for the principal? Public officeholders whether elected or appointed are holding their offices in trust for the people and are expected to reflect this status in all their engagements in power especially as it concerns budgeting

# CHAPTER THREE RESEARCH METHODOLOGY

This chapter discussed the procedure adopted in conducting the study. It states how data and information were obtained to address the research questions raised. The adequacy and suitability of the methodology plays a central role in the acceptability of the research findings. However, this study relied on secondary data and information, thus the issue of study population, sampling procedure, sample size, etc. does not arise. Therefore, the issues addressed in this chapter include the research design considered suitable for the research, the sources of information, and instruments used to collect relevant information to achieve the objectives of the research.

# Research Design

The research design adopted for this research work is Ex-post Facto design. This literally means “after-the-fact”. It is a research design which involves the study of facts that have already occurred without the interference or manipulation of the investigator. An ex post facto research design is a method in which groups with qualities that already exist are compared on some dependent variable. Also known as "after the fact" research, an ex post facto design is considered quasi-experimental because the subjects are not randomly assigned - they are grouped based on a particular characteristic or trait.

Thus, this relied solely on relevant information that were sourced from the survey of journal articles, textbooks, archival documents, newspapers, news magazines, National Assembly’s official documents, etc.

**Objective 1:** to examine the effectiveness of the National Assembly in the budgeting process in the Fourth Republic,

***Type of data***: Secondary data.

***How data were obtained***: Collated views and arguments advanced by scholars to address research question numbers 1. The researcher examined existing literature on the role and effectiveness of the National Assembly in budget circle in the Fourth Republic. The importance of establishing the roles of the National Assembly in the budget process, helped to ascertain how effective it has been in the nation’s federal budget circle. To establish effectiveness of organization or institution in the discharge of its functions, the roles/functions of such institution must be established. Therefore, secondary data were deployed to ascertain the roles and the effectiveness of the National Assembly in the budget process.

***How to analyze the data****:* information or data gathered were analyzed adopting the content analytical measure.

***Expected results based on existing theory****:* Existing theories state that the society/ government is a system where every part must function well for the optimal efficiency and effectiveness of the system and that in the budget process, citizens are the principals while the National Assembly members are the agents who must function to safeguard public interest. Thus, as an agent of the public in the budget process, the National Assembly has enormous constitutional and other legal powers in the budget circle, starting from the planning/formulation stage, approval, implementation to evaluation stage. It expected that National Assembly play very important and effective roles in the nation’s budget process. Thus, secondary data were used.

**Objective 2:** to evaluate the adequacy of existing constitutional and other legal framework in place to guarantee the involvement of the legislature in the budget process in Nigeria,

***Type of data***: Secondary data.

***How data were obtained***: The 1999 Constitution of the Federal Republic of Nigeria (as altered) and the Fiscal Responsibility Act, 2007, etc. to address research question numbers 2. The researcher examined the relevant Sections of the 1999 Constitution FRN (as amended), FRA 2007, Annual Appropriations Act, Acts establishing the National Planning Commission, Federal Audit Act of 1956, Public Procurement Act of 2007, amongst others to lay bare enormous constitutional and other legal framework empowering the National Assembly to adequately get involved in the budget process.

***How to analyze the data****:* content analysis was adopted to analyze information or data gathered from the 1999 Constitution and other legal documents.

***Expected results based on existing theory****:* Existing theory states that in the principal/ agent theory, the principal has more stake than the agent who is just employed based on laid out rules of engagement to run the affairs of the organization or government on behalf of the principal. The expected result is that there are adequate constitutional and other legal frameworks empowering the National Assembly to play pivotal roles in the entire budget circle in Nigerian. Thus the 1999 Constitution (as amended), FRA 2007, etc. has made provisions empowering the agents (the National Assembly) to act on behalf of the principals (the citizens). Sections 80–84 of the Constitution confers ‘appropriation powers’ on the National Assembly and its responsibilities over the national purse. The Fiscal Responsibilities Act 2017 confers on the nation’s national parliament the formulation and planning powers in Section 18, where the Act unambiguously stated that the Medium Term Expenditure Framework (MTEF) should be the basis for preparing the estimates of revenue and expenditure in the national budget per annum. Thus, the two Chambers of the National Assembly are required by law to pass the same version of the budget (or MTEF) for it to qualify

for presidential assent and legal instrument. However, when there are variations in the version passed by the two houses of the National Assembly, the Conference Committee for harmonization and concurrence is constituted and mandated to harmonize the two versions to produce one clean copy. Thus, the 1999 Constitution specifies the roles and responsibilities regarding the submission, adoption and approval of the Appropriations Bill. The 1999 Constitution also provides that, upon passage of the Appropriations Bill, the National Assembly should send the bill to the president for assent within 30 days, failing which the National Assembly may veto the bill. Section 82 of the 1999 Constitution authorizes spending from the Consolidated Revenue Fund for up to six months in the New Year, pending the passage of the Appropriations Bill.

**Objective 3:** to assess factors hindering the National Assembly from performing effectively its functions in the budget circle,

***Type of data***: Secondary data.

***How data were obtained***: Collated views and arguments advanced by scholars on factors hindering the National Assembly from performing effectively its functions in the budget circle to answer research question numbers 3. The researcher examined existing literature and official documents on factors impeding the National Assembly from performing effectively its functions in the budget circle. This is of essence considering the fact that no problem can be solved without first being established to be a problem, ascertain its sources before proffering solutions. Therefore secondary data were used to determine the factors hindering the National Assembly from performing effectively its functions in the budget circle.

***How to analyze the data****:* information or data gathered were analyzed through content analysis.

***Expected results based on existing theory****:* Existing theory states that every part of the society must function effectively but coordinately to ensure the overall well-being of the society. Thus, institutional and non-institutional problems were identified as factors hindering the National Assembly from performing effectively its functions in the budget circle. This is important as the first and the most important in addressing a perceived challenge is to ascertain the root of such challenge and proffer solution.

**Objective 4:** to proffer solutions to ameliorate the impact of the identified factors impeding legislative effectiveness in the budget process in Nigeria.

***Type of data***: Secondary data.

***How data were obtained***: Collated views and arguments advanced by scholars on factors hindering the National Assembly from performing effectively its functions in the budget circle and possible solutions to answer research question numbers 4. The researcher examined existing literature and official documents on factors impeding the National Assembly from performing effectively its functions in the budget circle as means to address those challenges. This is of essence considering the fact that identifying problems without proffering solution leave the situation more complicated and challenging. Therefore secondary data were used to proffer solutions to the factors hindering the National Assembly from performing effectively its functions in the budget circle.

***How to analyze the data****:* information or data gathered were analyzed through content analysis.

***Expected results based on existing theory****:* Existing theory states that every part of the society must function effectively but coordinately to ensure the overall well-being of the society. Thus, institutional and non-institutional problems were identified as factors hindering the National Assembly from performing effectively its functions in the budget circle. This is important as the

first and the most important in addressing a perceived challenge is to ascertain the root of such challenge and proffer solution.

# Source and Instruments of Data Collection

The study relied on secondary data and information from textbooks, journals, periodicals, newsletters, conference, and seminar papers, monographs, and other unpublished materials relevant to the subject under review. The researcher sourced useful materials from government policy documents (such as the Appropriation Bills, Hansard, Votes and Proceedings, etc), speeches delivered by political dignitaries and resolutions.

To obtain useful and relevant information, libraries such as the National Institute for Legislative and Democratic Studies library and National Assembly library, all situated in Abuja, Federal Capital Territory (FCT) were used. Similarly, information were also sourced from the internet to compliment information from other sources.

# Data Analysis Technique

The method of analysis employed in this study involved content analysis method as it analyzed newspaper, magazine, journal, etc. reports concerning the subject matter. This helped in bringing to the fore, the effectiveness of the National Assembly in budget process. Thus, data and pieces of information gathered in the cause of this study were analyzed in both descriptive and analytical prose and in statistical tables and graphs to ease logical flow and understanding.

Thus, information and data gathered in the cause of this study were analyzed in both descriptive and analytical prose and in statistical tables and graphs to ease logical flow and understanding.

# Ethical Consideration

Ethical Considerations can be specified as one of the most important parts of the research. Dissertations may even be doomed to failure if this part is missing. Norms enhance the purpose of research which includes the dissemination of knowledge, marshalling out facts and figures in a logical manner and finally the need to counteract errors and falsehoods.

Thus, various steps that are vital in a study like this begins with research proposal writing and approval (which have been done in this case) leading to this actual research study. This study has selected the research design it considered appropriate to employ, relevant ways of collecting data, channels of presenting the research findings and interpreting them accordingly with a view to making presentation of information in a logical sequence has also been stated above. This study will take into cognizance appropriate values at the various stages while conducting this proposed research. This is to avoid research misconducts and ensure absolute originality of the work.

# CHAPTER FOUR

**DATA PRESENTATION, ANALYSIS AND DISCUSSION**

This chapter provides a detailed analysis of the roles and performances of the National Assembly in the budget process in Nigeria. It is pertinent to provide a premise upon which relevant inferences are made within the context of the subject matter, hence the need to examine the research questions identified in this study

# Data Presentation

* + 1. **Examine the role of the National Assembly in the budget process in the Fourth Republic.**

The National Assembly (comprising both Senate and House of Representatives) is saddled with enormous powers over the budget process in the country. These powers are hinged principally on approval and oversight of the annual federal budget. However, beyond these powers lies under implied influences over budget planning and formulation. Therefore, the National Assembly play different roles from the planning and formulation stage, through budget approval and scrutiny, oversight to audit and evaluation of the implementation of the budget. This is discussed under different headings below:

## Budget planning and formulation

In Nigeria, budget planning and formulation starts with the preparation, consideration and approval of the medium-term expenditure framework/ fiscal strategy paper (MTEF/FSP). Extant law of the land (i.e. FRA 2007 section 13) mandates the federal minister of finance to prepare the MTEF for legislative approval (Akongwale, 2019). Sequel to the presidential directive in 2015 which directed the movement of the Budget Office to the Ministry of Budget and National Planning (MBNP), the mandate for preparing the MTEF was moved to the ministry and the

Minister of Budget and National Planning is required to carry out that assignment. In preparing the MTEF, the minister may hold public consultations with critical stakeholders. However, FRA 2007 section 13(2)(b) mandates the minister to also seek inputs from relevant statutory bodies such as the National Planning Commission, Joint Planning Board, National Commission on Development Planning, National Economic Intelligence Committee, National Assembly, Central Bank of Nigeria, National Bureau of Statistics, and the Revenue Mobilization, Allocation and Fiscal Commission. The minister also has the mandate to consider and reflect on inputs arising from these bodies and other stakeholders (FRA Act No. 31, 2007).

MTEF/FSP as captured in Section 18 of the FRA 2007, is the basis for annual budget planning or the base upon which annual budget is built upon. In Nigeria, the MTEF/FSP is predicated on FRA 2007, which was enacted with a view towards enhancing the prudent management of Nigeria’s financial resources, ensuring long-term macroeconomic stability, and securing greater accountability and transparency in government fiscal operations, etc. Section 19 of the FRA 2007 states that Nigeria’s budget is to be accompanied by a number of documents, viz:

* + 1. A detailed report of revenue and expenditure performance for the 18 months up to June of the preceding financial year;
    2. Monthly revenue collection targets prepared on the basis of the oil price benchmark in the approved MTEF;
    3. Macroeconomic and fiscal targets such as the inflation rate and budget deficit; and
    4. An evaluation of fiscal and other related risks to the annual budget and the proposed measures to mitigate against them.

Key stakeholders (executive arm) at this stage include the Budget Office, the Joint Committee on Finance, the Ministry of Budget and National Planning and the Ministry of Finance.

At the National Assembly level, National Assembly Budget and Research Office (NABRO) and the National Institute for Legislative and Democratic Studies (NILDS) avail the National Assembly technical analysis and recommendations to guide its decisions. The FRA 2007 expressly provides in Section 11(1)(b) that the National Assembly’s Joint Committee on Finance has the responsibility of reviewing the proposed MTEF/FSP. The Act also states that the Federal Government causes to be prepared and laid before the National Assembly an MTEF (for the next three fiscal years) (Ngara & Dasat, 2020). This exercise must take place on or before four months to the commencement of the next fiscal year. Thus, the finance committees of both Senate and House of Representatives are saddled with consideration the proposed framework for approval. After any necessary amendments, the MTEF is passed by resolutions in both chambers of the National Assembly. Where there is diversity between the frameworks approved by each house, the Joint Conference Committee, comprising of an equal number of members from each chamber, will be constituted to harmonize the two chambers’ differences (Ngara & Dasat, 2020).

Section 12 of FRA 2007, limits the size of the federal fiscal deficit to 3 percent of the estimated gross domestic product or any percentage deemed sustainable by the National Assembly for each financial year. However, the president is allowed to exceed the ceiling if, in his or her opinion, there is a threat to national security or to the sovereignty of the country. As stipulated by FRA 2007, a performance report on oversight is expected to accompany the Appropriations Bill. Both the upper (Senate) and lower (House of Representatives) chambers of the National Assembly have budget finance committees, whose principal role is to consider and approve the MTEF/FSP.

National Assembly has effectively been involved in the planning and formulation through the approval of the MTEF/FSP which precede appropriation bill. Since the MTEF sets the basis for the preparation of the estimates of revenue and expenditure must have been approved by the

National Assembly as required by Section 81(1) of the 1999 Constitution, (as amended), the National Assembly through its involvement in the approval of the MTEF gets adequately involved in the planning and formulation of the budget (Ngara & Dasat, 2020). Similarly, law-makers recommend projects and programmes aimed at addressing the needs of their constituents to the various MDAs at the budget planning stage. According to Udefuna et al (2012), legislators in the National Assembly simply interact with their constituents, identify their developmental needs and recommend same to overseeing MDAs. These MDAs will then include capture the identified needs as projects and programmes in the budget estimates of the country.

## Budget approval and scrutiny

The saying that the Nigeria’s National Assembly is a budget-making legislature is very obvious. Sections 80-84 of the 1999 Constitution (as amended) and FRA 2007 confers the power on the National Assembly. These documents both provide for no limitations on the National Assembly’s power to amend the annual Appropriations Bill as submitted by the executive (Ngara & Dasat, 2020). This implies that the National Assembly has the powers to amend the draft budget even if it desires a higher level of projected total expenditure, a lower level of projected total revenue, an increase in projected revenue or an increase in the deficit (Fajingbesi, 2016). Section 80(4) of the 1999 Constitution sufficiently states that ‘*No money shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly.*’ Similarly, Section 81(1) captures the stipulated timeframe that the president should submit the budget proposal to the National Assembly for consideration. The 1999 Constitution states that:

*The President shall cause to be prepared and laid before each House of the National Assembly at any time in each financial year estimates of the revenues*

*and expenditure of the Federation for the next following financial year (Section 81(1).*

Sections 80–84 of the 1999 Constitution confer ‘appropriation powers’ on National Assembly as well as its responsibilities over the national purse. The formulation and planning powers are drawn from FRA 2007 section 18, which clearly stipulates that the MTEF should form the basis for preparing the estimates of revenue and expenditure in the national budget. In both cases, the Senate and the House of Representatives must pass the same version of the budget (or MTEF) for it to qualify for the state president’s assent (Fajingbesi, 2016). In the event of a disagreement between the two houses of the National Assembly, the Joint Committee on Appropriations will refer both versions of the passed bills (from the two houses) to the Conference Committee for harmonization and concurrence (Abiola, 2014). This committee is usually made up of an equal number of senators and members of the House of Representatives.

Therefore, the 1999 Constitution specifies the roles and responsibilities regarding the submission, adoption and approval of the Appropriations (Budget) Bill. The 1999 Constitution also provides that, upon passage of the Appropriations Bill, the National Assembly should send the bill to the president for assent within 30 days, failing which the National Assembly may veto the bill or make adjustments in compliance to the president’s reasons for withholding assent. Section 82 of the 1999 Constitution empowers spending from the Consolidated Revenue Fund for up to six months in the New Year, pending the passage of the Appropriations Bill by the National Assembly. Such expenditures are termed ‘provisional general warrants’.

# Table 4.1: National budget submission and approval timeline (2000–2022)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Fiscal year** | **Date due** | **Presentation to National Assembly** | **Date sent for**  **presidential assent** | **Time at National Assembly** | **Presidential assent** | **Time for assent** | **Time lag between presentation and**  **president’s signature** |
| 2000 | 31 Dec.  1999 | 24 Nov.  1999 | 14 Apr. 2000 | 4 months 21 days | 5 May 2000 | 21 days | 5 months 11 days |
| 2001 | 31 Dec.  2000 | 9 Nov. 2000 | 21 Dec. 2000 | 1 month 12 days | 21 Dec. 2000 | Immediate | 1 month 12 days |
| 2002 | 31 Dec.  2001 | 7 Nov. 2001 | 28 Mar.  2002 | 4 months 21 days | 28 Mar. 02 | Immediate | 4 months 21 days |
| 2003 | 31 Dec.  2002 | 20 Nov.  2002 | 11 Mar.  2003 | 3 months 21 days | 10 Apr. 2003 | 29 days | 4 months 21 days |
| 2004 | 31 Dec.  2003 | 18 Dec. 2003 | 20 Apr. 2004 | 4 months 2 days | 21 Apr. 2004 | 1 day | 4 months 3 days |
| 2005 | 31 Dec.  2004 | 12 Oct. 2004 | 18 Mar.  2005 | 5 months 6 days | 12 Apr. 2005 | 24 days | 6 months |
| 2006 | 31 Dec.  2005 | 6 Dec. 2005 | 21 Feb. 2006 | 2 months 15 days | 22 Apr. 2006 | 2 months | 4 months 16 days |
| 2007 | 31 Dec.  2006 | 6 Oct. 2006 | 22 Dec. 2006 | 2 months 16 days | 22 Dec. 2006 | Immediate | 2 months 16 days |
| 2008 | 31 Dec.  2007 | 8 Nov. 2007 | 27 Mar.  2008 | 4 months | 14 Apr. 2008 | 18 days | 5 months 6 days |
| 2009 | 31 Dec.  2008 | 2 Dec. 2008 | 3 Feb. 2009 | 2 months | 10 Mar.2009 | 5 weeks | 3 months 8 days |
| 2010 | 31 Dec.  2009 | 23 Nov.  2009 | 25 Mar.  2010 | 4 months | 22 Apr. 2010 | 4 weeks | 4 months 29 days |
| 2011 | 31 Dec.  2010 | 15 Dec. 2010 | 25 May 2011 | 5 months 10 days | 26 May. 2011 | 1 day | 5 months 11 days |
| 2012 | 31 Dec.  2011 | 13 Dec. 2011 | 28 Mar.  2012 | 3 months 15 days | 13 Apr. 2012 | 15 days | 4 months |
| 2013 | 31 Dec.  2012 | 10 Oct. 2012 | 14 Jan. 2013 | 3 months 4 days | 24 Feb. 2013 | 2 month 10 days | 4 months 14 days |
| 2014 | 31 Dec.  2013 | 13 Dec. 2013 | 10 Apr. 2014 | 3 months 28 days | 23 May 2014 | 1 month 13 days | 5 months 10 days |
| 2015 | 31 Dec.  2014 | 17 Dec. 2014 | 28 Apr. 2015 | 4 months 11 days | 16 May 2015 | 18 days | 4 months, 29 days |
| 2016 | 31 Dec.  2015 | 22 Dec. 2015 | 23 Mar.  2016 | 3 months 1 day | 4 May 2016 | 1 month 11 days | 4 months 13 days |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 2017 | 31 Dec.  2016 | 14 Dec. 2016 | 11 May 2017 | 4 months 27 days | 12 June 2017 | 1 month 1 day | 5 months 28 days |
| 2018 | 31 Dec.  2017 | 7 Nov. 2017 | 16 May 2018 | 6 months 8 days | 20 June 2018 | 1 month 4 days | 7 months 13 days |
| 2019 | 31 Dec.  2018 | 19 Dec. 2018 | 2 May 2019 | 4 months 13 days | 27 May 2019 | 25 days | 5 months 9 days |
| 2020 | 31 Dec.  2019 | 8 Oct. 2019 |  |  | 17 Dec. 2019 |  |  |
| 2021 | 31 Dec.  2020 | 7 Oct. 2020 | 23 Dec. 2020 | 2 months 17 days | 31 Dec. 2020 | 8 days | 2 months 24 days |
| 2022 | 31 Dec.  2021 | 7 Oct. 2021 | 24 Dec. 2021 | 2 months 18 days | 31 Dec. 2022 | 7 days | 2 months 25 days |

**Source: NILDS analysis of 2018 FGN Appropriations Bill; Nigerian Journal of Legislative Affairs, Vol. 5, June 2013 and various editions of BOF budget documents**

The National Assembly has been quite effective in performing their role in the budget process. Table 4.1 shows that the average number of month for passing and transmitting Appropriation Bill to the president is 3 months plus (from the day it is laid by the president). The Appropriation Bill is one of the numerous legislations (bills), motions, oversight activities, etc. that must receive the attention and approval of the nation’s national legislature before it take any effect. They executive arm has a limit to extra-budgetary spending as well as timeframe for such spending per year. The prompt attention usually accorded budget by the National Assembly underscores the indispensability of the legislature in the budget circle and in public finance.

The National Assembly as empowered by law has played fundamental role in the nation’s budget process. In Nigeria, the government budget process is rooted in constitutional mandates, statutory requirements, House and Senate rules and practices (Bill and Keith, 2004). According Ekeocha (2012):

*The Constitution provides that the executive has the primary role of developing an annual budget and presenting same to the legislature. From the First Republic to*

*the present Fourth Assembly of the Fourth Republic, the legislature has continue to play the role of reviewing, debating, in some cases amending, and approving or rejecting the spending plan proposed by the executive. A major aspect of legislative oversight is undertaken in the budget process, i.e. approving the annual government estimate and overseeing its spending.*

Ekeocha (2012) further identified the key actors in the budget process to include; the finance ministry or treasury, the legislature, the president or cabinet (i.e. under parliamentary setting), the MDAs (who are ultimately responsible for the expenditures of government as prescribed by law), independent supreme audit institutions and civil society organizations (including donor agencies, media outfits, international finance institutions that show interest in monitoring and evaluation, etc.). This indicates that the whole budget process is a complex one, with the legislature serving as the principal actor from which ever perspective one place the ‘stethoscope’.

The economic growth and national development of a country revolves around the volume of revenues generated and mode of expending these resources so generated. Hence the annual national budget plays a very fundamental role in shaping revenue generation and expenditure of governments. Therefore, the National assembly through the process of reviewing, debating, in some cases amending, and approving or rejecting budget proposals has contributed and continues to contribute to national development in Nigeria (Ehigiamusoe & Umar, 2012). There will not be any meaningful development outside public spendings in Nigeria. Projects and programmes which are the manifestations of national development must be approved by the National Assembly in the budget proposal before it takes any effect in the society. Instances are the Second Niger Bridge being constructed, the railway projects scattered across the country, etc.

The National Assembly has effectively performed its role as a transformative legislature especially in the budget process. Table 4.2 below shows that the nation’s apex law-making assembly has unfettered powers to amend budget estimates submitted for approval by the executive. It succinctly shows that while it reduced the budget estimates in 2011 and 2016 before approving it, the National Assembly amended the budget estimates proposed by the executive by reviewing them upwards from 2012-2015 and from 2017-2022.

# Table 4.2: Variations in Nigerian appropriations bills and passed appropriations acts (2011– 2022)

|  |  |  |
| --- | --- | --- |
| **Year** | **Size of Appropriations Bill Sent to National**  **Assembly by the state president (N Trillion)** | **Size of budget passed by National Assembly**  **( N Trillion )** |
| 2011 | 4 971.88 | 4 226.19 |
| 2012 | 4 648.80 | 4 877.20 |
| 2013 | 4 924.60 | 4 987.22 |
| 2014 | 4 642.96 | 4 695.19 |
| 2015 | 4.425 | 4.493 |
| 2016 | 6.077.68 | 6.060.48 |
| 2017 | 7.298.51 | 7. 441.18 |
| 2018 | 8.612.24 | 9.120.33 |
| 2019 | 8.826 | 8.92 |
| 2020 | 9.79 | 10.59 |
| 2021 | 13.08 | 13.59 |
| 2022 | 16.391 | 17.126 |

**Source: MBNP (2022)**

# Budget oversight

As captured in the framework of legislative budget oversight in Nigeria, the key budget oversight powers and responsibilities are drawn from sections 88 and 89 of the 1999 Constitution as well as from FRA 2007 section 30(1). Specifically, section 88(1) stipulates that, subject to other provisions of the 1999 Constitution, each house of the National Assembly shall have the power, by passing resolutions, to direct, or cause to be directed, an investigation into any matter or thing with respect to which it has power to make laws, and into the conduct of affairs of any person, authority, ministry or government department charged, or intended to be charged, with the duty of, or responsibility, for executing or administering laws enacted by the National Assembly and for disbursing or administering moneys appropriated, or to be appropriated by the National Assembly.

Section 88(2)(b) of the 1999 Constitution (as amended) provides that the powers conferred on the National Assembly under the provisions of this Section are exercisable only for the purpose of enabling it to expose corruption, inefficiency or waste in the execution or administration of laws within its legislative competence and in the disbursement or administration of funds appropriated by it. Furthermore, section 30 of the FRA 2007 demands that the Minister of Finance, through the Budget Office, to monitor and evaluate the implementation of the annual budget, assess the attainment of fiscal targets and to report on them on a quarterly basis to the Financial Reporting Council of Nigeria (FRC) and the Joint Committee on Finance of the National Assembly. The report is to be forwarded to the FRC every quarter and published in the mass and electronic media and on the Ministry of Finance’s official website within 30 days of the following quarter. According to FRA 2007 section 50, a consolidated budget execution report is to be submitted to

the National Assembly and communicated to the public within six months after the end of the financial year.

In Section 26, the FRA 2007 requires the Minister of Finance to within 30 days, prepare and publish a fund disbursement schedule using the annual cash plan for the implementation of the national budget. Furthermore, appropriated funds are to be used only for purposes specified in the Appropriations Act. The only caveat is in exceptional circumstances when the Minister of Finance may, in the public interest, recommend to the National Assembly virements from sub-heads under heads of account.

The National Assembly in this respect had within the period under study (2015-2019), constituted over 92 oversights/probe panels that investigated various instances of alleged corruption, administrative injustices, MDAs budget and contract implementations in the country (Igwe-omoke et al. 2020). Oversight functions take many forms, however the commonest form is the annual in the National Assembly is the budget where agencies are required to defend their budget estimates and justify their actions to the conviction of the legislators at the committee levels (Igwe-omoke et al. 2020). Aside, this there is an on-the-spot projection inspection/ oversight visits to ensure that projects budgeted for are being executed. For instance, the House of Representatives’ Committee on Aviation through its oversight visit prompted the timely completion of the revamping of the Nnamdi Azikiwe International and Kaduna International Airports in 2017 (see appendix 1).

* + - 1. **Budget Evaluation and Audit**

The powers of the National Assembly under this phases of the budget process is captured in Sections 85–86 of the 1999 Constitution (as amended). These powers are reinforced by FRA 2007 Section 49, which specifies that the Federal Government must publish their audited accounts not later than six months following the end of the financial year. The operations of the Office of

Auditor-General of the Federation (OAuGF) are guided by the pre-independence Audit Act of 1958. The OAuGF was established by section 85(1) of the 1999 Constitution. Section 85(2) requires the OAuGF to audit the public accounts of all the Federation’s offices and courts, with the exception of the accounts of statutory corporations, commissions, agencies, etc. The Auditor General is to submit his/her report to the National Assembly.

Sections 85 and 86 confer public accountability powers on the National Assembly’s Public Accounts Committee (PAC). Specifically, the 1999 Constitution, in section 85(2), empowers the Auditor General to audit and report on the public accounts of all the Federation’s offices and courts, with the exception of the accounts of statutory corporations, commissions, agencies, etc. As per section 85(5), the Auditor General is to submit his/ her reports on the government accounts to each house of the National Assembly within 90 days of their receipt of the Auditor General’s financial statement.

These are stages the National Assembly get actively involved in the budget process. It therefore, performs effective role in the budget process starting from the planning stage to the evaluation and audit of the budget implementation of the annual budget. Below is table 4.1 captures Nigeria’s national budget submission and approval timeline (2000-2022).

The National Assembly is empowered to enforce the Auditor-General’s report through the Public Accounts Committee (PAC). According to Okpala (2013), some of the common audit findings includes of the report include :- over-invoicing, non-retirement of cash advances, lack of internal audit inspection, payment for jobs not done, double-debiting, contract inflation, lack of supporting documents to back up various purchases, shameless violation of financial regulations, and release of money without the approving authority’s involvement. In spite of the findings of the various reports submitted to PAC by the Auditor-General’s Office, the committee has not been

able to influence any cause of action. This practice of not resolving issues by PAC is against accountability and shows the existence of weak accounting infrastructure (regulations and oversight) in National Assembly in particular and the country in general (Nwogwugwu & Ishola, 2019). PAC responsibility of examining the public accounts on the basis of the observations raised in the Auditor-General's report and ensuring that all issues highlighted therein are properly addressed has to best knowledge of Nigerians been neglected for many years (Nwogwugwu & Ishola, 2019). Its duty of acting as a mediator between the Accountant-General and the Auditor- General is also of no consequence. Okpala (2013) observed that PAC can enhance judiciousness in the disbursement of public funds by the public servants which will result in financial savings that can be channeled to the provision of amenities to improve the standard of living of Nigerians but have not been able to discharge its duties as expected (Okpala, 2012).

Scholars have identified a number of reasons for PAC non-performance (poor performance is an understatement) and they are associated with accounting infrastructure. Okpala (2013) & Nwogwugwu & Ishola, (2019) collaborated that the major reasons for the non-performance of the PAC include the following:

1. Lateness in submission of reports of the Auditor-General. This has affected PAC findings as there is no time to effectively investigate and contribute towards resolving the issues raised (Chukwunedu & Okafor, 2011).
2. Inability of some ministries and departments to respond to audit queries due to a total breakdown of the system of accountability and internal control measures in the public sector (Randle, 2003).
3. Absence of personnel with required skills, knowledge and experience in financial matters as there is no established laws and guidelines on appointment of members

# Evaluation of existing constitutional and other legal framework for the involvement of the legislature in the budget process in Nigeria

In Nigeria, the executive and legislature the main actors in the budget process as provided by the 1999 Constitution, (as amended). Sections 80 - 84 of the 1999 Constitution of the Federal Republic of Nigeria (as amended) and the FRA 2007, succinctly captured the powers and responsibilities of the National Assembly in the budget process (Ngara & Dasat, 2020). These constitutional provisions are entrenched to give effect to the principle of separation of powers and checks and balances between the two arms of government and to ensure that state resources are judiciously and effectively utilized for public good by public office holders. Thus, the National Assembly, in exercise of its powers in Section 80 and 81 of the 1999 Constitution (as amended) is empowered to carry out oversight on the executive arm of government by ensuring that the provisions of the budget is complied with relevant fiscal documents such as MTEF/FSP.

As stated earlier, the Medium Term Expenditure Framework (MTEF), which sets the basis for the preparation of the estimates of revenue and expenditure must have been approved by the National Assembly as required by Section 81(1) of the 1999 Constitution, (as amended). The provision of the Fiscal Responsibility Act Section 12(1) makes it mandatory for the Federal Government, after consultation with the states to:

1. Cause the preparation and laying before the National Assembly for their consideration a Medium Term Expenditure Framework (MTEF) for the next three (3) years; and
2. The framework so laid shall be considered, for approval with such modifications if any, as the National Assembly finds appropriate by a resolution of each House of the National Assembly.

Since part of the MTEF is the Consolidated Debt Statement which is guided by the limits of Consolidated Debt as set out in Section 43 of the Fiscal Responsibility Act (2007), it set the overall limits for the amounts of consolidated debt of the Federation, State and Local Governments pursuant to the provisions of items 7 and 50, Part 1 of the Second Schedule to the 1999 Constitution.

The formulation and planning powers are drawn from FRA 2007 section 18, which clearly stipulates that the MTEF should form the basis for preparing the estimates of revenue and expenditure in the national budget. In both cases, the Senate and the House of Representatives must pass the same version of the budget (or MTEF) for it to qualify for the state president’s assent. In the event of a disagreement between the two houses of the National Assembly, the Joint Committee on Appropriations will refer both versions of the passed bills (from the two houses) to the Conference Committee for harmonization and concurrence. This committee is usually made up of an equal number of senators and members of the House of Representatives. Within the framework of legislative budget oversight in Nigeria, the key budget oversight powers and responsibilities are drawn from sections 88 and 89 of the 1999 Constitution as well as from FRA 2007 section 30(1). Specifically, section 88(1) stipulates that, subject to other provisions of the 1999 Constitution.

The 1999 Constitution, as amended (henceforth the 1999 Constitution) outlines the principles and the legal framework for budget management in Nigeria. The key legal framework anchoring the roles of the executive and the legislature in the budget process includes the following:

* 1999 Constitution
* Fiscal Responsibility Act of 2007 (FRA 2007)
* Acts establishing the NPC
* Federal Audit Act of 1956
* Public Procurement Act of 2007, amongst others.

The forgoing indicates the adequacy of existing constitutional and other legal framework in place to guarantee the involvement of the legislature in the budget process in Nigeria. This is one very important control the National Assembly has over the executive arm of government and has helped no less profoundly in safeguarding the principle of separation of power and checks and balances in the nation’s democracy.

# Factors hindering the National Assembly from performing effectively its functions in the budget circle

The budget process in Nigeria is not without its huge challenges. Some of these challenges are partly man-made, while others are created by situations beyond the control of the actors especially, the National Assembly. These challenges are captured below:

# Dearth of Reliable Data

Ngara & Dasat (2020) observed and rightly too that data is very crucial to budgeting but are mostly not reliable or unavailable in Nigeria. Therefore, the lack of reliable qualitative and quantitative data in Nigeria has always reduced the budget business to mere hunches and guess work (Nwekeaku, 2014). It is common knowledge that without reliable data on important socio- economic indices, a country's government cannot adequately or accurately plan for its citizens and the development of the country. For Nigeria, dearth of reliable data is a huge challenge to development after corruption. The unavailability of reliable data which integrity is assured, that would enable policy makers plan and make important decisions remains a great challenge in

Nigeria. President Muhammadu Buhari on the 9th October, 2019 underscored the adverse of unreliable data of governance. Using his official Twitter handle -@MBuhari, Buhari stated.

*This must extend to data collection as well. Today, most of the statistics quoted about Nigeria are developed abroad by the World Bank, IMF and other foreign bodies. Some of these statistics are wild estimates that bear little relation to the facts on the ground.*

*We can only plan realistically when we have reliable data. As a government we are taking very serious steps to improve the quality of data available for policymaking, and today I charged the Presidential Economic Advisory Council to prioritize the collection of Primary data.*

This dearth of data, while generally not directly linked to Nigeria's inability to plan for development, is a disheartening embarrassment for the country, with international organizations refusing to rely on data generated by Nigerians in Nigeria, instead chose to undertake independent surveys. This is not surprising, because government agencies such as the National Bureau of Statistics (NBS) and Central Bank of Nigeria (CBN) that produce official statistics for the country, often present conflicting data. The National Assembly is also faced with the dilemma of not knowing which data to rely on in the budget cycle.

# Poor or Strained Executive-Legislature Relationship

The usual conflictual executive-legislature engagement is a key cause of gridlock in the budget approval stage in Nigeria. Also, there is not enough engagement between the technical teams that provide the analysis upon which both arms of government engage each other during the budget process. This can be attributed to a number of reasons. First, there seems to be a level of mutual distrust and an eagerness to take advantage of the legal framework’s lack of clarity. Also,

the absence of a formal provision in the current budget framework for dispute resolution during the budget approval stage makes it difficult to address discrepancies between the propositions from both arms of government.

Since the return to democracy in Nigeria in 1999, tension and conflict between the executive and the legislature have been a recurring decimal both at the federal and state government levels. These conflicts, their tempo, dynamics, reach and manifestations has been a subject of public concern and debate. Whereas such conflicts are sometimes necessary for the government to remain focused and accountable, Obidinma and Obidinma (2015) alluded that excessive conflictual relationship between the legislature and executive could derail the ship of governance. For any government to be effective and efficient, it is important for its branches to maintain a healthy balance between conflict and cooperation.

# Delays in Submitting the Appropriation Bill

Nigeria has witnessed delays in the presentation of the Appropriation Bill to the National Assembly by the executive arm (president). Appropriation Bill is supposed to be presented either in at least three months to the end of the subsisting financial years (i.e. in September) but in the case of Nigeria, it has regrettably become tradition to present annual budget estimate to the national legislature in either November or December of the subsisting financial year (Ngara & Dasat, 2020). This leave the National Assembly in a very tight schedule in a bid to ensure timely passage of such Bill. Delays in the presentation of the national budget may be due, in part, to delays in the MTEF/FSP process (Akongwale, 2019). In line with extant provisions, the MTEF, prepared by the Federal Ministry of Finance and approved by the FEC, is always forwarded to the National Assembly for consideration by the president. Alongside any modifications deemed appropriate, the National Assembly approves the framework by passing resolutions in both houses. This phase

of the budget process is fraught with its own challenges, most of which hinge on the late submission.

Akongwale (2019) further observed that the late approval of the budget delays the commencement of the formulation stage for the succeeding year. For instance, the 2017 and 2018 Appropriation Bills were transmitted to the president for assent 11 May 2017 and 16th May 2018 respectively. Sadly, the MTEF is supposed to be ready for FEC approval between May and June, as the period is not supposed to be period for budget approval.

Similarly, the time table of the National Assembly includes a recess between June and late September, with the possibility of extending to late October in election years (Akongwale, 2019). This has two strong implications for budget approval delays. First, the long holiday period renders the assumption parameters for the draft MTEF/FSP stale by the time they resume proceedings after the long recess. This is especially true for a country like Nigeria, which is heavily dependent on volatile crude oil prices, and the draft MTEF would therefore be better considered during the long recess. Second, the lack of a formal engagement platform for the resolution of differences between the executive and legislative is also a cause of delay.

The vagueness of the legal framework and the absence of an organic budget law in Nigeria (with strict deadlines and consequent sanctions) also contributes to delays. The high number of bureaucratic inputs and required approvals – such as from the National Economic Intelligence Committee, the Economic Management Team, CSOs, etc. – also delay the process.

# Recurrent Fluctuation in International Price of Crude Oil

The recurrent fluctuation in international price of crude oil within the last decade has made it difficult for Nigeria to successfully and accurately profile a predictable revenue projection in any given fiscal years.

# Corruption

Corruption is a serious challenge faced by the National Assembly in meeting performing its duties in the budget process. This has continued to attract negative public perception on the nation’s apex law-making body. Some of these corruption cases that have marred or weakened National Assembly oversight of the executive include: - the Maina Pension Scam which was a probe into pension funds that affected about 141,790 pensioners. Abdulrasheed Maina, the Chairman of Pension Reform Task Team, was accused of looting N195billion. The Senate set up a committee to investigate the matter. During investigation, Mr. Maina alleged that Aloysius Etuk, representing Akwa Ibom State, demanded $100,000 dollars from him as bribe. A former director of pension in the office of the Head of Service of the Federation, Sani Shuaibu Teidi, who was prosecuted along with 31 others, also alleged that Mr. Etuk and other members of the committee collected a bribe of N3 billion from him. Although the Senate seemed furious about the allegation, it did not take decisive steps to investigate. The National Assembly also did not push the executive hard enough to implement its report on the pension scam and punish offenders. Another is the Police Pension Fund fraud where five people, including a former Director of Police Pension Fund, Esai Dangabar, were accused of misusing N32.8billion from the Police Pension Fund. Mr. Dangabar accused some committee members of the Senate of benefiting from the loot. The senate denied the allegation without ordering an investigation. The world may never know whether

indeed the Senate joint Committee on Establishment and Public Service Matter, and State and Local Government Affairs indeed took bribes from the pension thieves.

Before the removal Stella Oduah as Aviation Minister, she was embroiled in a N255 million armoured car scandal. She was accused of abusing her office by compelling an agency under her ministry to buy her expensive cars. The House of Representatives has so far failed to release a detailed report of its investigation into the matter. Although Ms. Oduah was later dropped as minister, other officials involved in the matter remained untouched till date. During the saga a Federal High Court in Abuja granted Media Rights Agenda (MRA) leave to apply for an order to compel the House to furnish it with transcripts of the proceedings of the House Committee on Aviation at the hearing of the Committee on the procurement of the two bulletproof BMW cars by the Nigerian Civil Aviation Authority (NCAA) through Messrs Coscharis Motors Limited. The missing N20 billion oil money in 2013, a former Governor of the Central Bank of Nigeria, Lamido Sanusi, alleged that the NNPC failed to remit billions of naira in oil proceeds to the state. This caused a huge rift between the CBN governor and President Goodluck Jonathan, leading to the president suspending Mr. Sanusi from office. This indicates that instead of acting as a strong public institution against corruption, the National Assembly has continued to compromise its exalted mandate for the gains of members.

1. **Delays in receiving the Auditor General’s Report and the lack of review thereof** Sections 85 and 86 of the 1999 Constitution mandate the Auditor General to audit the public accounts of all offices and courts of the Federation, with the exception of the accounts of statutory corporations, commissions, agencies, etc. This is reinforced by FRA 2007 section 49, which stipulates that the government shall publish audited accounts not later than six months following

the end of the fiscal year. According to Akongwale (2019), in practice, this has never happened owing to factors such as:

1. Late submission of the Accountant General’s statement of account;
2. Late implementation of the budget (especially on capital expenditure); and
3. Inconsistencies in the budget calendar.

Section 85 (5) of the constitution states that ‘The Auditor-General shall, within ninety days of receipt of the Accountant-General’s financial statement, submit his reports under this section to each House of the National Assembly and each House shall cause the reports to be considered by a committee of the house of the National Assembly responsible for public accounts.” Sections 122 of the House of Representatives Standing Order and Senate Standing Order further listed the responsibilities of the PAC. This also affects the oversight functions of the National Assembly of budgetary and extra-budgetary spendings in the country. In the over two decades of Nigeria’s democracy, there has not been any published PAC report on its assessment of report emanating from the OAuGF. This stems from the reasons adduced above by Akongwale (2019). This is a huge minus and undermines the effectiveness of the National Assembly in the budget circle. Ministries, departments and agencies appear not to be taking the National Assembly serious with regards to budget monitoring and holding them to account on budget implementation. The public perception of the National Assembly at the moment is that it is a self-serving institution composed of compromised individuals who can easily be bought over.

# External Interferences

Political interference (from the executive and political parties) and lack of resources in particular, have hampered National Assembly oversight in MDAs in the budget process (Ehigiamusoe & Umar, 2013). They further underscored the need to include non-parliamentary oversight bodies

like the Ombudsman and civil society, to work with the National Assembly to improve transparency and accountability. The party in power (with majority) influence the decisions and actions of the National Assembly as law-makers tend to vote in line with party approved course of action. This party-influenced decision may not represent the yearnings and aspirations of the public. It therefore, becomes a clog in the wheel of progress and development and undermines legislative effectiveness in the budget process.

# Duplication/ lack of Coordination of Reporting Agencies

The lack of coordination between agencies is compounded by the overlapping roles and responsibilities of various MDAs of the executive, namely the MBNP (previously known as the National Planning Commission – NPC), the National Economic Intelligence Committee (NEIC), Budget Office, Office of Auditor-General of the Federation, and the Presidency – all of which have either monitoring units or departments (Akongwale, 2019). Despite the fact that Sections 88 and 89 of the 1999 Constitution (as amended) confer oversight powers and responsibilities on the National Assembly, numerous agencies from the executive also carry out oversight functions. This amounts to duplication. FRA 2007 section 30(1), for instance, authorizes the Ministry of Finance to through the Budget Office ‘*monitor and evaluate the implementation of the Annual Budget, assess the attainment of fiscal targets and report on a quarterly basis to the Fiscal Responsibility Council and the Joint Finance Committee of the National Assembly’*. This is the basis for having a Department of Budget Monitoring and Evaluation (DBME) at the Budget Office.

Furthermore, Section 4(e) of the NPC, Decree 71 (1993) and Decree 17 (1994) empower the NPC and the NEIC to monitor and to enforce the implementation of budgets, respectively. These roles are in addition to the ‘self-accounting’ status of the OAuGF, via which it monitors the implementation of capital expenditure in those MDAs to which OuAGF accountants have been

posted. This indicates that agencies created by military decrees function concurrently with those created during the democratic era. The consequence of such duplication is a lack of proper oversight accountability on the part of those MDAs obliged to report to several institutional authorities while performing their duties

# Discussion of Findings

The study adopting the research objectives as guide arrived in a number of inferences, deductions and conclusions. They are captured below:

* Findings indicate that the National Assembly is very important actor in the budget process in Nigeria as the federal/ national budget will not take effect without the approval of the same by the nation’s apex legislative assembly. The research found that the National Assembly have effectively been involved and performed its duties in the nation’s budget process despite existing challenges as shown by table 4.2. The Assembly have enjoyed unencumbered powers to amend the budget proposal as submitted by the executive arm. In 2011 and 2016, the National Assembly reviewed the budget downwards before approving it, whereas it reviewed the proposals upwards in other financial years from 2011-2022.
* There is currently adequacy of existing constitutional and other legal frameworks in place to guarantee the involvement of the National Assembly in the budget process in Nigeria. Sections 80–84 of the 1999 Constitution (as amended) and FRA 2007 made adequate provisions empowering the National Assembly to play important role at the various stages of the budget circle especially at the approval and evaluation phases. While Section 80(4) of the 1999 Constitution (as amended) provides that no money shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation except with the approval of the National Assembly, Section

81(1) provides the time frame for submitting the budget proposal to the National Assembly for consideration. It states that: ‘*The President shall cause to be prepared and laid before each House of the National Assembly at any time in each financial year estimates of the revenues and expenditure of the Federation for the next following financial year*’ (Section 81(1) FRN). The National Assembly draws its key budget oversight powers and responsibilities from Sections 88 and 89 of the 1999 Constitution (as amended) and Section 30(1) of Financial Responsibility Act, 2007.

* Other subsisting legal framework conferring the National Assembly powers over budget process include: the Annual Appropriations Act, Acts establishing the NPC, Federal Audit Act of 1956, and Public Procurement Act of 2007, amongst others.
* It also found that there are an avalanche of challenges hindering the National Assembly from effectively performing its functions in the budget circle. These challenges include but not limited to dearth of reliable data, poor or strained executive-legislature relationship and delays in submitting the appropriation bill as well as in approving the bill. Other are recurrent fluctuation in international price of crude oil, poor implementation of budget, delays in receiving the Auditor- General’s report and the lack of review thereof, external interferences, duplication/ lack of coordination of reporting agencies, etc.
* The study also found that the delay in passing appropriation bills stems from late presentation of the budget estimates by the executive, delay in the submission of the MTEF/FSP, unhealthy executive-legislative relationship, etc.
* The study underscores the indispensability of the National Assembly in the budget circle as its inputs are need at every phase of the budget process. This is also adequately backed with constitutional and other legal instruments.

# Proffer solutions to ameliorate the impact of the identified factors impeding legislative effectiveness in the budget process in Nigeria

* **Separation of Powers Not Rancor**

The principle of separation of powers and checks and balances does not connote rancorous executive-legislative relationship. Therefore, there is need for regular interface, synergy and cooperation between the executive and the leadership of the National Assembly at the highest level during budget consideration in order to bridge communication gaps and close ranks before the Appropriation Bill is formally presented, during enactment, implementation and evaluation (Ngara & Dasat, 2019). This is to avoid unnecessary misunderstandings, conflicts and rancor that always pervade the nation’s budget process that often engender recurrent delays in the passage of the Appropriation Act.

# Fashion-out unambiguous set of rules, designate clear responsibilities throughout the budget process, and establish a budget calendar

The Finance Act, 2020 and the ongoing constitutional reforms are currently taking care of the challenges related to a lack of clear rules, practices and procedures guiding the budget process. Nevertheless, the constitutional reform process in Nigeria is challenging given the constitutional requirement of involvement of the 36 states of the Federation for such constitutional amendments to be passed (Akongwale, 2019). Sections 10 and 11 of the Act outlined the provisions for pre- budget and dispute resolution, respectively. Such interactions could clear up the seemingly mutual suspicion between the technical teams of the executive and legislature in the budget process (Ngara & Dasat, 2020). This could help both arms of government find common ground on key budget assumption parameters. To address issues in budget approval and scrutiny, this Act is seeks to put both parties in checks, which includes a clear demarcation of timelines and deadlines.

According to Akongwale (2019), to eliminate confusion, the bill should also attempt to resolve the duplication of efforts and actors involved throughout the budget process. In addition to the Budget Process and Regulatory Framework Bill, the National Assembly is currently reviewing the amended Audit Law. This will hopefully set a specific and early deadline for the submission of the Accountant General and Auditor General’s reports.

# Increased Synergy and Seamless Information Sharing System among Critical Stakeholders and Actors in the Budget Formulation and Execution Process

The lack of coordination and information-sharing between the MF, MBNP, the MDAs and many other agencies leads to delays in presenting budget documents in the entire budget process/circle (Akongwale, 2019; Ngara & Dasat, 2020). These delays will not be resolved solely through a legal framework. In order to reduce the time lags between the submissions of budget documents, there need to be incentives to ensure that all actors involved submit timely information to each other.

# Independence and Increased Capacity and Resources of the Office of the Auditor General

The new audit law is being considered in the National Assembly appears to be the *iron-bullet* that will address challenges faced by the National Assembly in the audit and evaluation of the budget process in Nigeria (Ngara & Dasat, 2020). The bill is seeking to remedy the challenges by increasing the independence, capacity and resources of the Auditor General. Specifically, the bill seeks to increase the office’s independence by having the OAuGF report to the National Assembly instead of to the president. To increase the enforcement of recommendations from the Auditor General, this office will, without waiting for the National Assembly’s PACs or the president, work with law enforcement officers to further investigate allegations of fund mismanagement.

# CHAPTER FIVE

**SUMMARY, RECOMMENDATIONS AND CONCLUSION**

This chapter covers the summary and conclusion of the study and also made recommendations to address identified challenges inhibiting the National Assembly from the effective performance of their constitutional and statutory functions in the budget circle. This serves as concise synopsis of the entire study to aide clarity of understanding.

# SUMMARY OF FINDINGS

Budget is the main instrument of fiscal policy in any known human state as it encompasses revenue sources such as taxes, etc. and expenditure as well as public debt. This underscores the importance of budget in fiscal policy in Nigeria. This explains why the 1999 Constitution of the federal republic of Nigeria (as altered) and FRA 2007 made several provisions empowering the National Assembly to get involved in the budget circle especially in the areas of MTEF/FSP and budget approval and oversight of the implementation of the Appropriation Bill. This study examined the effectiveness of the National Assembly in the budget circle. It is guided by the following specific objectives:

* Examine the effectiveness of the National Assembly in the budgeting process in the Fourth Republic;
* Evaluate the adequacy of existing constitutional and other legal framework in place to guarantee the involvement of the legislature in the budget process in Nigeria;
* Assess factors hindering the National Assembly from performing effectively its functions in the budget circle; and
* Proffer solutions to ameliorate the impact of the identified factors impeding legislative effectiveness in the budget process in Nigeria.

The above research objectives formed the basis for the specific research questions. Thus, the structural functionalism and principal/agent theory were adopted as compasses that directed the direction of this study. While the structural-functionalism emphasized the formal ordering of parts and their functional interrelations as contributing to the maintenance needs of a structured social system, the principal/agent theory emphasis that the budget process, citizens are the principals on whose behalf the National Assembly in particular and federal government in general is holding power to formulate, approve, implement and evaluate the budget.

The study also adopted the content analysis as research design which involves data from secondary sources. Thus, a survey existing body of knowledge on the subject matter was undertaken of books, journal, seminar and conference articles, unpublished official documents, internet materials, etc.

The entire work was divided into five chapters. In chapter one, the study laid a background and established a research problem and emphasized the goals and need for addressing such problem.

The chapter two was a review of the extant literature which examine budget, budget process, National Assembly and the budget process, etc. This is followed by chapter three which is the research methodology. Chapter four and five provided for data presentation and discussion of findings as well as summary, conclusions and recommendations.

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# RECOMMENDATIONS

Based on the forgoing analysis on the importance of the roles and the challenges inhibiting the effectiveness of the National Assembly in the budget process in Nigeria that the following measures are recommended:

# Separation of Powers Not Rancor

The principle of separation of powers and checks and balances does not connote rancorous executive-legislative relationship. Therefore, there is need for regular interface, synergy and cooperation between the executive and the leadership of the National Assembly at the highest level during budget consideration in order to bridge communication gaps and close ranks before the Appropriation Bill is formally presented, during enactment, implementation and evaluation (Ngara & Dasat, 2019). This is to avoid unnecessary misunderstandings, conflicts and rancor that always pervade the nation’s budget process that often engender recurrent delays in the passage of the Appropriation Act.

It can also be inferred from this study that to remedy identified challenges both arms of government (legislature and executive) should see the concept of separation of powers and checks and balances as means of checking the excesses of leaders and avoiding tyranny and not an avenue for rancorous relation. There is also the need to fashion-out unambiguous set of rules, designate clear responsibilities throughout the budget process, and establish a budget calendar; increased synergy and seamless information sharing system among critical stakeholders and actors in the budget formulation and execution process; independence and increased capacity and resources of the office of the auditor general, etc.

# Fashion-out clear sets of rules and regulations, designate clear responsibilities throughout the budget process, and establish a budget calendar

The Finance Act, 2020 and the ongoing constitutional reforms are currently taking care of the challenges related to a lack of clear rules, practices and procedures guiding the budget process. Nevertheless, the constitutional reform process in Nigeria is challenging given the constitutional requirement of involvement of the 36 states of the Federation for such constitutional amendments to be passed. Sections 10 and 11 of the Act outlined the provisions for pre-budget and dispute resolution, respectively. Such interactions could clear up the seemingly mutual suspicion between the technical teams of the executive and legislature in the budget process. This could help both arms of government find common ground on key budget assumption parameters. To address issues in budget approval and scrutiny, this Act is seeks to put both parties in checks, which includes a clear demarcation of timelines and deadlines. To eliminate confusion, the bill should also attempt to resolve the duplication of efforts and actors involved throughout the budget process. In addition to the Budget Process and Regulatory Framework Bill, the National Assembly is currently reviewing the amended Audit Law. This will hopefully set a specific and early deadline for the submission of the Accountant General and Auditor General’s reports.

# Improved Cooperation and Seamless Information Sharing System among Critical Stakeholders and Actors in the Budget Formulation and Execution Process

The lack of coordination and information-sharing between the MF, MBNP, the MDAs and many other agencies leads to delays in presenting budget documents in the entire budget process/circle. These delays will not be resolved solely through a legal framework. In order to reduce the time lags between the submissions of budget documents, there need to be incentives to ensure that all actors involved submit timely information to each other.

# Independence and Increased Capacity and Resources of the Office of the Auditor General

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# National Assembly to Make Necessary Legislations Compelling PAC to Publish its Reports on the Assessment of Auditor-General’s Reports:

This is a sure way of boosting public confidence in the National Assembly and engendering the positive perception of the National Assembly among Nigerians. It will also help in curbing official corruption, foster accountability and boost overall national development of the country.

# Placing Public Interest Above Political Party and Personal Interest:

Public officeholders, especially law-makers should understand that they represent the public and self. Thus, they should at all times be seen to be protecting the interest of the public above self-interest.

# CONCLUSION

National Assembly is saddled with the tripartite mandate of law-making, oversighting the executive and representation. Budget is on the other hand, is a very important fiscal policy instrument in the country as it used to determine revenue and expenditure in the interest of the public. The 1999 Constitution of the Federal Republic of Nigeria (as altered) succinctly and unambiguously outlined the powers of the National Assembly (as peoples’ representatives) in the budget circle

The study found that the National Assembly has effectively performed its functions in the budget circle starting from the planning and formulation stage, through enactment/approval stage, implementation phase to evaluation/oversight stage. However, there are a plethora of challenges inhibiting the National Assembly from carrying out its constitutional and legal mandates in the budget process. These challenges include; dearth of reliable data, poor or strained executive- legislature relationship and delays in submitting the appropriation bill as well as in approving the bill. Other are recurrent fluctuation in international price of crude oil, poor implementation of budget, delays in receiving the Auditor-General’s report and the lack of review thereof, external interferences, duplication/ lack of coordination of reporting `agencies, etc.

Although there challenges inhibiting the effectiveness of National Assembly in the budget circle, they have continued to perform their duties effectively by ensuring timely passage of Appropriation Bills per financial year, grilling MDAs during budget defense, oversighting budget implementation through visits and summons, etc. This study is an attempt aimed at adding to existing literature on the important roles of the National Assembly in the budget circle in Nigeria

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# Appendix: Project Inspection Report



**REPORT OF THE 2-DAY OVERSIGHT VISIT TO NNAMDI AZIKIWE INTERNATIONAL AIRPORT AND KADUNA INTERNATIONAL AIRPORT ON THE MOTION “NEED TO REVIEW AND ENSURE THAT KADUNA INTERNATIONAL AIRPORT COMPLIES WITH OPERATIONAL AND SAFETY REQUIREMENTS AS CONTAINED IN PRESCRIBED AERODROME STANDARDS OF THE NIGERIAN CIVIL AVIATION ACTS AND REGULATION ISSUED IN RESPECT THEREOF” (HR.111/2017) BY THE HOUSE COMMITTEE ON AVIATION (MONDAY, 27TH & TUESDAY, 28TH MARCH, 2017).**

# EXECUTIVE SUMMARY

The House mandated the Committee on Aviation to inspect the extent of work done at the Abuja Airport and report back and State of Kaduna International Airport.

Sequel to this mandate, the House Committee on Aviation organised a 2-Day oversight visits to the two airports based on the motion; “Need to Review and ensure that Kaduna International Airport complies with Operational and Safety Requirements as contained in prescribed Aerodrome Standards of the Nigerian Civil Aviation Acts And Regulation issued in Respect Thereof.” The Oversight visits took place on Monday, 27 March (Nnamdi Azikiwe Airport) and Tuesday, 28 March, 2017 (Kaduna Airport).

Among other objectives, the Oversight Visit was organised to;

* + 1. Investigate the following;
       1. The allegation that ramp markings at the Kaduna International Airport is not adequate;
       2. The allegation that ramp marking restrictions is been violated by unauthorized users who go right through the Ramp marks as it violates international accepted standards relating to airport safety regulations;
       3. Allegation that Aircraft maneuvering and parking space is inadequate to accommodate the high number of Aircrafts now plying the Airport;
       4. The allegation that fueling installations and procedure at Kaduna International Airport grossly fall short of International standard and pose grave danger to employees, passengers and general public;
       5. Allegations that some Aviation marketers have been transferring Jet A-1 products from Bulk Road Tankers directly into bowsers right on the tarmac at the Airport, and discharging same into Aircrafts;
       6. The allegations that perimeter fencing and restriction of access to airside by livestock and local human traffic is not adequately covered thereby leaving the airside and runway vulnerable to invasion by livestock and locals which is dangerous to aircrafts, lives and property; and
       7. That passengers processing at the Kaduna International Airport is allegedly very cumbersome, as no substantial space is allotted for passengers at various segment of the operations which often leads to confusion, stress, delay in flights and waste of time of passengers.
    2. Inspect the extent of work done at the Nnamdi Azikiwe International Airport.

# Names of Legislative Committee Members Present

The comprehensive list of the Members of the House Committee on Aviation who participated in the Oversight Visit is as shown below;

# DAY 1: MARCH 27, 2017 AT THE NNAMDI AZIKIWE INTERNATIONAL AIRPORT

|  |  |
| --- | --- |
| S/No. | Member |
| 1. | Hon. Nkeiruka Onyejeocha |
| 2. | Hon. Abdulrahman Shuaibu |
| 3. | Hon. Soyinka Olatunji |
| 4. | Hon. Obinna Chidoka |
| 5. | Hon. Betty Afiapi |
| 6. | Hon. Gideon Gwani |
| 7. | Hon. Tajudeen A. Obaso |
| 8. | Hon. Prince Akeem Adeyemi |
| 9. | Abiante, A. D. |
| 10. | Hon. Mohammed Gololo |
| 11. | Hon. Ayo Omidiran |
| 12. | Hon. A. Atunwa |
| 13. | Hon. Omosede G. Igbinedion |
| 14. | Hon. Adeyinka Ajayi |

**DAY 2: MARCH 28, 2017 AT THE KADUNA INTERNATIONAL AIRPORT**

|  |  |
| --- | --- |
| S/No. | Member |
| 1. | Hon. Nkeiruka Onyejeocha |
| 2. | Hon. Isa Salihu Bashir |
| 3. | Hon. Abdulrahman Shuaibu |
| 4. | Hon. Soyinka Olatunji |
| 5. | Hon. Aminu Shiru M. |
| 6. | Hon. Gideon Gwani |
| 7. | Hon. Tajudeen A. Obasa |
| 8. | Hon. Prince Akeem Adeyemi |
| 9. | Abiante, A. D. |
| 10. | Hon. Mohammed Gololo |
| 11. | Hon. Ayo Oladiran |

|  |  |
| --- | --- |
| 12. | Hon. Omosede G. Igbinedion |
| 13. | Hon. Adeyinka Ajayi |

# NNAMDI AZIKIWE INTERNATIONAL AIRPORT.

The Committee arrived the Nnamdi Azikiwe International Airport, Abuja at about 10:15 am and was received by FAAN officials who were on ground to take them on an *on-the-spot* inspection of ongoing work at the Airport.

According the Project Engineer, the runway was divided into 3 phases of 1.2 kilometres each. The Asphalt laying phase is being completed and the others are at various stages of work. According to the Project Engineer, fitting of air field lighting will commence on the first 1.2 Kilometres by the 29th of March, 2017. The Project Engineer assured that work would be completed prior to the stipulated period of 19th April, 2017. He added that 40% work has been done and that the asphalt and lighting job would be ready by 19th April, 2017.

There is also an ongoing renovation work at both international and domestic terminals of the Nnamdi Azikiwe International Airport which was at advanced stage of work.

# Summary of Findings

Drawing from what the Committee met on ground, the following findings and conclusions were made;

* 1. With the rate of work done at the Airport, delivering the work on schedule seem not feasible. The Committee informed the contractor on the need to speed up the pace of work.
  2. The Committee rated the work done below 40% and expressed concern on the slow pace of work.

# KADUNA INTERNATIONAL AIRPORT – DAY 2

On arrival the Committee was welcomed by the Director-General FAAN and his NAMA counterpart. The following facilities were inspected in the course of the visit;

* Camera facilities which covers all activities at the Airport. The camera has the capability to store files for 90 days
* Toilet facilities
* The VIP wing
* Fuel Deport – Managed by Conoil
* Glyslok Antenna which provides practical guide to aircrafts
* Distance Measuring Equipment (DME) which provides distance (and in some systems groundspeed) information only from the ground facility to Pilots.
* Localizer (which has both the Norm and the Standby such that in the event of power failure, there would be seamless transfer to the Standby). It is a system of horizontal guidance in the instrument landing system, which is used to guide aircraft along the axis of the runway.
* Fire station
* Perimeter Fencing
* Runway/Tarmac

# Findings

* Terminal facilities are not adequate to support the volume of traffic plying the Airport;
* The Airport’s Fire Station has 5 firefighting trucks;
* Distance Measuring Equipment (DME) and Localizer at the Airport are brand new and very efficient;
* There are transformers close to the DME and Glyslok antenna to provide alternative power supply in the event of power failure. The Committee charged NAMA to replicate same in all the airports across the country;
* Truckloads of fuel are offloaded at the Fuel Deport being managed by Conoil and it is filtered before fueling aircraft. The Committee found that the allegation that some Aviation marketers have been transferring Jet A-1 products from Bulk Road Tankers directly into bowsers right on the tarmac at the Airport, and discharging same into Aircrafts was not true;
* Parameter fencing is still in progress, the Committee stressed that it was concerned with the security of lives and property of Nigerians using the Airport;
* There is pressure on the terminal due to increase in traffic as a result of the closure of the Abuja Airport;

# Recommendations

From the findings made above, the following recommendations are herewith made;

* The Committee on Aviation is seeking a three weeks to investigate the Contract for the renovation of the Nnamdi Azikiwe International Airport to ensure it meets Global Standards.
* The House of Representative to direct the Committee on Aviation to investigate the Contract for the renovation of the Nnamdi Azikiwe International Airport and to ensure that it meets Global Standard specification and that there is value for the funds spent on it.
* The House of Representatives to direct the Hon. Minister of State, Aviation to expedite action on the renovation of the Nnamdi Azikiwe International Airport;
* The House of Representatives to direct Julius Berger (Contractors) to ensure proper excavation and re-compacting of the dilapidated runway/tarmac at the Airport to avoid another renovation/reconstruction soon; and
* The House of Representatives to direct FAAN to ensure a speedy completion of the parameter fencing at the Kaduna International Airport.

Hon. Nkeiruka Onyejeocha Chairman