Research Journal of Finance and Accounting
ISSN 2222-1697 (Paper) ISSN 2222-2847 (Online)
Vol.4, No.1, 2013

Inadequacies And Redundancies In The Principal Financial Authorities That Guide Public Sector Accounting And Financial Management In Nigeria

Dr. Robinson Onuora Ugwoke[1] and Dr. (Mrs.) Edith Ogoegbunam Onyeanu[2]

1. Department of Accountancy, Faculty of Business Administration, University of Nigeria, Enugu Campus.
2. Department of Accountancy, Faculty of Business Administration, University of Nigeria, Enugu Campus.
   E-mail of the corresponding author: onuoraugwoke@yahoo.com

Abstract

There exist several financial authorities that guide public sector accounting and financial management in Nigeria. Despite this, there is low level of accountability and transparency in financial reporting and management at the federal government level which engenders a high level of corruption. Curiously, two basic questions are: To what extent have these financial authorities been effective in enhancing accountability and transparency in public fund management? Secondly, are the financial authorities adequate? This paper therefore, determines the effectiveness and adequacy of the existing financial authorities. With a robust literature review providing the theoretical framework, it uses primary data collected from a sample of 200 federal public/civil servants and a student t-distribution statistic at 95% confidence level, to test two hypotheses: "That financial authorities guiding public sector accounting and financial management at the federal government level in Nigeria are ineffective in enhancing accountability and transparency in public fund management", and, "That the financial authorities guiding public sector accounting and financial management at the federal government level are inadequate". The result shows that the financial authorities are both ineffective and inadequate. It thus strongly recommends a substantial review of the existing laws, rules and regulations that guide public sector accounting and financial management at the federal government level in Nigeria, a strengthening of the legal process not only to include very punitive sanctions but also to enforce same timely and exhaustively upon any infringement. .

Key words: Accounting, Accountability, Financial Authorities, Financial Management, Transparency,

Abbreviations: AGF- Accountant General of the Federation, CRF- Consolidated Revenue Fund, FMF- Federal Ministry of Finance, FR – Financial Regulation, MDAs-Ministries, Departments and Agencies, PAC- Public Accounts Committee.

1.Introduction

"The description of Nigeria as a paradox by the World Bank (1996) has continued to be confirmed by events and official statistics in the country. The paradox is that the poverty level in Nigeria contradicts the country's immense wealth. Among other things, the country is enormously endowed with human, agricultural, petroleum, gas, and large untapped solid mineral resources. Rather than record remarkable progress in national socio-economic development, Nigeria retrogressed to become one of the 25 poorest countries at the threshold of twenty-first century whereas she was among the richest 50 in the early 1970's" (Obadan, 2001).

Nigeria is a country rich in natural resources including oil and natural gas, tin, columbite, iron-ore, coal, limestone, lead, zinc. Its agricultural products include cocoa, palm oil, yams, cassava, sorghum, millet, corn, rice, livestock, groundnuts, cotton. Nigeria's industries include textiles, cement, food products, footwear, metal products, lumber, beer, detergents and car assembly. Trade in 2007 was exports: $65.5 billion (with fuels and mining products constituting 97%) and imports: $29.5 billion. Foreign Direct Investment in Nigeria (FDI) in 2008 constituted 29.5% of Gross Domestic Product (GDP). Nigeria's proven oil reserves are estimated to be 36 billion barrels; natural gas reserves are well over 100 trillion cubic feet. Nigeria is a member of the Organization of Petroleum Exporting Countries (OPEC), and its current crude oil production averages around 1.6 million barrels per day (U.S. Department of State, 2010). From the above statistics, it is logical to assume that Nigeria should have no business with poverty.

"Despite Nigeria's oil wealth, poverty is still widespread, though it is improving due to a combination of poverty reduction programmes and reforms undertaken by the current administration. Corruption and the implementation of inappropriate policies by successive military regimes since 1966 have largely contributed to poverty. These military regimes also weakened the judiciary [and] trampled on the human rights of their people with impunity" (Tarr and Nwankwo, 2002). The public sector accounts for a very large proportion of Nigeria's GDP. It is created by the Nigerian constitution, which also defines the powers, duties, boundaries and interrelationships of the separate levels of government and their MDGs in the public sector. Esu and Inyang (2009) opine that public sector in Nigeria has suffered setbacks largely due to ineffective and inefficient management, adding that there is a general opinion that most of the public enterprises have failed to deliver on the purposes for which they were established. This corroborates the assertion of Tokunboh (1990) that, "Management ineffectiveness and inefficiency have been advanced by practitioners and researchers of public enterprises as the bane of the Nigerian public sector". In like manner, Tarr and Nwankwo (2002) and Dandago (2008) identify corruption as one of the primary reasons behind the country's high incidence of poverty, stating that Nigeria until recently was ranked among the most corrupt countries in the world by Transparency International (TI) (an independent organization assessing the level of corruption in countries of the world), with a position among the five most corrupt nations in the world as at 2002. Dandago (2008) asserts that corruption in Nigeria is currently a great challenge to leaders and citizens, threatening to undermine effective governmental financial management. Federal and state governments are reported to have lost about US$380 billion since the country became independent in 1960 due to corruption (Tarr and Nwankwo, 2002). In recognition of the enormous challenge posed by corruption in Nigeria, Government has embarked on several measures towards curbing corruption. Specifically, efforts such as the establishment of the Public Complaints Commission in 1975, the Code of Conduct Bureau in 1990, the National Orientation Agency in 1993, the Independent Corruption and Related Practices Commission (ICPC) in 2000, the Due Process Office in 2001 and the Economic and Financial Crimes Commission (EFCC) in 2004 suggest commitment to a fight against corruption.

Whether poverty in Nigeria is explained by corruption, mismanagement of resources or both is a non issue since no meaningful progress can be made in a country where either of them exists. Moreover, there is a common fertile ground for both. That is, absence of accountability and transparency. As there continues to be an increasing concern regarding the overall results and impacts of the huge amount of resources spent by the Nigerian public sector, "Accountability has thus, become of essence because the keys to creating wealth and maintaining a free society have been recognized to lie primarily in the same direction. Both require that broad-based systems of accountability be built into the governance structures of government institutions as well as business corporations", (Iyoha and Oyerinde, 2009). "Public accountability is the hallmark of modern democratic governance. Democracy remains a paper procedure if those in power cannot be held accountable in public for their acts and omissions, for their decisions, their policies, and their expenditures. Public accountability, as an institution, therefore, is the complement of public management" (Bovens, 2005). In addition, transparency promotes accountability and provides information for citizens about government activities. Moreover, Iyoha and Oyerinde (2009) maintain that there is a need for accountable, open and effective management of public expenditure because elements of accountability exist in any principal-agent relationship and agents of delegated power owe duties to the ultimate power holders. The electorate represents the principal while the Legislature, Executive and Judiciary are agents. Government accountability to the public is thus rooted in representative democracies since it is the electorate through the legislature that gives public sector organizations the authority to operate, to levy tax and to spend.

The financial authorities guiding Public Sector Accounting and Financial Management in Nigeria provide a legal basis for financial management in the public sector and ought to strengthen the financial management function within government-its ministries, departments and agencies. This is intended to ensure accountability and transparency. However, as shown above, these objectives are yet to be achieved. The significant evidence of corruption can be an indicator that the level of accountability and transparency in the Nigerian public sector is still very low. Whereas there still exist several financial authorities that guide public sector accounting and financial management in Nigeria. Curiously, two basic questions arise: To what extent have these financial authorities been effective in enhancing accountability and transparency in public fund management? Secondly, are the financial authorities adequate? This paper therefore, determines the level of adequacy and efficiency of the financial authorities in enhancing accountability and transparency in the public sector in Nigeria.

It is organized in five parts. Part one is the introduction while part two shows the methodology of the study and part three examines the principal financial authorities that guide accounting and financial management in the public sector in Nigeria. Part four analyses the data collected while part five concludes the work.

2. Methodology.

The research was conducted in Abuja where almost all the federal government MDAs has their headquarters. Primary data was collected using questioner administered on 200 respondents randomly selected from an infinite population of all federal public/civil servants involved in Public Sector Accounting and Financial Management in the federal institutions as ministries, offices, courts, commissions, agencies, authorities, statutory corporations and all others set up by an Act of the National Assembly. The questionnaire was designed to reveal the perception of the respondents as to the adequacy and effectiveness of the financial authorities. Secondary data was obtained from the Auditor-General's Annual Reports containing the cases of lose of cash and stores and observations/qualifications made by the Auditor-General on the audited accounts of federal ministries, extra-ministerial departments and agencies (MDAs) for the financial years of 2000 to 2008. The primary data was summarized using the Likert Scale (Osuala, 2007), where the most favourable response to each questionnaire item was weighted 5 through to 1 for the least favourable response.

. For each research hypothesis, the value of the variable from each questionnaire was obtained by summing the respondents score in the relevant questions and determining the average. A frequency distribution for these scores was made and the sample mean $\bar{x}$ and the sample standard deviation s were found using the Definitional Method (Ewurum, 2008) as follows:

$$\bar{x} = \frac{\sum_{j=1}^{g} m_j f_j}{n} \quad \text{and} \quad s = \sqrt{\frac{\sum_{j=1}^{g} (m_j - \bar{x})^2 f_j}{n-1}} \quad \text{(for ungrouped data)}$$

$$\bar{x} = \frac{\Sigma f x}{\Sigma f} \quad \text{and} \quad s = \sqrt{\frac{\Sigma f (x-\bar{x})^2}{\Sigma f}} \quad \text{(for grouped data)}$$

The Student's t-distribution was then used to test each hypothesis. For each variable, the mean μ and standard deviation δ of this population are not known given that the population is infinite, so according to Ewurum (2008), the student's t-distribution was appropriately applied. In addition, according to the Central Limit Theorem in Ewurum (2008), once samples of $n \geq 30$ have been selected, the sampling distribution of the mean will be approximately normally distributed regardless of the shape of the population distribution. Since a sample size of 200 has been selected, inferences were conveniently made about the population mean. The student's t-distribution was used to give a 95% confidence interval estimate of the population mean μ of each variable using only the sample statistics x and s (sample mean and sample standard deviation). The test statistic is based on the difference between the sample mean x and the hypothesized mean μ, where n in the sample size is given by:

$$t_{n-1} = \frac{\bar{x} - \mu}{s/\sqrt{n}}$$

The decision rule applied on the one-tailed test with the rejection region being entirely in the lower tail of the distribution. The critical value of t given as n – 1degrees of freedom is found to be 1.6449 at the probability area of 0.95 in the table of critical values of t. As this value demarcates the rejection and non-rejection regions, the null hypothesis reject H_0 if $t_{175} < -1.6449$ otherwise do not reject H_o.

3. Financial Authorities at Each Stage of The Financial Management Cycle

The financial management cycle in the public sector in Nigeria is made up of four stages – planning and programming, budgeting, accounting and control and audit and review stages.

3.1 Planning and programming

Planning and Programming involves the establishment of economic and social welfare goals for development, the setting up of policies, programmes and projects and the development of long-term visions. It is strategic planning stage of financial management and Nigeria has had such in the form of Vision 2010, Vision 2020, Five Year Development Plans, et cetera. The National Planning Commission plays an important role at this stage. The commission was established by Section 1(1) of the National Planning Commission Act (1993) and has the mandate of determining and advising the government of the federation on matters relating to National Development and overall management of the national economy. Section 16 of the same Act transfers the rights and obligations of the Planning Office of the former Ministry of Budget and Planning to the commission. Members of the commission include the Vice-President, the Ministers for Finance, Petroleum Resources, Agricultural and Rural Development and Industry, the Governor of the Central Bank of Nigeria, the Permanent Secretary State and Local Government Affairs Office etc. The functions of the National Planning Commission as provided by the Act include to:

- *Provide policy advice to the President in particular and Nigeria in general on all spheres of human life;*
- *Set national priorities and goals and engender consensus among government parastatals, corporate bodies and workers' unions in support and accomplishment of such priorities and goals as may be contained in guidelines issued by the commission from time to time;*
- *Formulate and prepare long-term, medium-term and short-term national development plans and to coordinate such plans at the federal, state and local government levels;*
- *Monitor projects and progress relating to plan implementation etc.*

3.2 Budgeting

Budgeting sets out specific actions for the implementation of plans, programmes and projects by determining the level of resources needed to achieve specific plan objectives and setting out yearly allocations within the overall availability of annual revenue, while setting out performance criteria and control measures. At the budgeting stage of the financial management cycle, the constitution provides a broad frame work for accountability carefully weaved around a budgeting process that involves principal public institutions and officers. For instance, Section 81(1) of 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. This he does by issuing a directive through the Minister of Finance to the Budget Office on the action plan for implementing the government strategy, taking cognizance of the macro-economic environment. Anyafo (1996) explains that this is followed by a Ministerial Call Circular. This circular reminds the ministries of the provisions of Section 13(1) of the Finance (Control and Management) Act (1958) as amended to date. This section demands that the Minister of Finance shall cause to be prepared, in each financial year, estimates of the revenues and expenditure of the federation for the next following financial year. Thus, the Budget Office of the Ministry of Finance amplifies the President's budget policy guidelines in the Call Circular which is issued to federal ministries, extra-ministerial departments and agencies, requesting them to forward Advance Proposals for the forthcoming fiscal year's budget.

The ministries, departments and parastatals turn in their Advance Proposals to the Budget Office which examines them. Where necessary, officials of the unit led by the Accounting Officers are invited to a budget hearing before an inter-ministerial committee of officials for the defense of their respective proposals. This committee is a body comprising officials from selected ministries constituted for the purpose of effecting desirable adjustments and corrections to the Advance Proposals. The Budget Office aggregates or collates the Advance proposals into a Consolidated Draft Estimate of revenue and expenditure. This is routed through the Minister of Finance to the President. The President presents the Consolidated Draft Estimate before the Federal Executive Council for deliberation. The Federal Executive Council, made up of the ministers, makes any necessary adjustments and approves it for the President's presentation to the National Assembly.

In accordance with Section 81(1) of the 1999 Constitution, the President presents the Draft Estimates before each house of the National Assembly. Subsection (2) further indicates that the heads of expenditure contained in the estimates are to be included in an Appropriation Bill, providing for the issue from the Consolidated Revenue Fund of the sums necessary to meet that expenditure and the appropriation of those sums for the purposes specified therein.

Section 13(1) of the Finance (Control and management) Act (1958) adds that the above shall be done at a meeting commencing before the 1st day of January of the financial year to which they relate.

The National Assembly works on the Draft Estimate and subject to any necessary adjustments, the Appropriation Bill is passed. This act transforms the Draft Estimate into an Approved Estimate which is then returned to the President. When the President assents to the Appropriation Bill passed by the National Assembly by signing it into law, it becomes an Appropriation Act. This gives legal force to the Approved Estimate. This is then transmitted to the Minister of Finance for the issue of warrants.

Supplementary Provision is dealt with in Section 81(4) of the 1999 Constitution and Section 14 of the Finance (Control and Management) Act. If in respect of any financial year it is found that the amount appropriated by the Appropriation Act for any purpose is insufficient or a need has arisen for expenditure for a purpose for which no amount has been appropriated by the Act, a supplementary estimate showing the sums required shall be laid before each House of the National Assembly and the heads of any such expenditure shall be included in a Supplementary Appropriation Bill.

3.3 Accounting and control or Implementation and monitoring

Implementation and monitoring involves the execution of all long and short-term plans. Earmarked resources are released as internal control measures are imposed alongside actions for effectiveness and efficiency while compliance of actual achievements with pre-determined expectations is monitored. As stated in FMF (2010), management in a government environment involves both the administrative side and accounting side of a department's organizational structure. On the administrative side, there are individuals who must make decisions, execute and approve them to incur expenditure to achieve the objectives of the department. Once such decisions have been taken and money gets involved, it becomes an accounting function to ensure that financial rules and regulations as well as orderly bookkeeping practices are applied. The principal role players at this are as follows: **The President, the Minister of Finance, Accountant-General of the Federation (AGF), Political Heads, Accounting Officers, The Head/Director of Finance and Accounts The External Auditor of a Parastatal** The external auditor shall also submit the Audited Accounts and Management Report to the board of the parastatal within the stipulated time indicated in the signed contract agreement. **The Public Accounts Committee of the National Assembly (PAC)-** Section 88(1) of the Constitution empowers the National Assembly to, by resolution, direct or cause to be directed investigation into:

- *Matters with respect to which it has powers to make laws; and*
- *The conduct of affairs of any person, authority, ministry or government department charged, or intended to be changed, wilts the duty or responsibility of executing laws enacted by the National Assembly and disbursing moneys appropriated or to be appropriated by the National Assembly.*

One of the purposes of the above powers, as contained in Section 88(2) is to enable it 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.

4. Inadequacies and Redundancies In The Public Sector Accounting And Financial Management System In Nigeria

4.1 Legal Framework for Transparency

Apampa and Oni (2009) reveal some duplication in the statutory functions of the National Planning Commission, the Federal Executive Council (FEC) and the Federal Ministry of Finance. These are as contained in the 1999 Constitution, the National Planning Commission Act 1993, the Finance (Control and Management) Act 1958 and the Financial Regulations (2009). Though the constitution provides for parliamentary approval of the annual budget, it remains vague in many respects. Critically, the constitution does not specifically require parliamentary approval for annual revenue estimates or the government's financial plan and non of the legal framework provides any clarity on the extent of legislative powers. Does the legislative debate and enactment of the budget include powers to amend the budget? The legal framework fails to provide a categorical answer. Babalola (2008) feels otherwise. A constitution could be more specific and authorize the legislature, where it deems fit, to introduce amendments to the budget bill it receives from the executive. To the extent that the legal framework for accounting and financial management fails to adequately provide for wider public participation in the budget process, it remains inadequate to enhance transparency and accountability. Curiously, Alimigbe and Onyekpere (2009) note that, the Audit Act of 1956 has ceased to be part of the Laws of the Federation of Nigeria without any clear replacement. This Act was considered during the revision of the Laws of the Federation in 1990 and was deemed superseded by the 1979 (and now 1999) Constitution. However, they maintain that the 1999 constitution's provisions for auditing require amendments to deal adequately with: - financing for recurrent and capital expenditure that is not charged on the CRF, the Auditor General's restraint from auditing the accounts of government statutory corporations and the lack of an Audit Service Commission to hire and discipline audit staff. Iyoha and Oyerinde (2009) do not agree less and even add that absence of personnel with required skills, knowledge and experience in financial matters as members of the PAC is a consequence of absence of established laws and guidelines on who can be members of the PAC. Furthermore, the inability of the PAC to take decisive actions to ensure implementation of its recommendations is because the constitution does not confer on the legislature any powers to enforce decisions reached.

4.2 Public Availability of Information

In the opinion of Apampa and Oni (2009), there are no stipulations on how the public is to be provided with the information necessary to review budget performance at any level of government in Nigeria. Again, macro-economic objectives and projections are rarely circulated to agencies of government and are not made available before budget approval, but rather published after the budget. Information on extra-budgetary activities is also not available, making it easy for government to overshoot projections. Alimigbe and Onyekpere (2009) add that the process and outcome of the work of the office of Auditor-General are still kept away from the public particularly the media and this restricts scrutiny and transparency. Oladele (2010) reveals that since the masses are not aware of the financial regulations to be respected and as they are not being informed of what public officers are doing, there is almost zero need for accountability by public officers, encouraging them to spend public funds anyhow.

4.3. Reliability of Budget Information

Again Apampa and Oni (2009) state that there is no law that specifies the budget's format, what documents are to accompany the budget or how and when budget information is to be disseminated. Similarly, there is no requirement to release information on actual spending, procurement, public assets and liabilities. In addition, the fiscal policy objectives and strategies contained in the budget do not include information on how the government intends to attain these strategies. On the certainty of fiscal projections and the accuracy of expenditure and revenue estimates, their study reveal that the projections on growth rates, inflation and indicators on oil, agriculture and the manufacturing sectors have been widely off mark. Due to macro-economic instability, the information for the past five years shows that most projections are not realistic. Statistically, the range of variances between revenue estimates and actual collection for the years 1997 to 2000 was from 11.9% to 42.2%. While the average variance for expenditure estimates and actual over the same period was 89.5%. Added to the problem of this huge variance between estimates and outcomes, is the absence of consistency in actual expenditure over the years.

4.4 Comprehensiveness of Financial Reporting Information

Apampa and Oni (2009) also report that inadequate information on actual expenditure makes it difficult to research with different information from different government agencies. There are also no clear statements on accounting processes and policies in budget documentation. Looking at how budget information is linked to policy objectives and performance, the priorities set in medium-term plans are repeated verbatim without any progress reports. Their overall finding on the comprehensiveness of budget information is that it is very weak. The budget planners cannot do accurate planning without information. The legislature needs a lot of information to make a meaningful impact and input at the approval stage. For example, the actual spending information used by the legislature is reportedly different from that used by the executive. Civil society participation in the budget process is weak. There are generally few access points for groups and individuals to engage with the process and inadequate budget information diminishes their capacity to interact with public institutions. Adebayo (2005) adds that, given the fact that the Accountant-General is at liberty to choose his approach for preparing and submitting reports on actual and budgeted expenditure and revenue of a given year, the end-product is a variety of approaches, making meaningful comparison difficult.

4.5 Capacity and Systems

Apampa and Oni (2009) report a lack of capacity for effective fiscal management in the Ministry of Finance's Budget Office, with a severe shortage of skilled staff and inadequate office infrastructure. The departments dealing with financial management within the respective ministries similarly lack the skills and equipment to carry out their responsibilities. The office of the Auditor General confirmed a corresponding lack of capacity and resources, including inadequate information and accounting systems. They also suggest poor co-ordination between different agencies charged with budget monitoring, leading to ineffective control and poor accountability. Oladele (2010) adds that the government is finding it difficult to obtain and retain an adequate number of qualified accounting and finance personnel that can manage its accounting and financial duties as expected by various legislation. In addition, those who are expected to be well informed, like politicians, legislators and administrators, also demonstrate ignorance of the existing financial regulations and the purposes they were set to serve. Babalola (2008) adds that the legislature also has a major challenge concerning organizational infrastructure. This hinders the effectiveness of deliberations and reviewing of budget proposals. Members of the legislature lack professional staff to advise them on budget issues and with that, the capacity and skills to undertake thorough budget analyses and monitoring.

4.6 Management of Extra-budgetary Activities

Apampa and Oni (2009) also state that there are a number of government-owned public financial institutions and contingent liabilities that fall within the sphere of extra-budgetary activities. There is no legal requirement in Nigeria for the systematic publication of information on some extra-budgetary funds. For others, records are kept independently by separate government agencies without any form of reconciliation. Not all off-budget funds are open to public audit because they fall outside the mandate of the Auditor-General. There are no known rules governing deposits into and withdrawals from various accounts and funds.

4.7. Feed-back Mechanism of the Financial Management Cycle

The PAC of the National Assembly is strategically located in the financial management cycle in order to complement the auditing function, provide useful information for input into the cycle and for control measures. However, there are no legal frameworks compelling compliance and stating time frames for several control and oversight activities. Very instructive in this regard is the report of Alimigbe and Onyekpere (2009) that 72 audit reports deliberated upon and submitted by the Public Accounts Committee to the eire House since 1999 were yet to be debated and accepted by the Committees of the National Assembly. They add that the outcome of the work of the Auditor General and the PAC is usually “a report on a report” with little or no effective follow up mechanism. Iyoha and Oyerinde (2009) add that the inability of some ministries and departments to respond to audit queries due arises from a breakdown of internal control measures in the public sector. Weak internal control and internal audits in the various ministries and departments are said to lead to non-compliance with record-keeping and accounting rules.

5. PRESENTATION AND ANALYSIS OF DATA

5.1 Respondent experience and awareness of the contents of the financial authorities.

The response rate was 88% thus reducing the sample size from 200 to 176.

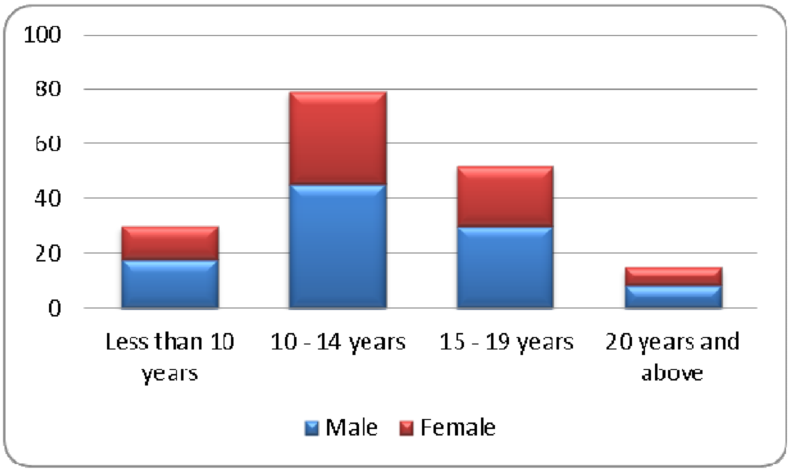

Figure 1: Distribution showing years of experience in public service and gender of respondents

The table below shows the number and percentage of the respondents who are familiar

Table 1: Familiarity of Respondents with the financial authorities

FINANCIAL AUTHORITIES-FA	NO. WHO POSSESS COPIES	PERCENTAGE (OF 176)
Constitution	121	69%
Pensions Reform Act	30	17%
Public Procurement Act	26	15%
Financial Regulations	147	84%
Finance (Control & Mgt) Act	43	24%
Fiscal Responsibility Act	15	9%
Current Appropriation Act	29	16%

The table shows that a high percentage of the respondents have good knowledge of the content of the financial regulations and the Constitution, that is, 84% and 69% respectively. Tis is not surprising since majority of the public/civil servants polled are either directly involved in the accounting processes or financial management in the public sector and the financial regulation is the practical manual for their jobs. But surprisingly, a good number of them did not have adequate knowledge of the other laws especially FA2, FA5, and FA6

5.2 Determination of The Effectiveness of The Financial Authorities

The objective is to determine the effectiveness of the financial authorities guiding public sector accounting and financial management at the federal government level in Nigeria in achieving their objectives of enhancing accountability and transparency. The result of the test of hypothesis shows that the financial authorities have been ineffective in achieving their objectives of enhancing accountability and transparency. In like manner it is found that the financial authorities are grossly inadequate in ensuring accountability and transparency in the conduct of government financial affairs. Hence corruption has been rife in almost all government business in Nigeria.

6. Conclusion and Recommendations

The results prove the financial authorities to be ineffective (about 38%) and inadequate (nearly 60%). In addition, the sample was found to have a low level of awareness of the financial authorities as only the constitution and the

Financial Regulations had awareness levels of more than 25%. 80% of the respondents find the sanctions attached to contravention of the financial authorities to be inadequate while 72% consider them obsolete. For the years 2000 to 2008, the no of cases of abuse of financial regulations at the federal government level in Nigeria are as follows: year 2000 – 435 cases; year 2001 – 375 cases; year 2002 – 507 cases; year 2003 – 275 cases; year 2004 – 175 cases; year 2005 – 187 cases; year 2006 – 138 cases; year 2007 – 524 cases; and year 2008 – 268 cases as shown in the Auditor-General's Report on the Accounts of the Government of the Federation of Nigeria for the year ended 31st December of each of the years (Auditor-General's Report, 2000-2008). These abuses of the financial authorities result to losses of cash and stores and manifest as theft, fraud, negligence, death of government debtors, inadequate security and non-observance of existing regulations. According to these reports, none of the cases have been conclusively disposed of and the culprits brought to book or adequately punished. The amounts of cash and value of stores involved are mostly huge and run into thousands of millions of naira. This clearly corroborates the perception of the respondents that the financial regulations are mostly inadequate, some obsolete and generally ineffective in engendering transparency, probity and accountability in the accounting for and management of public fund at the federal government level in Nigeria. Given the apparent ineffectiveness and inadequacy of the financial authorities, the following recommendations have been made:

1 Efforts should be made to review laws, rules and regulations pertaining to Public Sector Accounting and Financial Management. This should form part of government's effort towards actualizing the vision of the putting the Nigerian economy among the top 20 economies of the world by the year 2020.
2 The PAC membership should be restricted to legislators literate in finance. They should also be empowered to enforce decisions reached in respect of public accounts examined and a feed-back mechanism should be established between the committee and the Office of the Auditor-General of the federation in order to strengthen the auditing function.
3 The legal process of Nigeria should be strengthened so that courts and law enforcement agencies can be relied upon to enforce sanctions. Cases involving corruption should be expeditiously disposed of at the law courts. The anti-corruption agencies should be well-funded. In addition, forensic accountants and auditors should be made available to assist judicial officers especially in cases involving financial fraud.
4 The sanctions that can be administratively applied for many non-compliance issues, as specified in the financial authorities, are weak compared to the gravity of the offences. The government should also improve on its measures for ensuring compliance and enforcing such sanctions.
5 Finally, the government should adopt the strategy of leadership by example. This is because a very effective way of ensuring adherence is to make it evident that it is committed to accountability and transparency by following due process and upholding the rule of law.

REFERENCES

Alimigbe, F. and Onyekpere, E. (2009). *Reforming the Federal Audit Law* in Communique of the Audit Policy Forum, April 22, 2009, Abuja, 1-4.

Allocation of Revenue (Federation Account, etc.) Act 1982.

Anyafo, A. (1996). Public Finance in a Developing Economy: The University of Nigeria, Enugu Campus.

Apampa, S. and Oni, T. (2009). *Citizens: The Losers in a Weak Accountability System.* URL: http://www.chapter2.org.za/gboutputFiles.asp?WriteContent=YERID=1078 [17 May 2010]

Appropriation Act 2010.

Babalola, F. (2008). *Restructuring of the National Budget.* Keynote address at the Retreat for Appropriation, Finance and Public Accounts Committees of the Senate and House of Representatives, March 10, 2008, Kaduna.

Bovens M. (2005). Public Accountability, *an article in The Oxford Handbook of Public Management,* Oxford: Oxford University Press, 2005. URL: http://www.built-environment.uwe.ac.uk/research/esrcseminars/pdfs/mark_bovens_seminar1.pdf [8 June 2010]

Constitution of the Federal Republic of Nigeria 1999. URL: http://www.nigeria-law.org/ConstitutionOfTheFederalRepublicOfNigeria.htm#FunctionsOfALocalGovernmentCouncil [6 May 2010]

Dandago, K. I. (2008). The Constitutional Fight against Corruption in Nigeria: Is it enough? *International Journal on Governmental Financial Management.* **3**(1). 61-69. URL: http://www.icgfm.org/documents/JournalFinalVIIINo1_000.pdf#page=69 [4 June 2010].

Esu, B.B. and Inyang B.J. (2009). A Case for Performance Management in the Public Sector in Nigeria. *International Journal of Business and Management.* **4**(4). 98-105. URL: http://www.ccsenet.org/journal/index.php/ijbm/article/viewFile/1182/1135 [4 June 2010]

Ewurum, U. J. F. (2008). *Unpublished Module on Analytical Techniques in Business.* Department of Management, University of Nigeria Enugu Campus, Enugu, Nigeria.

Federal Ministry of Finance (FMF). (2010). *Introduction to the Financial Regulations.* [http://www.hosf.gov.ng/resources/guides/financial_regulations]

Federal Republic of Nigeria, (2000-2008), *Auditor-General's Report on the Accounts of the Government of the Federation of Nigeria for the year ended 31st December*

Federal Republic of Nigeria. (2009). Financial Regulations (FR) (Revised to January 2009). Abuja. Federal Government Printers.

Finance (Control and Management) Act 1958.

Iyoha , F.O and Oyerinde, D. (2009). *Accounting Infrastructure and Accountability in the Management of Public Expenditure in Developing Countries: A focus on Nigeria.* Ph.D. Thesis. Covenant University: Nigeria.

National Planning Commission Act 1993.

Obadan, M. I. (2001). Poverty Reduction in Nigeria: The way forward. *CBN Economic and Financial Review.* **39**(4).

Oladele, O. (2010). Overview of the Statutory Guidelines for Public Sector Accounting. URL: http://ssrn.com/abstract=1577269 [10 August 2010]

Osuala, E. C. (2005). *Introduction to Research Methodology*. 3rd ed. Onitsha: Africana-First Publishers Limited.

Revenue Mobilisation, Allocation and Fiscal Commission Act 1989.

Tokunboh, M. A. (1990). *Public enterprise: the Nigeria experience,* Lagos: Lantern Books. Cited by Bassey, B. E. and Benjamin, J.I. (2009). A Case for Performance Management in the Public Sector in Nigeria. *International Journal of Business and Management.* **4**(4). 98-105.

Ugwoke, R.O. (2005). Public Sector Accounting, Enugu: Kinsman Publishers Ltd.

World Bank. (1996). Nigeria, Poverty in the Midst of Plenty: The challenge of Growth with Inclusion. Washington, D.C.: World Bank. Cited by Obadan, M. I. (2001). Poverty Reduction in Nigeria: The way forward. *CBN Economic and Financial Review.* **39**(4).