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# ASSESSMENT OF BUDGET IMPLEMENTATION OF NIGERIA CUSTOMS SERVICE OYO AREA COMMAND (2010-2015)

**John Peter EKERETE and Saheed Olasunkanmi ODUOLA,**
Department of Public Administration, Faculty of Administration, Obafemi Awolowo University, Ile-Ife, Osun State, Nigeria
**Lateefat Bukola BABARINDE**
Department of Accounting and Finance, Faculty of Management Sciences, Ajayi Crowther University, Oyo, Nigeria

## ABSTRACT

*The study examined the set budgetary goals of the Nigeria customs service Oyo Area Command between 2010 and 2015; also determined the extent of budget implementation in the study area and analysed the challenges confronting budget implementation in Nigeria Customs Service in Oyo Area Command.*

*The study employed both primary and secondary sources in gathering its data. The primary data were collected from the field survey using questionnaires and interview. The set of questionnaire was administered to senior staff, management staff and junior staff of the Nigeria Customs Service Oyo Area Command located in Agodi Ibadan to elicit information on the set budgetary goals, the extent of budget implementation and the challenges confronting budget implementation. For the purpose of questionnaire administration, purposive sampling technique was used to select 150 senior, management and juniors staff respondents which constituted 30% of the total population 465 of the purposively selected from a different department/unit of Nigeria Customs Service in Oyo Area command. This was followed by an in-depth interview which was held with five (5) senior staff of the customs service that includes Deputy Controller, Officer in Charge of Administration, Officer in Charge of Operation, Assistant Controller in Charge of Revenue, Officers in Charge of Patrol Teams A, B,C and D . The secondary data were gathered from textbooks, journals, internet materials etc. The data were analysed using frequency distribution and percentages.*

*Findings from the study revealed that the budgetary goals of the customs service include capacity building, provision of states of the art facilities to meet the international best standard and equipping the staff for intensification of Anti-Smuggling Operations, particularly at the Border Stations. The study showed that the service exceeds the level of average in its budget implementation. The indicators include: Service records substantial budget implementation (50%), Service is satisfied with above 50% budget implementation (54%) and Service mobilise resources outside of its budget to meet some needs (55.8%). Lastly, findings from the challenges* *confronting budget implementation revealed that absence of trained personnel (93%), inadequate revenue (83%), the untimely release of funds (82%), managerial inefficiency and lack of planning challenges(79%) facing budget implementation in the customs service.*

*The study concluded that budget implementation in Nigeria customs service is relatively effective.*

***Keywords:*** *Budgetary, Budget implementation, Anti-smuggling, Controller, Administration*

## 1. Introduction

The traditional concept of finance (providing funds needed by an organisation) has the merit of highlighting the central core of the financial function –the treasury function- which is simply keeping the organisation supplied with enough funds to accomplish its objectives. Every person responsible for finance, whether it be the finance of company (business), household (private) or government (public), is confronted with the prospect during the coming days, months or years of an inflow of receipts on the one hand and an outflow of payments on the other. In the public realm, every decision is based on equity and efficiency back-up by public policy so as to ensure the efficient employment of resources. Thus, public financial management deals with the judicious use of funds, and also ensures accountability and financial control. Public Financial Management (PFM) refers to the procedures, established by law or regulation, for the management of public monies through the budget process, which includes formulation, execution, reporting and analysis (Potter and Diamond, 1999).Public Financial Management is a critical instrument in the implementation of economic policy, and it works by influencing the allocation and use of public resources through the budget and overall fiscal policy (Prakash and Cabezon, 2008).

In Nigeria, the budgetary process is currently governed by the Constitution, the Finance (Control & Management) Act of 1958 and the Fiscal Responsibility Act of 2007**.** Each of these instruments provides the mandate and specific roles for the executive and legislators to play in the budgeting process. While some provide a timeframe, others are silent. The Constitution largely dominates the federal process which, while adequately responding to concerns of the time, created a system of rules that have proved inadequate in present circumstances

The preparation of the budget is a shared responsibility of the Executive and Legislative arm of the Federal Government. The budget, which is officially referred to as the Appropriation Act, is introduced by the Executive, approved by the Legislature and signed into law by the President. The Budget Office of the Ministry of Finance develops the budget in accordance with the Federal Government's fiscal policy. The Budget Office meets early in the fiscal year with key revenue generating agencies (including the Federal Inland Revenue Service, Nigerian Customs Service and the (NNPC) as well as key economic agencies (including NPC, NBS and CBN) to assess and determine trends in revenue performance and macroeconomic indicators and the implication of such trends for the next three fiscal years. The implementation of the budget is carried out by the various Ministries, Department, and Agencies (MDAs) of the federal government. Funds for capital projects are released on a quarterly basis to the relevant spending MDAs in line with what is allocated to them in the budget. It should be noted that the Federal Ministry of Finance instituted since 2005, cash Management Committee, that ensures funds availability for the smooth financing of the government budget. This structure reduces discretionary borrowing from the overdraft (Ways and Means) account of the Central Bank and avoids delays towards completing capital projects.

Among the agencies of government involved in the implementation of the budget in Nigeria is the Nigeria Customs Service. The Nigerian Customs Service – a paramilitary organisation, could be said to have been established a little over a century ago when the British Colonial administration appointed Mr T. A. Wall, in 1891, as the Director-General of Customs for the collection of Inland Revenue in Niger Coast Protectorate. This is the formalization of the duties which the Department had been performing under the Royal Niger Company under the leadership of the past chief executive.

The Department of Customs and Excise was made up of two divisions – Maritime and Preventive. The maritime Division has the responsibility of collecting import and excise duties and other related functions while the Preventive Division was responsible for enforcement duties which included prevention of smuggling as well as arrest and prosecution of smugglers. Due to its revenue-generating capacity, the activities of the service has always attracted public attention.

The Oyo/Osun Area Command of the Nigeria Customs Service (NCS) was reported to have generated a staggering N14.59 billion in 2015, N15.20 billion in 2014and only in January the command was said to have generated N932.86 million in January 2016, and that the command is prepared to build on its revenue generation and anti-smuggling activities (Daily Trust, 2017). However, it has always been a recurrent observation of those reviewing the budgetary performance of governments in Nigeria that implementation is our problem.

**2. Statement of Problems**

According to Olomola (2009), the budget process in Nigeria faced numerous challenges which led to different reforms from one government to another. He listed a litany a challenge of challenges facing the budget process which also included poor implementation. This was also corroborated by Ekeocha (2011) where he emphasized that late submission of the budget to the National Assembly over the years has led to late commencement and thus poor budget implementation and its attendant consequences. Moreover, Chukwuma (2013) also lend voice to the foregoing that, it has always been a recurrent observation of those reviewing the budgetary performance of governments in Nigeria that implementation is our problem. The problems experienced during implementation may as well have originated in the formulation.

Ekocha (2012) in his own work considered the institutional bottlenecks of the Nigerian budget process and equally highlighted the role of poor budget implementation. The Nigerian customs service due to its fundamental role of in the area of revenue generation capacity has caught the attention of public eye in recent times. The staggering revenue declared in recent years is a cause of concern about the activities of the service. Particularly, the Oyo Area Command, where it was reported to have generated a staggering N14.59 billion in 2015, N15.20 billion in 2014 and only in January the command was said to have generated N932.86 million in 2016, and that the Command is prepared to build o its revenue generation and anti-smuggling activities (Daily Trust, 2017). This calls for a need to beam searchlight into the activities of the command. Extant literature incidentally, few studies on budget implementation process have focused specifically on the Ministries Departments or Agencies. This work therefore intends to carry out an assessment of the budget implementation in Nigeria custom service with particular focus on Oyo Area Command.

## 3. Research Questions

(a) What are the budgetary goals of the Nigeria customs service Oyo Area command between 2010 and 2015?
(b) What is the extent of budget implementation in the study area between 2010 and 2015?
(c) What are the challenges confronting budget implementation in Nigeria's customs service in Oyo Area Command?

## 4. Objectives of the study

The broad objective of this study is to assess the budget implementation of Nigeria custom service Oyo Area Command between 2010 and 2015

The specific objectives are to:

(a) identify the set budgetary goals of Nigeria's customs service Oyo Area Command between 2010 and 2015;
(b) determine the extent of budget implementation in the study area between 2010 and 2015; and
(c) analyse the challenges confronting budget implementation in Nigeria's Customs Service in Oyo Area Command

## 5. Review of Literature

Ogoru (2016) described as budget formulation and transmittal. He stated that the budgetary procedures in the Nigerian public sector are universal. All levels of government follow the same processes and prepare estimates in line with laid rules. The content of government budget is guided by provisions of schedule of the 1989 Constitution of the Federal Republic of Nigeria, Decree 3 of 1989 The starting point of any budget is the statement of objectives which is the guiding principle of the budget. The objectives are the ultimate goals in which the entire resources (both human and material) and the entire constellation of the fiscal policies of the government are geared towards achieving the objectives of budget vary from year to year depending on the goals the government wants to pursue. For example, we have had the budget of hope, the budget of consolidation, the budget of transition, the budget of continuity, the budget of change etc.

He maintained that after the objective, the Planning and Budgeting Department issues all circulars for budget data. All relevant facts are gathered through various heads of departments. The planning and budgeting officer does the collations and analysis of data collected (Ogboru, 2016). When the budget is being formulated, there is a continuous flow of information, proposals, evaluation and policy decisions among the executive, the office of budget, and the various government agencies. From such information flows and exchanges, policy issues are identified, and budgetary projections are made, giving attention to important modifications and innovations in the plan. The projections include estimated receipts and expenditures and the economic outlook of the country. From these projections, the general budget and guidelines for the fiscal year are established.

One feature of the process is the preparation of the current services estimates which are budget outlays required to continue government programmes and activities in the upcoming fiscal year. The budget also takes cognisance of the capital outlay for new projects to be executed in the course of the year. Thus the budget process involves the simultaneous consideration of the resource needs of the individual programme, and the total outlays and receipts that are appropriate in relation to current and prospective economic conditions.

Obara (2013) also assert that budget approval in the public sector (Government) occurs at three stages namely ministerial approval, executive approval and legislative approval. The preparation of the budget phase commences five months before the beginning of the fiscal year. Guidelines are issued from the ministry of budget and planning in a form of circular. When the circular demanding the budget estimates to prepare is received by each ministry and department, a departmental committee of the budget estimate is set up by each ministry and extra-ministerial department. The committee is headed by the ministerial head of budget and personnel. It has its function as consideration and reconciliation of the budget proposals submitted by various departmental branches, division and units of the ministry.

**Ministerial Approval Phase**

Each ministry submits their estimates to the ministry of Budget and planning for further consideration and approval. The Ministry of Budget and Planning, in turn, set up a committee called "Draft Committee" for the review of draft estimates submitted by the ministries. This committee asked each ministry or department to come and defend its proposals; having Concord on the proposal, the budget department aggregates the budget in the form of consolidated estimates of revenue and expenditure. This is sent to the presidents for its approval.

**Executive Council Approval Phase**

The President on receipt of the advanced proposal as approved by the budget and planning present the draft estimate before his cabinets members known as the council of ministers for further consideration and approval. This council discusses and agrees on the estimates with the President's political priorities of government and therefore the president gives his executives approval of the draft estimates before sending it to the National Assembly in form of appropriation bills.

**Legislative Approval Stage**

The National Assembly comprises the House of Representatives and the house of Senate. The president presents his budget packages to the National Assembly at a joint meeting of two houses of assembly. This meeting is known as "budget session". It is up to the national assembly to approve, modify or rejects the Bills. In each house, there are standing committees, which relates to the ministries and departments. At such committees, each ministry and departments are invited to defend the increasing budgeting allocation, in justification of their programmes. The House debates the bill and makes modifications where necessary. After the house must have considered and reconciled the budget's estimates in the light of national economic and priorities then the appropriation committee is brought for appropriation purposes. If the house is convinced and satisfied with the proposals, each of them will approve the budget. Where there are discrepancies in opinion on some particular items, the two houses appoint finance committee that would resolve such differences. The resolution of the finance committee is final on the difference. Afterwards they both set to approve the budget. On approval of the national assembly, the budget is sent back to the president for his assents and signature. And consequently, it becomes the appropriation act. These will now be printed and distributed to the ministries and department in form of approved estimates.

Ogboru (2016) describes this last stage above as legislative action. He enunciated that the congressional or legislative review of budget begins with the Government (President or Governor's) transmitting his budget estimates to the house. Appropriate committee of the house is constituted and required to look into the estimates submitted. The legislature can then act as it wishes on the executive budget proposals. It can change programmes, eliminate, or even add some programmes not requested by the executive. It can increase or decrease the amount recommended. It may also act upon legislation determining taxes and other policies and means of increasing receipts. In making the appropriation, the legislature can also set a limit on the amount earmarked for each sector. While some programmes are authorised by the house for a specified number of years, others require annual authorisation. Scrutinization of the proposal by the legislature is closely followed by ratification by the various respective legislatures' executives. The ratified package is then sent to the President or Governor as the case may be, for final ratification and approval. Once approved, the budget becomes the financial basis for the operation of each department during the fiscal year.

Ekeocha (2012) in own work describe the Nigerian budget formulation process. In Nigeria, the preparation of the budget is a shared responsibility of the Executive and Legislative arm of the Federal Government. The budget, which is officially referred to as the Appropriation Act, is introduced by the Executive, approved by the Legislature and signed into law by the President. A summary of the Nigerian budget process is set forth below.

**Budget Planning/Formulation**

The Budget Office of the Ministry of Finance develops the budget in accordance with the Federal Government's fiscal policy. The Budget Office meets early in the fiscal year with key revenue generating agencies (including the Federal Inland Revenue Service, Nigerian Customs Service and the NNPC) as well as key economic agencies (including NPC, NBS and CBN) to assess and determine trends in revenue performance and macroeconomic indicators and the implication of such trends for the next three fiscal years. This discussion leads to the preparation of a Medium-Term Revenue Framework ("MTRF") pursuant to which projected revenue from various oil and non-oil sources is determined over the medium-term. Following this determination with respect to revenue, the Medium-Term Expenditure Framework ("MTEF") is developed outlining key areas of expenditure (statutory transfers, debt service, MDAs' Expenditure) as well as the projected fiscal balance. If this fiscal balance is a deficit, sources of financing this deficit are also considered. MDAs' expenditures comprise both capital and recurrent expenditures. Since 2005, the Government has used the Medium-Term Sector Strategies to prioritize and align the capital expenditure of large-spending MDAs with the development objectives of the Government. Historically, this has been focused on NEEDS, the MDGs, the Seven-Point Agenda and more recently, the Vision 20:2020 and the First National Implementation Plan (NIP). The MTEF is further developed into a formal Medium-Term Expenditure Framework Report, which includes the Fiscal Strategy Paper and MDAs expenditure ceilings. This formal MTEF/Fiscal Strategy Paper is required, under the Fiscal Responsibility Act, to be presented by the Minister of Finance first to the Federal Executive Council and then to the National Assembly for consideration and approval.

**Budget Call Circular and Preparation of the Executive Budget Proposal.**

Once the MTEF, Fiscal Strategy Paper and MDAs' expenditure ceilings have been approved by the Federal Executive Council, the Budget Office, under the supervision of the Minister of Finance, issues a "Call Circular". The Call Circular instructs the MDA to allocate their allotted capital expenditure ceilings across their existing and new projects, programmes and other initiatives. MDAs are also required to submit estimates of their recurrent expenditure requirements for personnel costs and overhead. The Budget Office evaluates and consolidates the submissions of the various MDAs and prepares the draft budget. This process most times, takes place in August. Presidential Submission to the National Assembly. The draft budget is presented by the Minister of Finance to the President for approval. The approved budget, together with supporting documents, is formally presented by the President to the National Assembly for consideration and appropriation, typically at a joint session of the Senate and the House of Representatives.

**Legislative Scrutiny and Approval**

The budget is considered separately by the House and Senate of the National Assembly in accordance with the legislative practice and procedures. The two houses harmonize their drafts and the recommendations of the various committees are considered and collated with the oversight of the MDAs. The harmonized budget is approved separately by each chamber of the National Assembly; after which it is presented as the Appropriation Bill to the President for assent. Once the President assents to the Appropriation Bill, it becomes an Act of parliament passed into law. It should, however, be noted that during the deliberation of the Appropriation Bill in both Chambers of the National Assembly, all the relevant Committees in both Houses review and recommend changes to various segments of the budget. During the process, there is usually “horse trading” between the executive and the legislature looking for a common ground for speedy passage of the Appropriation Bill. Various parameters used in drafting the budget are debated and in some cases adjusted by the relevant Committees in the House of Representatives, particularly by the Finance, Appropriation, National Planning and Legislative Budget during their deliberation on the Medium Term Expenditure Framework submitted by the Executive to the National Assembly. Their decisions guide the general debate in the plenary who also adjust other benchmarks such as the oil price benchmark, the production of crude oil, and the size of funding for oil and gas production in the joint venture agreement, as well as the level of debt repayments to be made in any fiscal year. In the past, the budget allocation for running the legislature is also debated upon but it is now on first line charge and no longer subject to debate and horse trading. The debates and horse trading that ensue during legislative scrutiny of the Appropriation often leave the public wondering whether or not the legislature has the constitutional right to propose increases or not and whether it should only raise issues and queries and request for a reasonable explanation. These are some of the issues contained in the Institutional bottlenecks that prolong the passage of the budget and eventually reduce the implementation period of the budget.

**Budget implementation**

Ogoru (2013) asserted that, under the law, most budget authorities and other budgetary resources are made available to the departments and agencies of the executive branch through an apportionment action. Obligations may not be incurred in excess of the amount apportioned. The objective of the apportionment system is to ensure effective and orderly use of available resources and to reduce the need for requesting additional and supplemental funds.

Ekeocha (2012) stated that the implementation of the budget is carried out by the various Ministries, Department, and Agencies (MDAs) of the federal government. Funds for capital projects are released on a quarterly basis to the relevant spending MDAs in line with what is allocated to them in the budget. It should be noted that the Federal Ministry of Finance instituted since 2005, cash Management Committee, that ensures funds availability for the smooth financing of the government budget. This structure reduces discretionary borrowing from the overdraft (Ways and Means) account of the Central Bank and avoids delays towards completing capital projects. Obara (2013) expatiated on a lot of issues in the implementation stage:

**Value for Money Audit**

The scope of government auditing has been widened over the years by the demand for independent verification of information to the extent that it can no longer be limited to the audit of financial operations. Government auditing now extends to a financial audit, regulatory audit, economy, efficiency, and effectiveness audit. The audit objectives have been viewed traditionally as an independent examination of the financial statements of an entity followed by the expression of independent opinion as to the truthfulness and fairness of the financial statement against the criteria of generally accepted accounting principles and standards. However, in the case of government accounting, the general absence of the profit motive and the presence of the provision of social and economic services have combined to extend the audit objective to include an ascertainment of whether the establishment being audited is achieving the purposes for which its programmes are authorized and whether it is doing so economically, efficiently and effectively. Value for money is the concept that seeks the maximization of the use of scarce resources for the welfare of the public by ensuring that activities and programmes are carried out at low cost and to a high standard. In order to achieve this phenomenon, three elements are usually covered and these are Economy, Efficiency and effectiveness. According to Ademikhe (2003), these three elements of value for money can be described as follows:

**a. The economy** is the practice by the management of the virtues of thrift and good housekeeping. An economical operation acquires resources in appropriate quality and quantity at the lowest cost.

**b. Efficiency** is making sure that the maximum useful output is gained from the resources devoted to each activity, or alternatively, that only the minimum level of resources are devoted to achieving a given level of output. The efficiency of an operation could be said to have increased if either lower cost were used to produce a given amount of output, or a given level of cost has resulted in increased output.

**c. Effectiveness** is ensuring that the output from any given activity is achieving the desired results. There is, therefore, the need to establish that the desired goals are being achieved in order to evaluate effectiveness.

The type of interrelationship among these three elements is that all of them must be in place before the assessment of value for money can be complete. Right things must be done, using the right method and at minimum cost. For instance, as much as effectiveness is linked with the achievement of set objectives, it is also important to expect that the objectives are achieved by the application of the right methods that is, efficiency. The use of s sledgehammer to kill a housefly, though effective is not efficient. The application of value for money concept of auditing leads to the concept of Value for Money (VFM) audit. It is applicable to both the private and public sector, but more emphasis has been placed on its application to the public sector. It is related to the extent to which funds are spent economically, efficiently and effectively. It is also referred to as the Comprehensive Audit or Efficiency Audit.

**Due Process**

On a continuous basis and in both the private and public sectors, efforts are usually made, to seek how to improve on the ways activities are carried out if there is to progress in the results being sought to be achieved. More importantly, in the public sector, those at the helm of affairs must make a deliberate effort to improve on the system already put in place in all the three tiers of government if they must remain relevant in the global village which the world is turning into. The concept of control as applied to the public sector has been undergoing various changes from one country to the other in the recent past. Each nation has been formulating policies aimed at improving resources utilization at the budget implementation stage. Considerable efforts have been made to find new techniques of control and to introduce institutional changes and improvements to the types of controls applied. In an effort to exercise control on the expenditure of government, it is not sufficient to rely on the fact that expenditure items have been provided for in the approved budget (via the Appropriate Act). At the implementation stage, approval for releasing the money must be tied to the availability of funds to the extent to which the revenue budgeted for has been earned. Therefore, the process of controls involved in the overall expenditure control structure should cover monitoring of the activities, for example, contract approval for payment and release of funds. There must be a commitment by top management staff at the relevant tier of government to the new ways of doing things (Corporate governance).

In Nigeria, the relatively long period of military rule had almost eroded the basic economic structure that had been developed since independence. Consequently, the Obasanjo administration was faced with the task of seeking ways of reversing the trend of decadence in the nation. At the inception of his government in 1999, the president emphasized that his administration had adopted transparency, equity, justice and accountability as its guiding principles and policy imperatives. These principles are to ensure commitment to public policies and good governance (Nwankwo, 2004).

**Budget Monitoring and Price Intelligence Unit (BMPIU)**

It has always been a recurrent observation of those reviewing the budgetary performance of governments in Nigeria that implementation in our problem. The problems experienced during implementation may as well have originated in the formulation. Therefore the axiom "Prevention is better than cure" could be appropriate here. It is on the basis of this view that evaluation consists of an assessment of progress and its impact so that areas of success and failure in implementation can be identified. Evaluation in the context of the above explanation serves mainly to link formulation and implantation of budgets and is used by the executive. It is also possible to view evaluation as a tool for ensuring both transparency and accountability. Due process involves ensuring strict compliance with laid-down rules and procedures, guiding the process of contract invitation, contract award and contract implementation. This is with a view to ensuring that government's resources are managed in such a way that they are not wasted.

The BMPIU has become synonymous with Due Process. In fact, it has come to be known as the Due Process Unit because of the emphasis on the need to follow due process in all the different tiers of government and parastatals. It is noteworthy that the term "Due Process" simply means the appropriate way or proper method or an expected approach or normal way of doing something. It is, therefore, merely an awakening or revival of the application of the procedures already put in place earlier but for some time abandoned due to corruption and moral decadence.

**Cost Audit**

Cost audit is the detailed checking of costing system, techniques and accounts to verify their correctness and to ensure their adherence to the objectives of cost accounting. Chukwuma (2013) opines that cost audit is a systematic and accurate recording of detailed transactions and operations of manufacturing, contracting, extracting, transporting, supplying, servicing etc so as to show the actual cost of each individual piece of work, service or separations of the business. Cost audit is, therefore the verification of the correctness of cost accounts and adherence to the cost accounting plans. One of the basic principles of auditing is that the auditor should not only be seen as independent but must be truly independent. In order to ensure the total independence of the auditors in the public sector, the auditing system must be overhauled with particular reference to the appointment and removal of auditor, especially at the higher level. Furthermore, the staff of the office of the Auditor-General of the Federation must be properly trained to focus on relevant value-for-money audits in support of government budget implementation objectives.

**Monitoring and Evaluation of the Budget**

Ogboru (2016) describes the next phase after implementation *as* review and audit. This is the final step in the budget process. The individual agencies and departments are responsible for assuring, through their own review and control system, that the obligations they incur and the resulting outlays follow the provisions of the budget, as well as the laws and regulations relating to the obligation and expenditure of funds. The audit department regularly audits, examines, and evaluates government programmes. Its findings and recommendations for corrective action are made to the appropriate authorities. It may endorse civil action to ensure compliance should executive or agencies fail in accordance with the law.

Ekeocha (2012) maintained that the oversight of budget implementation is the final stage of the budget process. The monitoring is done by the Ministry of Finance, the National Planning Commission (NPC), the National Assembly, the National Economic Intelligence Agency (NEIA), the Presidential Monitoring Committee (PBMC), the Office of the Auditor General of the Federation and the Accountant General of the Federation. Actual inspection of the capital projects are carried by these agencies in various capacities, predominant among them is the Ministry of Finance; the National Planning Commission and National Assembly through its think-tank – the Policy Analysis and Research Project (PARP) which is now, National Institute for Legislative Studies (NILS).While copies of the budget Implementation reports are on the website of the Federal Ministry of Finance, such reports from the PARP now NILS is made available to the National Assembly presiding officers and relevant Committees. As it were, the Executive has a lot to do in the budget process. The institutional framework guiding the activities of the Executive in the budget process is mainly the Fiscal Responsibility Act; administrative manual and civil service guidelines, and the Constitution. It should be noted the Constitution in section 81 only stipulates that the President can at any time before the expiration of the fiscal year cause to be laid before the two chambers of the National Assembly the Appropriation Bill.

It is not certain when the budget process activities of the Executive begin in the year, but desk review shows that call for budget circular most times is issued in August by the Minister of Finance. With the bureaucratic "red-tape" in civil service, much time is wasted before the final compiled budget document is sent to the President for approval and onward submission to the National Assembly for scrutiny and approval in line with its statutory responsibility The Parliamentary budget process is regulated by the "Standing Orders" and "Rules" of the House and Senate. Again, here there is no fixed time period for the completion of the process. It depends on the allotment of time issued by the leadership of respective Chambers. The first reading of an appropriation bill does not follow the usual pattern of the Clerk reading the Short Title of the bill. Rather, when the President of the Federal Republic of Nigeria has publicly presented the Appropriation Bill to the National Assembly in a joint sitting, it is regarded that the bill has been read the first time. This does not, however, apply to a supplementary appropriation bill and other money bills. For the second reading, Chairman Rule and Business Committee do fix a day for the Second reading in consonance with the leadership. At the end of the debate in the second reading, the President of the Senate or the Speaker then refers the appropriation bill is referred to Appropriation Committee with all other portfolio Committees serving as subcommittees. These standing Committees become sub-committees of the Appropriation committee and can organise hearings and scrutinize the appropriation bill. The appropriation committee consolidates the report and reports to the Committee of Supply following order 61 of the House of Representatives. The third reading involves the proceedings in the Committee of Supply and passage. The Committee of Supply as in the case of Appropriation looks at the Appropriation Bill clause by clause. After the passage in both chambers, the report is sent to the Super Committee for harmonization. After the harmonization of the report, it is sent back to the two houses for adoption. If a money bill (Appropriation Bill) has been passed by one of the Chambers of the National Assembly but not yet passed by the other Chamber within a period of two months from the commencement of the financial year, the President of the Senate is empowered by the Constitution (Section 59, of the 1999 Constitution even as amended) to within fourteen days thereafter arrange for and convene a meeting of the Joint Finance Committee to examine the bill with the view to resolving the differences between the two Houses. The implication is that the Chamber that has not passed the bill is discharged of it and the joint finance committee now acts as the Conference Committee. Where the Joint Finance Committee fails to resolve the difference, the bill is referred to the National Assembly sitting at a Joint Meeting. If the bill is eventually passed at such joint meeting, it is presented to the President for assent. In the event that the President withholds assent or fails to signify his assent to the Appropriation Bill or any Money Bill within thirty days, the National Assembly will by two-thirds majority of members of both Houses sitting in a Joint Session of the National Assembly over-ride the President's veto, and thus pass the bill again which shall become law and the assent of the President shall not be required.

### Institutional Framework for the Budget Process

Ekeocha (2012) further highlighted the institutional framework in the budget process. To him, Nigeria's budget process is currently governed by the Constitution, the Finance (Control & Management) Act of 1958 and the Fiscal Responsibility Act of 2007**.** Each of these instruments provides the mandate and specific roles for the executive and legislators to play in the budgeting process. While some provide a timeframe, others are silent. The Constitution largely dominates the federal process which, while adequately responding to concerns of the time, created a system of rules that have proved inadequate in present circumstances. The annual budget's estimates of revenue and expenditure are proposed by the President and laid before both houses of the National Assembly through the Appropriation Bill. The Appropriation Bill becomes an Act after it has been passed by both houses of the National Assembly and assented to by the President. The fiscal year for Nigeria runs from 1st January to 31st December every year.

### The Legal Framework for the Federal Budget Process.

### The Constitution

Nigeria operates a federal system whereby there is power at the centre and at the sub-national units, each deriving its powers from the Constitution. It follows therefore that the constitution provides the essential features of the financial procedures that are followed in Nigeria. Accordingly, the executive arm at the federal level must adhere to the provisions of sections 80-82 of the Nigerian Constitution in the federal budget process. This gives the budget a legal backing following section 81 (1) of the 1999 Constitution (even as amended); without which the actions of the federal government will be null and void and the budget becomes a mere document. The Constitution grants the power of the "purse" to the legislature but does not provide or establish any specific procedure for the consideration of budgetary legislation.

The Constitution in section 81 provides that the President shall cause to be prepared and laid before each House of National Assembly at any time in each financial year estimates of the revenues and expenditures of the Federation for the next following financial year. Section 82 provides that if the Appropriation Bill in respect of any financial year has not been passed into law by the beginning of the financial year, the President may authorize the withdrawal of money from the Consolidated Revenue Fund (CRF) of the Federation for the purpose of meeting expenditure necessary to carry on the services of the Government of the Federation for a period not exceeding six months or until the coming into operation of the Appropriation Act, whichever is earlier. Again section 59 stipulates that where the President within thirty days after the presentation of the Appropriation Bill to him fails to signify his assent or where he withholds assent, then the Bill shall again be presented to the National Assembly sitting at a joint meeting, and if passed by two-thirds majority of members of both Houses at such joint sitting, the Bill shall become law and the assent of the President shall not be required.

**Statutory Requirements (framework) for the Federal Budget Process Finance (Control and Management) Act and Fiscal Responsibility Act.**

The Finance (Control and Management) Act 1958 though outdated, and the Fiscal Responsibility Act (FRA) 2007 provide modalities for the preparation and appropriation of money bills; fiscal rules regarding the size of the budget deficit and revenue forecast; and institutionalize the modern approach to budgeting based on the Medium-Term Expenditure Framework (MTEF). While the Finance (Control and Management) Act1958 has no specified time frame, the FRA 2007 in part II section 11 specifies that the MTEF for the next three financial years (upon which the yearly budget estimates revolves), must be prepared and laid before the National Assembly not later than four months before the commencement of the next financial year. Similarly in part VI, and section 33, the FRA provides that the executive arm of the federal government shall at least 30 days before the deadline for the submission of its budget proposals place at the disposal of the National Assembly, the revenue estimates for the following year, including the net current revenue and the respective memorandum items. Furthermore, section 34 stipulates that the estimated revenue targets shall be broken down by the executive arm of government into monthly collection targets, including where applicable, a separable description of measures to combat tax fraud and evasion. Indeed the broad objective of the Act is to enhance the prudent management of the nation's financial resources with a view to ensuring long-term macroeconomic stability, among others. It institutionalized the Medium-Term Expenditure Framework (MTEF) to strengthen the capacity of the public financial management system to allocate and utilize available resources in the most efficient manner in the medium-term. This is in consonance with Section 11 (1b) of the Act which provides that the Minister of the Federal Republic of Nigeria shall cause to be prepared and laid before the National Assembly for consideration a medium-term expenditure framework for the next three fiscal years that would guide the preparation of the annual budget. The law provides that the preparation and laying should not be later than 4 months before the commencement of the next fiscal year. Also, the President is expected to make wide consultations with stakeholders in the preparation of the MTEF document. Since the FRA was enacted, three MTEFs have been prepared: the 2010-2012, 2011-2013 and 2012-2015 MTEF. The three MTEFs also suffered from late submission. However, the documents so far submitted, covered most of the essential components stipulated in the FRA, notably a Macroeconomic Framework, a Fiscal Strategy Paper, Expenditure and Revenue Framework, a Consolidated Debt Statement as well as a statement describing the nature and fiscal significance of contingent liabilities.

**Senate Rules and House Standing Orders**

The legislature in scrutinizing the budget proposal of the executive employs its procedure based on its standing orders and rules. The House Standing Orders in Order 12 and section 16 stipulates the procedure on Money Bill (Budget). Section 16 stipulates that during each year, there shall be introduced into the House, an Appropriation Bill which shall contain the estimated financial requirement for expenditure on revenue accounts on all the services of the government for the succeeding fiscal year. The details of these financial requirements shall be contained in the Estimates which shall be presented at the same time. Section 16 (1b) stipulates that on presentation, the appropriation bill shall be deemed to have been read the first time and a date be fixed for the commencement of the second reading. Subsection 2 of same section 16 stipulates that the Rules and Business Committee shall determine the number of days to be allotted for the second reading of the bill. Section 16 (4a-d) stipulates that when the bill has been read the second time, it shall be committed to the appropriations committee. The Standing Committee of the House shall for this purpose be deemed to be sub-Committees of the Appropriations Committee and shall consider estimates for the Ministries, Departments and Agencies which come under charge. After the consideration, the sub-Committees shall report back to the Appropriation Committee. The appropriation Committee after deliberating on the report of the sub-Committee shall then report to the Committee of the Whole House which is also known as "Committee of Supply". Whenever the need arises for the Appropriations Committee to seek clarification on any issue relating to the budget of any Ministry, Department or Agency as submitted by a Standing Committee, the Appropriations Committee may invite the affected Ministry, Department or Agency in company of the leadership of the Standing Committee to defend or clarify as may be necessary. The budgetary provision submitted by the Appropriations Committee to the Committee of Supply on any Ministry or Department shall be agreed to be signed by the leadership of each Standing Committee.

These provisions are time-bound, yet there is no provisional timeframe upon which these processes and indeed others should be completed. The same process is also observed in the Senate Standard Rules. The time frame gave usually depends on the discretion of the President of the Senate or Speaker of the House of Representatives who is at liberty to apportion 2 or 3 weeks or even a month as the case may be for the Committees to look into the Appropriation Bill.

## 6. Methodology

The study employed both primary and secondary sources in gathering its data. The primary data were collected from the field survey using questionnaires and interview. The set of questionnaire was administered to senior staff, management staff and junior staff of the Nigeria Customs Service Oyo Area Command located in Agodi Ibadan to elicit information on the set budgetary goals, the extent of budget implementation and the challenges confronting budget implementation. For the purpose of questionnaire administration, purposive sampling technique was used to select 150 senior, management and juniors staff respondents which constituted 30% of the total population 465 of the purposively selected from a different department/unit of Nigeria Customs Service in Oyo Area command. This was followed by an in-depth interview which was held with five (5) senior staff of the customs service that includes Deputy Controller, Officer in Charge of Administration, Officer in Charge of Operation, Assistant Controller in Charge of Revenue, Officers in Charge of Patrol Teams A, B,C and D . The secondary data were gathered from textbooks, journals, internet materials etc. The data were analysed using frequency distribution and percentages.

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## 7. The result of the Findings

**Table 1. Determination of Extent of Budget Implementation in Nigeria Customs Service Oyo Area Command**

| **VARIABLE** | **SA** | | **A** | | **U** | | **D** | | **SD** | |
|---|---|---|---|---|---|---|---|---|---|---|
| | f | % | F | % | f | % | f | % | F | % |
| Service records substantial budget implementation | 19 | 15.8 | 39 | 33.5 | 13 | 10.8 | 27 | 22.5 | 22 | 18.3 |
| Service does not exceed 70% budget implementation | _ | _ | 26 | 21.7 | 73 | 60.8 | 19 | 15.8 | 2 | 1.7 |
| Service mobilise resources outside of its budget to meet some needs | 19 | 15.8 | 48 | 40.0 | 22 | 18.3 | 24 | 12.6 | 7 | 5.8 |
| Service expenditure sometimes outweigh revenue | 25 | 20.8 | 39 | 32.5 | 13 | 10.8 | 26 | 21.7 | 17 | 14.2 |
| Service is satisfied with 50% budget implementation | _ | _ | 32 | 26.7 | 42 | 35.0 | 25 | 20.8 | 21 | 17.5 |
| The service does not borrow outside revenue | 22 | 18.3 | 4 | 3.3 | 28 | 23.3 | 32 | 26.7 | 34 | 28.3 |

**Source**: Fieldwork 2017

**Respondents Opinion on the Extent of Implementation of the Set Budgetary Goal in Oyo Area Command.**

The result showed that 15.8% strongly agree and 32.5% agreed that the service records huge budget implementation annually. However, 22.5% disagreed and 18.3% strongly disagreed with the statement that the service records huge budget implementation annually. Also, 10.8% of the responses were undecided. This shows that majority of the staff are of the opinion that the service records huge budget implementation in the Nigeria Customs Service Oyo area command. It is interesting to note that 21.7% of the respondents are of the opinion that the service does not exceed 70% budget implementation annually. On the other hand, 17.5% disagreed with the fact the service does not exceed70% budget implementation. It is shocking to discover that more than half of the respondents remained neutral on whether the service records more than 70% budget implementation. On whether the service mobilises resources outside of its budgetary plan to meet budgetary goals, 56% of the respondents agreed that the service mobilises resources outside of its budgets to meet some needs. On the contrary, 25% are of the opinion that the service does not go outside of the budget to accomplish certain goals of the service. The result also showed that majority of the respondents (53%) is of the opinion that the expenditure of the service outweighs the revenue. However, 35% of the respondents disagreed with this statement. Lastly, over 60% of the staff believes that the service derived satisfaction at 50% budget implementation. Contrary to this, 38% of the staff disagreed with service deriving satisfaction at 50% budget implementation.

**Table 2. Analyse The Challenges Confronting Budget Implementation in Nigeria Customs Service**

| VARIABLE | SA | | A | | U | | D | | SD | |
|---|---|---|---|---|---|---|---|---|---|---|
| | F | % | F | % | f | % | f | % | F | % |
| Lack of trained personnel hinders budget implementation | 69 | 57.5 | 44 | 36.7 | 7 | 5.8 | _ | _ | _ | _ |
| Inadequate revenue | 41 | 34.2 | 43 | 35.8 | 8 | 6.7 | 28 | 23.3 | _ | _ |
| Untimely release of fund | 60 | 50.0 | 39 | 32.5 | 4 | 3.3 | 17 | 14.2 | _ | _ |
| Management lacks expertise | 38 | 31.7 | 58 | 48.3 | | 3.3 | 7 | 5.8 | 13 | 10.8 |
| Overbloated expenditure | 44 | 36.7 | 35 | 29.2 | 7 | 5.8 | 34 | 28.3 | 34 | 28.3 |
| Lack of planning | 55 | 45.8 | 24 | 20.0 | _ | _ | 13 | 10.8 | 28 | 23.3 |

**Source**: Fieldwork 2017

**Respondents Opinion on Challenges Confronting Budget Implementation in Nigeria Customs Service**

The result showed that the lack of trained personnel hinders budget implementation. This is largely supported by over 90% of the respondents. The staffs are of the opinion that a lack of trained personnel challenges that confront budget implementation. About 70% of the staff are also of the opinion that inadequate revenue is a challenge confronting budget implementation in

Nigeria Customs Service. This is contradicted by 23% of the staff who are of the view that inadequate revenue does constitute a challenge to budget implementation in Nigeria Customs Service. In the same vein, over 80% of the staff are also of the opinion that the untimely release of funds is a challenge confronting budget implementation in the Nigeria customs service. Also, 14% of the respondents, however, believed that the untimely release of funds does not hider budget implement. It also interesting to note that 79% of the staffs are of the opinion that lack of expertise in management is a challenge to budget implementation in the customs service. However, a few numbers of them, 15% believed that lack of expertise affects budget implementation. Also, 65% of the staff believed that over bloated expenditure affect budget implementation in Nigeria Customs Service. This is obverse of the opinion of 28% of the staff who argued that having over bloated expenditure does not affect budget implementation of the Nigeria Customs Service. Lastly, 65% of the staffs are of the opinion that the absence of planning hinders budget implementation of the Nigeria Customs Service. Also, 23% of the staff refuted the claim that lack of planning affected budget in the customs service. They are of the opinion that the lacks of planning die not affect budget implementation.

**Findings Through the in-depth interview**

The interview sessions held with the senior staff of the customs service that include Deputy Controller, Officer in Charge of Administration, Officer in Charge of Operation, Assistant Controller in Charge of Revenue, Officers in Charge of Patrol Teams A, B, C and D revealed that that the budgetary focus of any command is determined by the nature of the activities the command is meant to carry out, the source of the revenue of the customs service is from the Federal Government while the areas of expenditure for the service has been training of personnel, procuring arms and ammunition, equipping their members, and also meeting logistics needs.

## 8. Discussion of Findings

Findings from the study revealed that the budgetary goals of the customs service include capacity building, provision of states of the art facilities to meet the international best standard and equipping the staff for intensification of Anti-Smuggling Operations, particularly at the Border

Stations. The study showed that the service exceeds the level of average in its budget implementation. The indicators include: Service records substantial budget implementation (50%), Service is satisfied with above 50% budget implementation (54%) and Service mobilise resources outside of its budget to meet some needs (55.8%). Lastly, findings from the challenges confronting budget implementation revealed that absence of trained personnel (93%), inadequate revenue (83%), the untimely release of funds (82%), managerial inefficiency and lack of planning challenges(79%) facing budget implementation in the customs service.

## 9. Recommendations

In view of the findings of this work, the following recommendations are directed to the stakeholders, in particular, the government and Nigeria Customs Service.

- The Service should give adequate attention to the training of personnel in the service. Effort should be directed towards achieving this purpose.
- There is a need for government to increase funds disbursed to the Customs Service. This will enhance the effective implementation of their plans and programmes.
- Lastly, there is a need for Service to look into the managerial cadre and carry necessary check so as to ensure the command professionals and experts, as this will bye and large affect its planning system.

## 10. Conclusion

The study concluded that budget implementation in Nigeria customs service is partially successful. However, there are a number of challenges confronting budget implementation, which include inadequate revenue, the untimely release of funds, lack of trained personnel, lack of planning and management lack of expertise.

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