



e-ISSN: 2319-8753 | p-ISSN: 2347-6710

IJIRSET

International Journal of Innovative Research in
SCIENCE | ENGINEERING | TECHNOLOGY



INTERNATIONAL JOURNAL OF INNOVATIVE RESEARCH

IN SCIENCE | ENGINEERING | TECHNOLOGY

Volume 10, Issue 7, July 2021

ISSN INTERNATIONAL
STANDARD
SERIAL
NUMBER
INDIA

Impact Factor: 7.569



9940 572 462



6381 907 438



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The Effect of Budget and Budgetary Control in Third World Economy (A Case Study of Oyo State Nigeria)

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ABSTRACT: This research work is carried out to determine the effectiveness of budget and budgetary control in third world economy (a case study of oyo state Nigeria). This research was carried out because of dearth in the awareness as regards the weakness of budget and budgetary control in the improvement of the overall performance of the state. To ascertain the effectiveness of budgets control and the problems affecting budgeting and budgetary control. The researcher used literature review as their main source of data using ministry of Finance, Oyo as a case study and also made use of personal observations. The writers found that budgeting and budgetary control in the state is weak and despite the effort of government, budget and budgetary control has failed because of dependence on federation account, untrained budget staff, non-adherence to budgetary control measures, corruption, inflation and political environment. The author recommended among others that there is a need for perfect budget control in the state, enhancing the budget monitoring in the state, the researcher also warn strictly that for better result to be achieved the stated recommendation should be adopted.

KEYWORDS: Budget, Capital, Management and Control.

I. INTRODUCTION

Budget has been defined by Reeve J.M & Warren C.S (2008) as an accounting device used to plan and control resources of Operational Departments of Governments and Divisions. Budget has been defined by Chartered Institute of Management Accountants (CIMA), as “a financial or qualitative statement prepared and approved prior to a defined period of time for the purpose of attaining a given objective. It may include income, expenditure and the employment of capital”. CIMA also defined budgetary control as “the establishment of budgets relating the responsibilities of executives to the requirements of a policy and the continuous comparisons of actual with budgeted results, either to secure by individual action the objectives of that policy or to provide a basis for its revision. Horngreen (1982) defined a budget as “a quantitative expression of a plan of action and an aid to coordination and implementation”. The Oxford Advanced Learners’ dictionary defined budget as an estimate or plan of the money available to somebody and how it will be spent over a period of time. Dictionary emphasized the word plan, but planning itself is found in all aspect of human endeavor, hence planning is a blue print of business growth and a road map for development that helps in deciding objectives, quantitatively and qualitatively. It involves setting a goal on the premise of the objectives and keeping of the resources. The process of planning requires that managers of business to act as if they are fortune tellers and attempt to predict the future course of action to be adopted. Such prediction of the so-called fortune tellers will determine whether or not the objectives of the firm will be met. Adams (2001), views budget as a future plan of action for the whole organization or a sector thereof. Budgets are plans that deal with future allocations and utilization of resources to different activities over a given period of time. For any organization to make progress or achieve its goal, it needs capital and to be able to make profit, it requires planning of its resources, which can only be achieved through budgeting, hence budgeting serves as a tool for financial planning. The purpose of budgeting is basically to provide a model of how the state might perform, financially speaking, if certain strategies, events, plans are carried out. A

government budget is an annual financial statement which outlines the estimated government expenditure and expected government receipts or revenues for the forthcoming fiscal year. Government Budgets are of three types: balanced budget, surplus budget and deficit budget. Balanced Budget a government budget is said to be a balanced budget if the estimated government expenditure is equal to expected government receipts in a particular financial year.

1.2 Statement of the Problem

The effectiveness of budgetary control is used as a tool for proper management of resources and its activities in the state. Despite the presence of ministry of budget and budget monitoring teams in public sector, the preparation, execution and management of budget in the public sector is seemed ineffective. Based on the above, the researcher's aim is to find out the impact of the budget on performance in the public sector and to know the effectiveness of budgetary control in Oyo State of Nigeria.

1.3 Research Questions

- i. To what extent does budget control has effect in the third world economy?
- ii. How effective is budgetary control in the state?

1.4 Statement of Hypotheses

H_{O1} : There is no significant impact of budgeting on performance in the State

H_{O2} : There is no effective budgetary control in the State.

1.5 Significance of the Study

1.5.1 To Government: It appraises the public sector to how budget and budgetary control 3es Economic, Effective and efficiency are established; also how they affect organizational performance. It leads to a decrease in cost and increase in revenue which in turn leads to effective and efficiency performance. The government is on a better position to achieve her goals and execute her projects.

1.5.2 Individuals: The significance of anything much depends upon its relevance and validity. There will be no gain therefore researching into topics or problem with no expectation, the effective budgetary control help them to communicate plans between executive and those responsible for their execution. It motivates managers and employees at all levels and serve as standard for measuring performance.

II. LITERATURE REVIEW

Historically, the scripture made us to believe that budget originates as far back as the Stone Age period, when the early man failed to get all his needs he was forced to plan and manage the little he had in terms of foods and other essential things. He rationed his food over a period of time so as to prevent himself from being starved, though his wants as compared to what the modern man will require are very small, he still could not get all he needed to the level of his utmost satisfaction. He preserved the fruits he plucked during their seasons for the period of glut, when they are not in plenty, so as to avoid starvation during that period. He also preserved the excess bush meats, as he was not sure he would be able to get animal killed on daily basis. As far as the early man plans for the future because of uncertainty that pervades the future, he is said to be involved, directly or indirectly, in primitive budgeting. Modern day budgeting started during the Egyptian and Roman civilization periods around 2500 BC and 500BC respectively. Then the merchants' belief in drafting all expected expenditure against expected income in respect of their businesses so as to be able to know the kind of venture that would be profitable.

2.1 Conceptual Framework

Several authors have made various propositions and have defined the term budget; from various perspectives, mostly on individual perspectives and experiences. Aseshemic (1997) defined a budget as a financial or quantitative statement of plan to be pursued for achieving given objective. According to Brown and Howard (2002), a budget is a

predetermined statement of management policy during a given period which provides a standard for comparison with result actually achieved. Buyers and Holmes (2000) on their part define a budget as a financial and/or quantitative statement prepared and approved prior to be pursued during that period for the purpose of attaining a given objective. They opined that a complete budget of the future operation of a business involves the matching of sales with production. This is to set an attainable objectives and the planning of the work to be carried out and costs to be incurred by the canter into which the business is divided for budgeting purposes.

Pandey (2001) posits that a budget is a comprehensive and co-ordinated plan expressed in financial terms for the operations and resources of an enterprise and for some specific period in the future. According to him, the basic elements of a budget are would include the following:

- It is a comprehensive and co-ordinated plan.
- It is expressed in financial terms.
- It is a plan for the firms operation.
- It is a future plan for a specified period.

Onuorah (2005) however holds the view that budgeting spells out management plan in quantitative terms. According to him, it also helps to evaluate organizational plans, while at the same time performing two vital management functions namely:

- The formulation of a comprehensive future plan of action;
- It compares actual result with predetermined plan, thus, planning and control (which are two primary functions of management) are also essential features of the budgeting process.

In the views of Lucey (1988) as it relates to the discourse, a budget is the annual process of funds allocation, which should be seen as stages in the progressive fulfillment of the long term objectives of the organizations. Accordingly, the budgeting process steers the organization towards the long term objectives defined in the corporate plan. An analysis of the above propositions on the concept of budget reveals that although they have different interpretations they all have a common element.

2.2 Concepts of Budget

As mentioned in our introduction, budgets are statements of estimated resources set apart for execution of planned works or activities over a specified period of time. It is a blue print of the outcome of the organization's operation in a financial year. It indicates the qualitative parameters of an organization's performance, while budgetary control, according to Terry, is a process of finding out what is being done and involves the act of comparing the actual result with the budget to verify accomplishment or remedy the differences.

2.3 Purpose of Budgeting

In the context of budget management, the purpose of budgeting includes the following three aspects:

- A forecast of income and expenditure (and there by performance)
- A tool for decision making
- A means to monitor budget performance
- Forecast of income and expenditure

Illustration of the purpose of budgeting as a means of forecasting budget performance Budgeting is a critically important part of the business planning process. The purpose of budgeting is basically to provide a model of how the state might perform, financially speaking, if certain strategies, events, plans are carried out.

2.4 Budget Process

The budget process is shown below, highlighting the distinct steps in public sector application of the budget tool: The first step in the budget cycle is the preparation of budget. The next distinct step is the legislative approval, third

2.5 Purpose Of Budgeting

Below are some of the essences of budgeting for the future:

- a) To improve planning and control with ultimate intention of increasing the profit and financial position of the firm;
- b) To find the most profitable course of action through which the efforts of the business may be directed in meeting its primary objectives;
- c) To assist management in holding the business as nearly as possible on the survival course;
- d) To force management to focus attention on particular operating and financial problems so that effective planning would be made for them
- e) To translate the objective of an organization into action;
- f) To coordinate the various factors of production with a view to satisfying all stakeholders;
- g) To communicate the organizational objectives across the firm; Since we have highlighted the various purposes of preparing the budget it is necessary for us to restate the various steps involved in the preparation of budget.

2.6 Steps in Budget Preparation

The following steps are to be established to prepare a :

- a) Existence of a budget manual: the manual shall contain the standing instructions governing the responsibilities of persons, procedures, forms and records relating to the preparation and use of the budget
- b) Constitution of the budget committee: the committee consists of the chief executive officer and representatives of functional areas as finance, production, marketing, selling, engineering etc. The committee is to formulate the program for the preparation of the budget
- c) Identifying principal budget factor: the factor that limits the level of activities (such as shortage of skilled labor, inadequate raw material or machine capacity) the extent of which should be firstly assessed before preparing the functional budgets
- d) Appointment of a budget officer: normally an accountant who is charged with the responsibility of issuing budget instructions to various departments; receiving and checking the budget estimates; providing historical information to departmental managers to help them in their forecasting; ensuring that departmental managers prepare their budgets in time; preparing the budget summaries; submitting budgets to committee and furnishing explanation on particular points; discussing difficulties with managers and coordinating all budget works
- e) Establishing the budget periods: budget could be established into control periods which could be weekly, monthly, quarterly or even yearly

2.7 Classifications and Types of Budget

Budgets can be classified into: a) Short term budget; b) Long term budget; c) Fixed budget; d) Flexible budget; e) Zero Based Budgets (ZBB); f) Rolling budget; g) Activity Based Budgeting; h) Incremental budgeting; i) Planning, Programming Budgeting Systems (PPBS)

- **Short term budget :** Budget established for use over a short period of time, usually a year, which the responsible officer is to use for control purposes. This is commonly in use in manufacturing industries due to the complex and dynamic environment in which they operate.
- **Long term budget:** This is a long-term plan, also called development plan. It is normally for a minimum duration of 5 years and is sometimes called the strategic plan of the organization. Government prepares 5 years Development plan, which can be rolled over for every five year as manufacturing companies also prepare 5 years strategic plans, which is sometimes broken into yearly budget rolled over from one year to the other.
- **Fixed budget:** CIMA defined fixed budget as budget set prior to a control period and not subsequently changed in response to changes in any activity costs or revenues. It may serve as a benchmark in performance

evaluation. Flexible budget CIMA defined flexible budget as a budget designed to change in accordance with the level of activity attained. This budget recognizes the existence of fixed, variable and semi-variable costs and is designed to change in relation to the actual volume or output or level of activity in a period.

- **Zero Based Budgeting:** This is also called Priority based budgeting. It is a technique which seeks to eliminate the drawbacks of traditional incremental budgeting by taking the budgets for service of overhead centers back to minimal operating level and then requiring increments above this level to be quantified and adjusted. ZBB was introduced in the early 1970s in the US by Phyr, O. and gained prominence because of its practicability.
- **Rolling Budget :** This is also known as continuous budget. It is a system of budgeting that involves continuously updating budgets by reviewing the actual results for a specific period in the budget and determining a budget for the corresponding time period. Under this period, instead of preparing a budget annually, there would be budget every three or six months so that as the current period ends, the budget extended by an extra period.
- **Activity Based Budgeting**
This is also called activity cost management which is defined as “a method of budgeting based on an activity framework and utilizing cost driver data in the budget setting and variance feedback processes. It is a part of planning and controlling system which tends to support the objectives of continuous improvement and it also a form of development of conventional budgeting system.

2.8 Problems of Budgeting

The Budgeting problem can be classified into quantitative and non-quantitative as below:

Quantitative Problems

Budget is concerned with the future and as such the data that goes into its preparation must be future-oriented but on past events. Nevertheless, there is always a technical problem in forecasting accurately the future in a world that is dynamic in nature. It should also be noted that since budgets are set by human judgment, they are subjected to the same feasibility which attends all human activity. Therefore, the dynamism of the future would definitely raise variance between the actual and the budgeted results.

Non-Quantitative Problems

These are the behavioral problems of budget. They arise as a result of the behavior of human factor that is unpredictable. An average human being changes like weather with situation to his best advantage. It is this same human being that is expected to supply the information on which the formulation of budget would be based. He is also expected to use the budget to achieve the organizational objective. He may decide to be enthusiastic or indifferent about it

2.8 Conditions For Effective Budgetary Control System

The under-listed conditions are necessary to be in place for a budgetary control to be effective:

- a) Involvement and support of top management
- b) Clear cut information of long term corporate objectives within which the budgeting system will operate
- c) Realistic organization structure with clearly defined responsibility
- d) Genuine and full involvement of the line managers in all aspect of the budgeting process
- e) Appropriate accounting and information system which will include: the record of expenditure and performance related to responsibility; prompt and accurate reporting system showing actual against budget; ability to provide more detailed information or advice on request

III. METHODOLOGY

3.1 Introduction

In this paper, we used literature review as our main source of data. We took the Oyo State budget for three years and made a comparison (2016- 2018) to be able to appraise the budgetary control in the public sector. These help us to

answer our questions formulated in the study. The answers have agreed with our hypothesis. The studies examine the effectiveness of budgeting and budgetary control in third world, Oyo State as a case study.

IV. EXPERIMENTAL RESULTS

4.2 Design

3.2.1 Oyo State Government Budget 2016

A total of one hundred and seventy-three billion, four hundred and twenty nine million, four hundred and four thousand, four hundred and forty four naira (N173,429,404,444) only was appropriated into law as expenditure for 2016.

Performance of State Government Revenue & Expenditure for the year 2016

4.2.2 Performance of 2016 Budget

The performance of the State Budget in the 2016 as shown on Tables 1-3. The sum of **N6.2b** spent on the Economic Sector (Table 3) represented **70.8%** of the total **N8.8b** Capital Expenditure expended as at September of the fiscal year.

Table 1 Revenue Performance for the Year 2016

S/N		ESTIMATES	ACTUAL	% on Approved
	ITEMS OF REVENUE		2016	
1	IGR	72,742,830,000	16,544,068,376	22.74
2	Statutory Allocation	30,000,000,000	24,425,995,298	81.4
3	VAT	9,000,000,000	11,913,059,090	132.37
4	Others	2,000,000,000	4,949,365,921	237.47
	TOTAL RECURRENT	111,742,830,000	57,632,468,206	51.58
5	Capital Receipts	59,686,574,444	22,307,374,361	37.37
	TOTAL	173,429,404,444	79,939,843,048	46.09

Table 2: Summary of Expenditure for the Year 2016

S/N	Items of Expenditure	Approved Estimates 2016	Actual Jan.-Sept	% per
1	Personnel Costs	44,847,604,723	30,866,212,930	68.82
2	Overhead Costs	13,177,994,460	4,632,445,972	35.15
3	Consolidated Revenue Charges	42,286,000,000	7,134,239,871	16.87
	Total Recurrent Expenditure	100,311,599,183	42,632,898,573	42.50
4	Capital Expenditure	73,117,805,161	8,792,311,996	12.02
	Total	173,429,404,444	51,425,210,570	29.65

Table 3 The 2016 Capital Budget Performance for the Year 2016

S/N	SECTORS	APPROVED ESTIMATES N'000B	PRO-RATA ESTIMATES N'000B	ACTUAL N'000B	% ON APPROVED EST.
1	Economic	46,813,009		6,225,597	13.3
2	Social Service	14,304,900		883,122.66	6.17
3	Law & Justice	180,000		91,558.67	50.87
4	General Admin.	11,819,896		1,592,033.33	13.47
	Total	73,117,805	54,838,354	8,792,298.67	12.02

SUMMARY OF 2017 BUDGET

A total budget of **Two Hundred and Seven Billion, Six Hundred and Seventy-One Million, Four Hundred and Ninety-five Thousand, Three Hundred Naira (N207,671,495,300:00)** only is being proposed for 2017 fiscal year.

The details are highlighted as follows:

Table I Summary of Revenue for the Year 2017

S/N	ITEMS OF EXPENDITURE	APPROVED ESTIMATES 2017	PERFORMANCE AS AT SEPTEMBER	ACTUAL % AGAINST APPROVED ESTIMATES	ACAL CONTRIBUTION AS % OF TOTAL ACTUAL PERFORMANCE
1	IGR	107,484,295,300	16,503,281,043	15.35	16.84
2	Statutory Allocation	30,000,000,000	22,235,029,792	74.12	22.69
3	VAT	14,000,000,000	12,157,550,558	86.84	12.41
4	Others	32,478,200,000	38,401,303,006	118.24	39.19
Total 2, 3 and 4		76,478,200,000	72,793,883,356	95.18	74.29
TOTAL RECURRENT		183,962,495,300	89,297,164,400	48.54	91.13
5	Capital Receipts	24,691,616,554	8,693,796,932	35.21	8.87
TOTAL		208,654,111,854	97,990,961,332	46.96	100

Table II Summary of Expenditure For The Year 2017

S/N	ITEMS OF EXPENDITURE	APPROVED ESTIMATES 2017	PERFORMANCE AS AT SEPTEMBER	ACTUAL % AGAINST APPROVED ESTIMATES	ACAL CONTRIBUTION AS % OF TOTAL ACTUAL PERFORMANCE
1	Personnel Costs	56,073,772,798	35,297,778,598	62.95	36.28

2	Overhead Costs	20,713,247,264	10,450,841,733	50.45	10.74
3	Consolidated Revenue Charges	50,787,699,770	25,155,904,832	49.53	25.85
Total Recurrent Expenditure		127,574,719,832	70,904,525,355	55.58	72.88
4	Capital Expenditure	81,079,392,021	26,390,101,014	32.55	27.12
	Total	208,654,111,854	97,294,626,369	46.63	

Table III The 2017 Capital Budget Summary

S/N	SECTORS	APPROVED ESTIMATES N'000B	Performance as at September	Actual % Against approved estimates	Actual contribution as % of Total Actual performance
1	Economic	46,618,952,021	19,637,064,765	42.11	74.41
2	Social Service	25,507,000,000	4,730,584,421	18.54	17.92
3	Law & Justice	880,000,000.00	57,651,484	6.55	0.22
4	General Admin.	8,073,440,000	1,964,800,342	24.28	7.45
	TOTAL	81,079,392,021	26,390,101,014	32.55	

The aggregate percentage of **89.44%** of the total budget was allocated to the economic and social sub-sector, In line with Fiscal Sustainability principle, personnel expenditure has been rationalized to be **26.7%** of the total budgeted expenditure. In tem of infrastructural development the sum of **Twenty-Five Billion, Five Hundred and Two million, Two Hundred and Sixty-Two Thousand Twenty-One Naira and Ten kobo (N25,502,262,021.10)** was spent for the on-going road projects, construction of new roads, as well as expansion and rehabilitation of some township and intercity roads plus other infrastructure development for the state for the year 2017.

4.4 PERFORMANCE OF 2017 BUDGET:

At this point, I wish to give a brief insight into the performance of the State Budget in the months of January to September, 2017 as shown in Tables 1-3 attached herewith. Revenue performance stood at **46.95%** against **62.63%** in September. Within the same period, Expenditure performance stood at **46.62%** against **62.19%**. The 2017 figures show an improvement on the performances of the previous year which was **46.09%** and **61.46%** on revenue and **29.65%** and **39.53%** on expenditure on approved and pro-rata estimates respectively.

The sum of **N19.6b** spent on the Economic Sector (Table 3) represented **74.24%** of the total **N26.4b** Capital Expenditure expended as at September of this fiscal year. This shows the continued priority attention given to economic and infrastructural development. It is to be noted that the recurrent expenditure particularly on personnel cost is heavier. This is due to the continued

TABLE I: Revenue Performance 2017

S/N	Item of Revenue	Approved Estimates 2017 (Nb)	At Sept. 2017 (Nb)	Actual
1	I G R	107.48	80.61	16.50
2	Statutory Allocation	30.00	22.50	22.23
3	VAT	14.00	10.50	12.57
4	Others	32.48	24.35	38.40
	Total Recurrent	183.96	137.97	89.29
5	Capital Receipts	24.69	18.45	8.69
	Total	208.65	156.42	97.98

TABLE 2: Expenditure Performance for the year 2017

S/N	Item of Expenditure	Approved Estimates 2017 (NB)	Pro Rata As At Sept. 2017 (Nb)	Actual As At Sept (Nb)
1	Personnel Cost	56.07	42.03	35.29
2	Overhead Cost	20.71	15.48	10.45
3	CFRC	50.79	38.07	25.15
	Total Expenditure	127.57	95.67	70.90
4	Capital Expenditure	81.08	60.75	26.39
	Total	208.65	156.42	97.29

TABLE 3: Capital Expenditure Performance for the year 2017

S/N	Item of Expenditure	Approved Estimates 2017 (NB)	At Sept. 2017 (Nb)	Actual (Nb)
1	Economic	46.62	34.92	19.64
2	Social	25.5	19.08	4.73
3	Law and Justice	0.88	0.63	0.06
4	General Admin.	8.07	6.03	1.96
	Total	81.07	60.75	26.39

SUMMARY OF 2018 BUDGET

A total budget of **Two Hundred and Sixty Seven Billion, Four Hundred and Thirty Six Million, Three Hundred and Fifty Seven Thousand, Nine Hundred and Twelve Naira, Nineteen Kobo (N267,436,357,912.19)** only is being proposed for 2018 fiscal year. The summaries are highlighted as follows:

Table 1 Summary of 2018 revenue

Items	2017		2018		% Change
	(N) 'b	%	(N)'b	%	
Federation Account	69.00	33	93.68	35	35
Transfer (LG,JAAC for LGSPB&LGSC	7.48	3.0	7.53	2	5
IGR	107.45	51	112.10	41	4
Total Recurrent	183.93	89	213.30	79	15
Capital Receipts	24.69	11	43.72	16	
B/BF		10.40		3	
TOTAL	208.65	100	267.43	100	23

Table 2 Summary of 2018 Expenditure

Items	2017		2018		% Change
	N'b	%	N'b	%	
Personnel cost	56.1	26	39.84	15	(28)
Overhead cost	20.7	9	25.24	10	21
Consolidated Revenue Fund Charges	50.8	24	53.28	20	4
Total Recurrent Expenditure	127.6	61	118.37	45	
Capital Expenditure	81	39	149.1	55	84
Total	208.6	100	267.43	100	28

The relative aggregate sectoral allocations are as follow:

		Amount (N 'b)	% of Total
i.	Economic Sector	85.390	57.29
ii.	Social Services Sector	54.280	36.42
iii.	Law & Justice Sector	0.517	0.35
iv.	General Administration Sector	8.860	5.94
TOTAL		149.047	100



The aggregate percentage of **93.71%** of the capital expenditure allocated to the economic and social sub-sectors underscores the State In line with Fiscal Sustainability principle, personnel expenditure has been rationalized to be **15%** of the total budgeted expenditure.

V. DISCUSSION AND FINDING

5.1 Correlation Analysis

The researcher chose to use physical budgets and actual result/performance. The two variables were correlated to identify if there is any existed relationship between them. In the process of comparing the state budgets for the year (2017, 2018 and 2019) in the Sate it was discovered that the budget were perfectly prepared but there is no back up for the management.

5.2 Hypotheses Testing

In this study, hypotheses were tested. In other to test for the effectiveness of budgeting in third world, the hypothesis of no connection between budget and actual results were formulated. The hypotheses were stated as: H_{01} : There is no significant impact of budgeting on performance in the State H_{02} : There is no effective budgetary control in the State.

5.3 Interpretation of Results

The revenue projections for the 2017 performed poorly, so also happen to the year 2018 which perform poorly. If one is opportune to go through the budgets of all the previous years, one will observe that their performance is always poor. This is not consistent with the evidence from the developed countries that budget is strongly Furthermore, Horngren et al., (2008) stated that, in a survey carried out in the North America, budget was rated the highest cost management tool for cost reduction and control. This study therefore contributes to the existing literature on budgeting that in the developing nations, budgeting is effective for control but not as it were in the developed countries due to some environmental challenges.

5.4 FINDINGS OF THE ANALYSIS

The topic for the report work is “The effect of budget and budgetary control in third world (oyo state as a case study”, with emphasis at Ministry of budget Oyo State. In the first four parts, the researcher looked at the problems and what they hypothesized to be the causes of the problem. They in no small way received relevant literatures concerning budget in the sector of the economy. All through the work, the state budget was the main focus with the ministry of finance Oyo state to be specific. The authors found that budgeting and budgetary control in the State is weak and despite the effort of the government institutions, budget and the control instituted by management has failed due largely to weakness in budgeting and its control, local government and states depending on federal allocation, corruption, inflation, economic and political factors. H_{01} : There is no significant impact of budgeting on performance in the State H_{02} : There is no effective budgetary control in the State, Controls of the budget should be made ethically paramount and spending outside the budget must obtain the consent of the executive. Independent body is expected to check, monitor, and investigate the execution of budget.

VI. CONCLUSION

Having undertaken a systematic review of effect of budget and budgetary control in third world , it is imperative to conclude that budgeting and budgetary control is an indispensable tool to any organization. When matters relating to budget and budgetary control are carefully planned and implemented by the ministry of finance it can lead to decrease in cost and increase in revenue, which in turn leads to performance of the state budget. Though budgeting and budgetary control could enhance the efficiency of the government performance, it should be noted that it is not a “magic stick” that can replace effective management or ensuring the going concern of a sustainability of operations. The finding of the research shows that when budgets are effectively utilized most especially within the framework of

predetermined and effective control, it serves as a means of achieving and coordinating the state plans. It equally serves as a good means of communicating plans to those responsible for their execution,

VII. RECOMMENDATIONS

Lambe Isaac, Mary Lawal and Theresa Okoli (2015) express their recommendation on the effect of budget control, it is recommended that zero-based budgetary should equally be adopted in view of its numerous advantages. Zero base budgeting provides a framework that enables the evaluation of each function from the beginning. Every item of the budgeted expenditure must be examined critically and justified before it is allowed to form part of the budget. This makes the estimates or budgets more realistic as it is based on current conditions. Zero base approach tries to uncover the current position of things in organization, why it is being done, what better ways might be available and which activities are really important and determines the cost-benefit analysis. This in turn would enable the state to utilize such an approach as an effective tool to manage and allocate its resources and in so doing, achieve its objective.

Based on the fact that actual budget preparation, co-ordination and implementation are almost exclusively the responsibilities of both top level management. It is therefore recommended that heads of units and departments should be more involved in the preparation of budgets and not just the implementation. This of course is with due regards to the state policy. This is recommended in recognition of the complexities of the budgetary system and it is envisaged that if the more regular reporting approach is adopted, it will in no small measure enhance the budgetary control system, since the shorter the period, the more effective the control.

Also, the State needs to be more revenue self-reliant focused, Enactment of enabling laws that would boost revenue generation. Review of existing rates on fees and fines, more aggressive enforcement of revenue/ tax laws and regulations. Also there is need for a new budget culture in the State. Feedback is an essential ingredient of the budgetary process. Government should pursue realistic and functional policy objectives and should be consistent but amenable to economic and political dynamics.

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**Impact Factor:
7.569**



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