

# Institutional Reforms and Mechanisms for Public Financial Accountability in Nigeria: Finding a Recourse to Horizontal Arrangement

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**Abstract:** - This paper examines the various institutional reforms and mechanisms put in place to engender public financial accountability in Southwestern Nigeria. The paper utilised both primary and secondary sources of data collection to interrogate the roles of some public institutions and mechanisms for engendering probity in the management of public funds. The primary data were sourced through questionnaire administration and conduct of in-depth interviews (IDIs). A total of 512 copies of questionnaire, constituting 40% of the whole population, were administered to different officers in the selected MDAs. Also, a total number of 49 respondents were selected for interview. Descriptive and inferential statistics were used to analyse the data collected. The results showed that various institutional reforms as well as other mechanisms put in place to engender public financial accountability comprises the inclusion of grass-root people into budget preparation (47.3%), strengthening of legislative oversight (57.6%), adoption of ICT and modernization of both internal and external auditing (62.4%). The paper concludes that there were reforms in financial accountability institutions and mechanisms in all the sampled states through which democratic consolidation was ensured at different degrees.

**Keywords:** Accountability, Institutional Responsibility, and Public Governance.

## I. INTRODUCTION

Literature is replete with evidences which show that both internal and external factors usually combine or sometimes separately propel changes or the need for reforms in the administrative apparatus, political fundamentals, economic base and social variables in countries around the world. This is predicated on the need to have consolidated democratic governance where financial accountability is a towering priority (Olsen, 2015; Dowdle, 2017; Mulgan, 2017; Bundi, 2018). This is because, institutional changes, which are fundamental outcome of every reform, usually take place in response to either societal stimuli or constellation of societal forces or actors (Obi, 1999). In other words, reforms are instituted to engender changes in response to certain identifiable inadequacies within the system as identified by policy and political actors. Nwankwo (2010) categorizes the essence of reforms into redistribution of power, expansion of freedom and increase in the chances of participation by a

particular social group. This categorization partly epitomizes the requirement for consolidation of new democracy, which became a major need in Nigerian polity after the 1999 transition from military to a democratic regime. This requirement also necessitated the desire for institutional reforms with a view to promoting financial accountability for the purpose of ensuring efficient service delivery. There has been a consistent growth in the awareness of people and organization about the impediments to the institution and even the consolidation of democratic structures and processes caused by lack of accountability and transparency in governmental operations.

Since Nigeria's return to democratic government in 1999, policy actions have been taken to institute reforms targeted at transforming the deteriorated institutional structures, behavior or processes and to deepen democratic values through financial propriety. Most of these reforms were partly necessitated by the prolonged military dictatorship which had engendered corruption and distorted the acceptable paradigm of managing public affairs before the long awaited democratic regime. Aiyede (2011: 23) captures this fact by stating that the long years of 'military rule had entrenched corruption in Nigeria; almost becoming institutionalized. Law and order had collapsed and rule of law took a back seat in the face of tyranny, despotism and impunity'. Transition from military to a civilian government in 1999 merely represented a stage in the democratic crusade of Nigeria; the need to entrench and deepen democratic ethos became the greatest requirement that Nigeria must satisfy. Thus, the need for accountability in the course of managing public funds became a necessity.

Ayeni (2008: 5) identifies the deficiencies in Nigeria's public service and he advocated for critical reforms to ameliorate the challenges. According to him, the public Service in Nigeria faces enormous problems and challenges which must be addressed; therefore, a reform service is key to meeting the development challenges of the 21<sup>st</sup> century. He reasons that Nigeria's dream of a better future can only be realized by modernizing the machinery of government- the public service. And evidently, reform provides the platform for applying a combination of strategies and approaches to resolve the crisis of governance and underdevelopment.

The roles of some public institutions in engendering probity, transparency and effective management of public resources have altogether drawn the attention of this paper. Primarily, the paper is concerned with examining the institutional reforms and mechanisms emplaced to promote accountability of the public service in Nigeria. For this purpose, the paper is divided into five sections; the foregoing introductory section is followed by an exploration of the internal and external forces propelling the cause of institutional reforms in the nation's public service. The third section examines some relevant portions of the enabling laws put in place to institute the culture of transparency and accountability in the procurement process. Section four interrogates the enforcement profiles of relevant agencies in ensuring compliance with accountability procedures while the fifth section offers analysis of data covering the selected states. The paper concludes with a reflection on the challenges and prospects of these reforms to bring about accountable public service that thrives on the culture of prudence, transparency and effective management of national resources for the benefits of the citizenry.

## II. LITERATURE REVIEW

The reality of the changing world characterized by globalization and democratic governance with pressure being exerted on public service is a pointer to the external propelling factors. Hence, the accompanied responses could be viewed from internal and external mechanisms that Nigerian government opted for vis-a-vis the establishment of National Economic Empowerment and Development Strategy (NEEDS), New Partnership for Africa's Development (NEPAD) as well as Millennium Development Goals (MDGs). The main objectives of these strategic responses were to re-engineer and streamline government and private machineries, so that a significant increase in the quality, quantity and cost-effectiveness of public service can be attained (Ayeni, 2008).

### *Internal Imperatives and External Forces propelling Institutional Reforms*

Emanating from the policy objectives of NEPAD are four fundamental thematic areas that Adegoroye (2006) christens as democratic and political governance, economic governance, corporate governance and socio-economic governance. That is, to be able to guarantee the attainment of NEPAD's objectives which involve, among others, the eradication of poverty; halting of conflicts; accelerating regional cooperation; generating capacity to harness the gains of globalization, those thematic missions must be accomplished. In the same vein, MDGs, which is the initiative of the United Nations, created some outlines of commitments that members must achieve before 2015. At the center of the body's focus is the idea of empowerment via education, health and reduction of mortality rate. In addition, the establishment of NEEDS in 2003 as a framework for the integration of all initiatives within Nigerian polity was for the purpose of

promoting good governance and to facilitate development vis a vis the quest to empower citizens, promote private enterprise and change the operational paradigm of government (Aiyede, 2011).

There is no doubt in the fact that the policy and objectives of the frameworks that were identified above (NEEDS, NEPAD and MDGs) properly capture the key contents of Nigeria's imbroglios and the means to proffer solution to them though, with many constraints. Most importantly on the issue of constraints are "lack of public accountability arising from the use of oil revenues, weak state-society relations, patronage politics, a personalised rather than institutionalised policy process, the ever present threat of conflict, and value systems that have promoted short-term behaviour and opportunism" (Utomiet *al.*, 2007). Hence, requirement for reform became paramount. This resolution provoked countless number of institutional building/reforms, policy outline, establishment of service charter and institution of due process modalities, to ensure that the very essence of accountability is attained given the need to consolidate democratic governance.

Aiyede (2011) construes an institution as an enduring collection of formal laws and informal rules, norms, customs, codes of conduct and organized practices that shape and govern human interaction. The contradiction or conflicts between formal and informal institutions or behaviours usually necessitate institutional reforms. In addition, the case of the emergence of illegal or amoral disposition in public offices mostly propels the creation and building of a new institutions or structures. It must be emphasized that institutional reform is more than just "modernizing" institutions; it encompasses the fostering of dynamic synergy with civil societies and private sector (Olsen, 2015; Mulgan, 2017). Behind the desire and constant call for progressive comradeship among state actors is the goal of strengthening the paradigms through which public sector is managed by modulating concerned organisations, performance, and conditions of employees. It sometimes also entails downsizing, effective or judicious usage of scarce resources to achieve huge outcome, curbing/curtailing poor decision making processes, management of staff welfare conditions, and boosting of weakened accountability designs (Davies, 2004).

At the point when the realization to position the Nigerian Public Service for the mission of reform projects, the government organized series of retreats for Ministers, Special Advisers and Permanent Secretaries between 1999 and 2001. Notable among these retreats was the fourth Presidential retreat in Kuru, Jos which gave birth to the Kuru Declaration with series of statement of commitments, national ideology and codes of ethics for public officers. To place the Public service in a perspective where they will be able to handle public sector reforms, a proposal to establish the Bureau of Public Service Reform (BPSB) was submitted to the President in September 2003. The government established the Bureau in 2004 with the appointment of Goke Adegoroye as the pioneer

Director. The BPSR was saddled with the following responsibilities: to initiate action plans; elucidate government policies on reforms; coordinate, monitor and evaluate reform implementation activities; conducting research and implementation; advise; engender a learning atmosphere among MDAs; dissemination of information; and submit quarterly reports on reforms activities (BPSR, 2004).

In a general term, concrete public service reforms found to be in operation within the period under study were highlighted under five principal headings (Adegoroye, 2006; Ayeni, 2008). The first categorization can be christened institutional structure for reform implementation which entails the following:

- Budget at the Budget Office
- Public Procurement at the BMPU
- Accounting and Audit at OAGF and OAuGF
- Tax reforms at the Federal Inland Revenue Service (FIRS)
- Information Technology and e-government at NITDA and SIJDA
- Parts and customs reforms at the Nigerian Customs Service
- Anti corruption at ICPC
- Economic and Financial crime at EFCC
- Judicial reform at the Judiciary
- Public service reforms at BPSR

All these arrangements were further subsumed under four key areas thus: budgeting and financial management embracing procurement system, institutionalization of fiscal responsibility and accounting reforms. The second is the accountability reform, which entails institution of due process, transparency and accountability in government transactions, establishment of service charters and institutionalization of compliance enforcement. The second stage just mentioned constitutes the focus of the study which includes the various identified mechanisms for its attainment.

Third, there is human resource management aspect of the reform with certain modalities for achieving the same: personnel record and payroll clearing, staff cadre reviews, remodeling the recruitment and promotion pattern, installation of new performance management scheme, professionalism, pay return as a strategic plan of action, capacity development and training and changes in organizational culture. Operation and systems, which constitute the fourth aspect, involves organizational restructuring and right-sizing, work process re-design and ICT application. As earlier noted, the strength and focus of this study is drawn from the accountability issue, which will henceforth be given a systematic and thorough analysis under different headings. Equally, it must be reiterated that the discussion of accountability would largely cover how it can be achieved within the operation of financial management for the purpose of democratic consolidation in Nigeria at large and particularly in some selected states (Ogun, Osun and Ekiti states) in the Southwestern Nigeria.

### *Emplacing Prudence in Government Transactions and Enactment of Enabling Laws*

The quest for the institutionalisation of due process in government transactions became a reality with the enactment of Public Procurement Act 2007 (Ayeni, 2008). The Public Procurement Bureau was made responsible to oversee the implementation of the contents of the Act. Prior to the establishment of BPP in 2007, the failure in the procurement process in Nigeria has contributed to corruption in governance; and thus motivated the Federal Government to invite the World Bank to first conduct a nationwide overview of the Public Procurement law and practices (Aiyede, 2011). The outcome, which was co-produced by the Taskforce and Country Procurement Assessment Report (CPAR), resulted into Procurement Bill which became an Act in 2007. Aiyede (2011) and Ayeni (2008) confirm the fact that the report of CPAR first propelled the Federal Government to set up the Budget Monitoring and Price Intelligence Unit (BMPIU) in June 2003 to salvage the system from degenerating into monument of socio-economic and political calamities. The unit served as the clearing house for all government contracts and procurement of goods and services within the ambience of clearly laid-down goals which entail the pursuit to put in place and ensure full compliance with laid down procedures and guidelines as highlighted by it (Aiyede, 2011). In addition, the unit was restricted to operate within certain objectives, which include:

- Determination of due process observation in the procurement of services and procedure;
  - Enthronement of more honesty, accountability and transparency into procurement process;
  - Standardization of pricing system;
  - Monitoring of projects implementation; and
  - Ensure that any projects that are in the budget outlines are awarded.
- (Aiyede, 2011; BPP, 2007).

The 2007 Act that replaced BMPIU gave birth to two regulatory bodies: National Council on Public Procurement (NCPP) and Bureau of Public Procurement (BPP). Hence, it is noteworthy to assert that a sound public procurement is precipitated upon certain variables, which include: economy, efficiency, fairness, reliability, transparency and accountability and ethical standard (BPP, 2007). In other words, the procurement is a purchasing activity that is to give the best value of money to purchase with the scope of simple and swift operations based on the principle of impartiality and reliability which emanates from the ability to access both the process and outcome of any dealing without restraints as well as pursuit to enforce and obey the rules.

The implementation manual of BPP Act (2007: 4) stipulates government coverage areas in re-investment business and they are grouped into three namely: Civic works (bridges, buildings, highways and basic physical structures; goods (equipments, textbooks, medical supplies); and services

(expert advice, training, building materials, computer programming etc).

The Act stipulates a systematic procedure for the goods, works and services. Section 24 of the public procurement Act highlights the following steps:

- preparation of relevant procurement documents
- pre-qualification of bidders
- submission/receipt of tenders
- evaluation of tenders
- recommendation of the winning bid
- certification of the procurement action
- award of the contract

The stages above are undertaken after the procuring entity has given a worldwide publicity to the tender in various media to ensure maximum competition. In a similar vein, section 44 stipulates the required steps to be followed in the selection of consultants thus: preparation of Terms of Reference (ToR)

- preparation of a cost estimate and confirmation of available budget funds
- choice of selection method
- advertisement for expression of interest
- preparation of the shortlist of consultants on the basis of the expressions of interest received
- preparation and issue of the Request For Proposals (RFP) including:
  - Letter of Invitation (LOI);
  - Information For Consultant (IFC);
  - Draft Contract
  - Receipt of proposals in two envelopes
  - Evaluation of technical proposal
  - Opening and Evaluation of financial proposal
  - Consolidated evaluation according to the criteria slated in the RFP
- Negotiation and award of the contract to the selected firm.

Largely, the stated procedural method is expected to institute accountability, transparency and fairness in tendering, contract award and payment (Ayeni, 2008). Aiyede (2011) argues that lack of standardized Financial Regulation (FR) to guide the relationship between government and tender participants, Firms and Consultants can breed manipulation and lead to government not being able to get value for money and perceived by private sector as an unreliable partner. It is also clear that there are no independent and permanent avenues where suppliers and contractors could lodge any complaint in case they experience any foul deal. A maltreated client was obliged to lodge complaint to the same body that has committed the offence. Nevertheless, there is no doubt in the fact that the lay down procedures will generate some elements of accountability via the open system it stipulates.

In furtherance of the analysis of Nigerian's government pursuit to ensure the management of public expenditure, another Act came into existence in 2007 with the name Fiscal Responsibility Act (FRA). Its elongated title, which summarily reflects the mission and importance of the act is given as an act to;

provide for prudent management of the nation's resources, ensure long-term macro-economic stability of the national economy, secure greater accountability and transparency in fiscal operations within a medium-term fiscal policy framework, and the establishment of the fiscal responsibility commission to ensure the promotion and enforcement of the nation's economic objectives and for related matters (FRA, 2007, p 3).

Additionally, section 3 (1 a-e) of the act stipulates the functions of Fiscal Responsibility Commission (FRC) thus:

monitor and enforce the provisions of the Act and by so doing, promote the economic objectives contained in section 16 of the Constitution; disseminate such standard practices including international good practice that will result in greater efficiency in the allocation and management of public expenditure, revenue collection, debt control and transparency in fiscal matters; undertake fiscal and financial studies, analyse and diagnose and disseminate the result to the general public; make rules for carrying out its functions under this Act; and perform any other function consistent with the promotion of the objectives of the Act.

As a measure to guarantee sound economic programme, the commission compelled, within six month of the commencement of the Act, the federal government via the Ministers to prepare and laid before the National Assembly, for their consideration, a Medium-Term Expenditure Framework (MTEF) for the next three financial years. The content of the MTEF was ordered to reflect:

(a) *a macro-economic framework setting out the macro-economic projections*, for the next three financial years, the underlying assumptions for those projections and an evaluation and analysis of the macroeconomic projects for the preceding three financial years;

(b) *a Fiscal Strategy Paper setting out*: (i) the Federal Government's medium-term financial objectives, (ii) the policies of the Federal Government for the medium-term relating to taxation, recurrent (non-debt) expenditure, debt expenditure, capital expenditure, borrowings and other liabilities, lending and investment, (iii) the strategic, economic, social and developmental priorities of the Federal Government for the next three financial years, (iv) an explanation of how the financial objectives, strategic, economic, social and



developmental priorities and fiscal measures set out pursuant to subparagraphs (i), (ii) and (iii) of this paragraph relating to the economic objectives set out in section 16 of the Constitution;

(c) *an expenditure and revenue framework setting out:* (i) estimates of aggregate revenues for the Federation for each financial year in the next three financial years, based on the predetermined Commodity Reference Price adopted and tax revenue projections, (ii) aggregate expenditure projection for the Federation for each financial year in the next three financial years, (iii) aggregate tax expenditure projection for the Federation for each financial year in the next three financial years, and (iv) minimum capital expenditure floor for the federation for each financial year in the next three financial years (FRA, 2007 section 11).

The above requirement further clarifies the jurisdictional bound of FRC which is stipulated within the pursuit of ensuring public financial management through budget coordination, saving harmonization, lending capacity control, spending administration, and investment operation control. By inference, the yearly government budget must be regulated by the content of Medium Term Expenditure Framework. This is in a view to achieving judicious and focused usage of resources as well as to achieve high parade of accountability. Various sections of the Act categorically specifies certain other blueprints on how to advance accountable application of funds/assets to attain an end. Section 25 – (1) of the Act states that the “Federal Government shall cause to be drawn up in each financial year, an Annual Cash Plan which shall be prepared by the office of the Accountant-General of the Federation”. In a complementary standard, section 27 – (1) enjoins that the sums appropriated for a specific purpose shall be used solely for the purpose specified in the Appropriation Act.

In another dimensional quest to promote accountability in public finance (through FRA), the Minister of Finance, through the Budget Office of the Federation, is empowered to monitor and evaluate the implementation of the Annual Budget, assess the attainment of fiscal targets and report thereon on a quarterly basis to the Fiscal Responsibility Council and the Joint Finance Committee of the National Assembly (FRA 2007, section 30). By extension, the Act charges the Minister of Finance to publish the prepared report in the mass and electronic media and on Ministry of Finance website not later than 30 days after the end of each quarter. The latter, fundamentally propels a unique model of accountability via openness, accessibility and transparency. Constant publication of government dealing in the said direction will make it possible for the public to critique and draw conclusion on what government is up to.

This almost approves Adegite’s (2010) notification on accountability when he alluded to three pillars of accountability, which the UNDP tagged ATI (Accountability,

Transparency and Integrity). Section 38 of the Act compels all government establishments to comply with the rules and guidelines concerning award of contract as highlighted by: (a) procurement and award of contracts; and (b) due process and certification of contract.

Given the need to maintain a moderate and accountable debt outlay as part of macroeconomic management mechanism, section 41 reveals the framework for debt management. These are (a) Government at all tiers shall only borrow for capital expenditure and human development, provided that such borrowing shall be on concessional terms with low interest rate and with a reasonably long amortization period subject to the approval of the appropriate legislative body where necessary. Other sections caution public offices from borrowing aimlessly given the fact that the Commission shall publish, on a quarterly basis, a list of the Governments in the Federation that exceed the limits of consolidated debt, indicating the amount by which the limit was exceeded. Sections 48 and 49 discuss the role of National Assembly and the mass media in the business of budget formulation and publicity respectively, which shall duly be given attention in subsequent portion of this study.

The Federal Government, through the establishment of the Debt Management Office (DMO), has shown a semblance of commitment to sustainable debt management. However, this could not be said to be the case at the state and local government levels. Hence, it is of necessity to see to total adoption of all the cogent aspect of the Act by both state and local governments for the management of their fiscal policies. This is very supreme in the light of the prominent statements credited to Ngozi Okonjo -Iweala, the Finance Minister that ‘Nigeria may have 36 states, Abuja and 774 local governments in a federal system, but it has only one economy’ (Odunsi, 2017: 11). In other words, fiscal policy measures that would guarantee prudent and sustainable debt management formulated and implemented at the centre should be replicated at the sub-national units. Nearly 48 % of the resources from the federation accounts go to the second and third tiers of government and 13% oil derivation resources go to the oil producing states (Afuba, 2011). The statutory role of the Fiscal Responsibility Commission in the country is one that is necessary for the survival of nation’s financial management in the patterns already highlighted and should not be subjected to manipulation by political chauvinists.

#### *Financial Accountability and Compliance Enforcement Institutions*

The central argument of this paper continues to recognize importance of accountability to the pursuit of democratic consolidation in Nigeria. As Raimi et al (2013) has noted, for obvious reasons, lack of accountability remains a strong catalyst propelling both private and public corruption. In the perspective of Njoku (2005), the fight against corruption in Nigeria is central to the consolidation of democracy. According to him, this fight is not recent as it appears but the fact remains that anti-corruption crusade over the years has

been unsuccessful because successive administrations in Nigeria have not desisted from the post-colonial paradigm of fighting the menace of corruption. For this reason, Raimi et.al (2013) give a brief exploration of Nigeria's historical attempts at fighting corruption;

Murtala Muhammed's attack of corrupt practices among public officers; Buhari and Idiagbon's prosecution of corrupt politicians; Abacha's fight against financial crimes in all states of the federation; Musa Bamayi's arrest of corrupt private/business moguls; and Nuhu Ribadu's arrest of many corrupt politician (Raimi et.al, 2013: 4).

This historical revelation brings to our understanding that the fight against corruption is not limited to civilian administration. The awareness of the challenges that corruption imposes on the attempt to consolidate democracy and the need to enthrone financial accountability and probity engendered the establishment of the Independent Corrupt Practices and other Related Offences Commission (ICPC) and the Economic and Financial Crimes Commission (EFCC) (Inokuba and Ibegu, 2011). In fact, at the center of NEEDS' strategy for development, good governance and democracy, is a clear provision for the fight against corruption and other economic and financial crimes through the Economic and Financial Crime Commission (EFCC), Independent Corrupt Practices and other Related Offences Commission (ICPC) and the work of the Nigerian Extractive Industries Transparency Initiative (NEITI). The NEITI deals with auditing of the oil and gas industry to address lapses in governance and transparency within that sector as against both EFCC and ICPC that maintained a wider range of influence with plethora of popular records as well as broader responsibility.

When President Obasanjo assumed office on May 29, 1999, he acknowledged what the problem of corruption had done to Nigeria and promised that nobody, no matter who and where, will be allowed to get away with the breach of the law or the perpetuation of corruption and evil (Obianyo 2003:59). Of course, this constituted the basis for the institutionalization of such bodies like ICPC and EFCC that were nicknamed 'anti-corruption institutions' (Agaptus, 2011: 15).

The Independent Corrupt Practices and other Related Offences Commission was inaugurated on 29<sup>th</sup> September, 2000 and the EFCC came into existence in 2003 (Pointblanknews.com, 2013). It was widely believed that the refusal of the then ICPC chairman, Mustapha Akanbi to be used by President Obasanjo to harass perceived political opponent coupled with the altercation he had with the legislature on the scope of powers of the anti-graft agency led to the creation of another body, the EFCC (Olsen, 2015; Odunsi, 2017). Since their establishment, some iconic historical records have been credited to the performance of these anti-corruption agencies via the personalities that they have brought to book for various mis-appropriation offences. Some prominent Nigerians prosecuted by ICPC include Umar GhaliNa'abba, a former Speaker of the House of

Representatives, a former Minister of Education, Fabian Osuji, and Cornelius Adebayo, former governor of old Kwara State and former Minister of Communication. The more active EFCC, under Nuhu Ribadu, successfully indicted and prosecuted a number of high profile cases; including former police boss Tafa Balogun, Emma Nwude, an advance fee fraudster, and former governor Lucky Igbinedion, among others (pointblanknews.com, 2013).

Much as the EFCC and ICPC may be seen to be trying, a major question that agitates one's mind is despite the noise of anti-graft, anti-corruption and its numerous nomenclatures, is still a display of high proportions of nepotism, cronyism, graft and political corruption. This has led to the identification of certain figures as sacred cows, which culminated into selective arrest and prosecution within the operation of the bodies. Ardent corrupt political office holders were overlooked while those who stood against the ambition of the government were eliminated. The latest about the corruption within the rank and file of both EFCC and ICPC was made known by the publication of National Crime Victimization and Safety survey conducted by the CLEEN Foundation in collaboration with the Macarthur Foundation (Akinsuyi, 2013). The body, as reported by Akinsuyi, gave the following highlights about the spread and depth of corruption in some selected MDAs thus:

police - 33%, Nigerian Immigration Service - 26%, ICPC - 25%, Nigerian Customs Service - 24%, Power Holding Company of Nigeria (PHCN) - 23%, EFCC - 23%, Federal Roads Safety Commission - 20%, and Nigeria Security and Civil Defence Corps - 19%. Others are tax/revenue officials - 18%, municipal/local government councilors - 18%, State Security Service (SSS) - 18%, National Assembly members - 17%, local government officials - 16%, lower court officials - 15%, higher courts officials - 14%, and lecturers and professors of tertiary institutions - 10% (Akinsuyi, 2013: 10).

Part of the survey presentation showed that bribery and corruption among government officials in Nigeria remains great. Nearly one out of every four respondents admitted having paid a bribe or having been asked to pay bribes by government officials before services could be rendered to them. This is not unexpected because the bodies that are put in place to checkmate this menace are also involved in the same crime they are created to eradicate. The study also showed that bribery and corruption among public officials such as the police, customs officers, court personnel, tax officials, anti-corruption agencies and PHCN employees were higher in Rivers, Borno, Cross River, Niger, Gombe, Ebonyi, Ekiti, Anambra and Kwara States. The lowest incidences were recorded in Katsina, Ogun and Akwa Ibom States.

On a final note on the analysis of compliance enforcement and the quest for accountability, the current reform that is being proposed for the efficiency of the bodies to be maximized, deserves some comments. The bid to engender reform is

targeted at reducing/ eliminating the idea of overlap of duty between both EFCC and ICPC. It is about the intention to merge Economic and Financial Crimes Commission (EFCC) and Independent Corrupt Practices and other related offences Commission (ICPC) which is to be known as Corrupt Practices and Financial Crimes Commission (CPFCC) (Pointblanknews.com, 2013). The federal government approval of this move was in line with the recommendations of the Steve Oronsaye-led Presidential Committee on the Rationalization and Restructuring of Federal Government Parastatals, Commissions and Agencies. But, this move might be insufficient to tackle the myriad of shortcomings that constantly limit the efficiency and effectiveness of these bodies as identified by Agaptus (2011): perception of the anti-corruption bodies as weapons of intimidation; accusation of selectivity; issue of negotiated settlement and unorthodox means of removing political office holders. All these and other problems must be put into consideration by any reform for it to be able to tackle the menace of corruption in Nigerian polity.

The main limitation in all the institutions, as far as management of public fund is concern, has to do with their scope of operation. Their design was predicated on the notion that corruption is restricted to the central government with little or no attention being given to other federating units; especially state level. This study examines the various institutional reforms and mechanisms put in place to engender public financial accountability in three states within southwestern Nigeria between 1999 and 2013. These institutions and mechanisms are “organically” embedded in the financial dealings of the selected states. That is, these institutions are constitutionally part of the states’ financial affairs. They include: Office of Accountant General, Office of Auditor General, CBOs, Due Process Office, and Account and Appropriation Committee of the legislative arm. The collaborative efforts among these institutions, vis-a-vis the possibility to ensure public financial accountability deserves empirical investigation; hence, this study.

### III. OBJECTIVE OF THE STUDY

This paper examines the various institutional reforms and mechanisms put in place to engender public financial accountability in Southwestern Nigeria.

### IV. RESEARCH METHODOLOGY

#### *Data Collection Methods*

The paper utilised both primary and secondary sources of data collection to interrogate the roles of some public institutions and mechanisms for engendering probity in the management of public funds. The primary data were sourced through questionnaire administration and conduct of in-depth interviews (IDIs). A total of 512 copies of questionnaire, constituting 40% of the whole population, were administered to different officers in the selected MDAs. Also, a total number of 49 respondents were selected for interview. The

Questionnaire technique was used to elicit information from respondents on a number of issues relating to the subject-matter of research. And the secondary data were sourced from the extant literature.

#### *Data Analysis*

Respondents were requested to respond to seven items of questionnaire in this area. The first item of the questionnaire, as shown in table 1, was whether or not there were reform mechanisms to engender financial accountability in the states (Ekiti, Ogun and Osun states in Southwestern Nigeria) between 2009 and 2013. With the t-value distribution (43.815) and p-value (0.000), this paper can confidently conclude that reform mechanisms and financial accountability institution existed in the states between 2009 and 2013.

The second assertion, placed before the respondents, says that the reforms affected income generation more than expenditure procedure. Since the response ranges from 1 to 5, mean value (2.36) and standard deviation (1.05) connotes that respondents tended towards agreement than disagreement. The inferential distribution of the response implies that reforms have significant and positive effect on income generation more than expenditure procedure.

Respondents were further requested to respond to an important issue of whether or not there was inclusion of grass-root people, via CBOs, in budgeting process in the States. The distribution of the response to this, according to table 1.1a, was negated since the mean value (2.64) was greater the mid-point (2.50) of a response ranging from 1 to 5. A possible conclusion from this distribution is that the grassroots people were not sufficiently involved in the budgeting process of the states

The process of checks and balances among the three arms of government is a form of public financial accountability mechanism. The nature of legislative-executive relation in a state has a significant influence on the financial accountability. To this end, respondents were requested to examine the legislative-executive relations in the states with respect to enforcing financial accountability. The responses, as reflected in table 1, by t-value (44.234) and p-value (0.000) showed that legislative and executive relationships in the states were fit enough to enforce financial accountability. This paper can simply conclude that legislative-executive relations in the states were suitable for financial accountability.

Furtherance to the foregoing, the mean value (2.54) was a little above a half of a response value ranging from 1 to 5, regarding the oversight function of the legislative arm stimulated accountability in financial dealings of the states. The conclusion here is that the oversight function of the legislature in the three states has, not to a very large extent, promoted financial accountability.

Information and Communication Technology (ICT) has become a global tool in governance to the extent that no effective accountability is realist in governance where use of

ICT is absent. It is however unimpressive that use of ICT, as a mechanism for public financial accountability, was not sufficiently adopted in the three states. This was shown in table 1, where the mean value (2.91) rises above the mdi-point, thus indicating that the respondents fell in the disagreement category with the assertion.

On whether or not there were frequent modernized internal and external auditing of MDAs financial dealings in the states, the interpretation of the mean value (2.44) with its standard deviation (1.14) depicts that there was a clear majority agreement level with this assertion. The position of a clear majority is acceptable that there were frequent modernized

internal and external auditing of MDAs financial dealings in the states.

The summary of the distribution of the responses to the seven items of the questionnaire with respect to the institutional reforms as mechanisms for public financial accountability in Southwestern Nigeria showed the extent to which availability and functioning of the institutional reforms and mechanisms influence public financial accountability in the Ekiti, Osun and Ogun States. With over more respondents claiming that there were functioning institutional reforms and mechanisms for public financial accountability in the three States, the study accepts the position.

Table 1: Institutional Reforms and Mechanisms for Public Financial Accountability

	N	Minimum	Maximum	t-value	p-value	Mean	Std. Deviation
There were reform mechanisms to engender financial accountability	428	1.00	5.00	43.815	.000	2.0678	.97634
The reforms affected income generation more than expenditure	424	1.00	5.00	46.325	.000	2.3679	1.05253
There is inclusion of grass-root people in budget process in the State	422	1.00	5.00	47.882	.000	2.6422	1.13356
Legislative and Executive relationship in the State is fit enough to generate financial accountability	429	1.00	5.00	44.234	.000	2.4569	1.15043
The oversight function of the legislative arm has stimulated accountability in financial dealings	429	1.00	5.00	49.157	.000	2.5408	1.07057
There is enough ICT for financial management in the State	428	1.00	5.00	49.013	.000	2.9136	1.22980
There is frequent modernized internal and external auditing of MDAs financial dealings in the State	429	1.00	5.00	44.121	.000	2.4452	1.14790

Source: Field Research, 2017

Complementing the questionnaire, the interviews conducted reaffirmed the existence and functionality of the organic institutions. These institutions were found to be common in the three states. However, with respect to mechanisms put in place to ensure financial probity and accountability in the states, the interviews revealed that Ogun, among the three States, was the most mechanized as it had not less than 12 different mechanisms put in place towards ensuring financial accountability. These mechanisms included:

1. Adoption of Federal Government and CBN policies such as cashless policy
2. Audit guidelines, which deal with the internal control system.
3. Financial regulation which entails the use of treasury circular
4. The public service rules, the financial regulations and the various accounting guidelines
5. Introduction of a new chart of account
6. Technological advancement and development in the state.
7. This really impacted positively on the processes and procedures of financial management.

8. DBTS-Direct Bank Teller System whereby all government payments were paid into bank
9. No revenue officer collects cash as every payment is made directly into the government account. Every payment and receipt follows strict rules and procedures.
10. Integrated and computerized pay-roll system. Payroll is integrated with pension module in the sense that once a staff is retiring, his or her name is automatically transferred to pension payroll/pension module.
11. Consultative and participatory budgeting: a bottom-up approach, which doesn't have to do with what the government feels or thinks about but what the people really need
12. Zero-based budgeting (ZBB) in which case, for every kobo planned for the budget, there must be justification for it. This zero based budgeting allows for scale of preference.

In the case of Osun State, three basic mechanisms were identifiable. These included some organic laws made by the House of Assembly, introduction of e-payment modalities and



budget reform. Some organic laws, which were domesticated to address some financial irregularities within the state were made by the House of Assembly based on Fiscal Responsibility Act. Through these organic laws, all agencies were made accountable and the issue of due process in the conduct of government businesses was ensured.

The state also introduced e-ayment system in its quest to stem corruption. Through this reform, salaries and revenues were paid and transferred online and in effect running a system that is less controversial. The introduction of e-payment forces any individual transacting business with government to make payments directly to the bank and then tender bank teller for evidence of payment. By this, it has made easy monitoring of cash movement into and from the government accounts as well as what goes into which account in the course of any transaction. The budget reform introduced in Osun State was to ensure that the people at the grassroots were not just being handed down the budget but to also ensure that they were part and parcel of the budget-making process. The state government via some Departments usually consults people from state constituencies, Federal constituencies and so on to gather their opinions and factor them into the budget preparation. This approach was found to be common to the three States in the recent years.

A number of unique mechanisms were also found to be in place in Ekiti State, some of which are listed below:

Due process mechanism, targeted at ensuring proper and effective management and utilization of funds and execution of projects Community-based budgeting process. That is, budgeting starts from grassroots which involves going into villages to identify their challenges and preferences for the purpose of incorporating them into the budget as coordinated by the Ministry of Rural Development Re-appraisal of the civil service system. This reform in human resource management largely contributed to the quality of works being done by accountability institutions and other public servants. This revolution was peculiar to the state.

Mid-Term Financial Expenditure. Presentation of MTFE would show, at a glance, the projects which the money was to be spent on. It would also stipulate the mechanisms put in place to be able to spend such money and also how they intended to source the money to meet their expectations. MTFE was said to be giving room for projection of what the government of the state had to spend money upon.

Mid-term defense. Through this medium, the legislature writes the executive to come and give an account of their work quarterly as they proceed from a stage to another. This was also a strategy the legislature used in curtailing the excesses of the executive and to enhance accountability.

Automation of all income and expenditure activities to maintain probity, transparency and accountability.

From the foregoing, the facts collected through interviews conducted were largely in consonance with those collected through questionnaire. The interviews however shed more light on the financial activities of the States and as well gave further information beyond what were available in the questionnaire responses.

## V. RESULTS OF THE STUDY

Bundi (2018) supports the fact that institutional reform is germane to financial accountability. He opines that an institution is 'an enduring collection of formal laws and informal rules, norms, customs, code of conduct and organized practices that shape and govern human interaction' (Bundi, 2018: 174). The contradiction or conflicts between formal and informal institutions or behaviours usually necessitated institutional reforms at the inception of democratic governance in 1999. That is, the case of the emergence of illegal or amoral disposition in public offices mostly propels the creation/building of new institutions and mechanisms or the reformation of the old ones. Though, institutional reform is more than just "modernizing" institutions, it encompasses the fostering of dynamic synergy with civil societies and private sector (Dowdle, 2017). It sometimes also entails downsizing, effective or judicious usage of scarce resources to achieve huge outcome, curbing and curtailing poor decision making processes, management of staff welfare conditions to boost accountability designs (Mulgan, 2017).

Most of the national institutional reform in Nigeria over the period under review can be summarised under four key areas (Adegoroye, 2006; Ayeni, 2008). The first covers Budgeting and Financial management: procurement system, institutionalization of fiscal responsibility and accounting reforms. The second is the accountability reform which entails installation of due process, transparency and accountability in government transactions, establishment of service charters and institutionalization of compliance enforcement. Thirdly, there is human resource management aspect of the reform: personnel record and payroll clearing, staff cadre reviews, remodeling the recruitment and promotion pattern, installation of new performance management scheme, professionalism, pay return as a strategic plan of action, capacity development and training and changes in organizational culture. Operation and systems which constitute the fourth aspect involves organizational restructuring and right-sizing, work process re-design and ICT application.

## VI. LIMITATIONS

There are constraints associated with this study. These include:

1. Cost and delay in response by the respondents

2. Biases and errors from opinion of the respondents since it was a survey-based study.

## VII. CONCLUSIONS

A critical look at these reforms shows that most of the stated financial institutional reforms within the states take their lead from the initiatives of the Federal Government. In fact, the “organic” institutions within the states; Accountant General’s Office, Auditor General’s Office, Concerned Committees of the state legislative bodies, Bureau of Public Procurement, acted more independently than collaboratively. This non-collaborative posture advertently or inadvertently created the gap for misapplication of resources which encourages other forms of corrupt practices to thrive in these states.

## VIII. RECOMMENDATION FOR FUTURE RESEARCH

Since, this study was carried out in Nigeria, empirical evidence could also be sourced on comparative basis. On one hand, institutional reforms and mechanisms adopted by states in Nigeria for public financial accountability could be compared, on the other hand, overall institutional reforms and mechanisms employed at the national level in Nigeria for public financial accountability could be placed side by side with other countries in Africa.

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