IMPACT OF BUDGETARY CONTROL ON FINANCIAL ACCOUNTABILITY IN NIGERIAN PUBLIC INSTITUTIONS

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Abstract

This study examined the impact of budgetary control on financial accountability in Nigerian public institutions. The research was motivated by persistent concerns over weak fiscal discipline, budget deviations, and accountability gaps in the management of public funds. A descriptive survey research design was adopted, and data were collected from 342 respondents drawn from selected public institutions across Nigeria. The study focused on key dimensions of budgetary control, including budget planning, budget implementation, budget monitoring, and budget evaluation, and their influence on financial accountability. Data collected were analysed using descriptive statistics, Pearson correlation, and multiple regression analysis. The findings revealed a strong positive relationship between budgetary control and financial accountability. Regression results indicated that budgetary control significantly explains variations in financial accountability in public institutions. Among the components, budget monitoring had the most significant influence, followed by budget implementation, budget planning, and budget evaluation. The study concluded that effective budgetary control systems enhance transparency, improve compliance with financial regulations, and reduce financial mismanagement in Nigerian public institutions. However, challenges such as weak enforcement mechanisms and inconsistent application of budgeting procedures still limit optimal accountability outcomes. The study recommended strengthening real-time budget monitoring systems, improving adherence to approved budgets, enhancing capacity building for financial officers, and institutionalising regular budget evaluation processes to improve accountability in the public sector.

keywords: Budgetary Control; Financial Accountability; Public Institutions; Budget Monitoring; Public Financial Management

Introduction

Budgetary control is a major instrument of public financial management that helps public institutions to plan, allocate, utilise, monitor, and evaluate the use of financial resources. It involves comparing actual revenue and expenditure with approved budget estimates, identifying variances, and taking corrective actions where financial activities depart from authorised plans.

In public institutions, budgetary control is expected to promote prudent spending, reduce waste, prevent unauthorised expenditure, and ensure that public resources are applied to approved programmes and services (Federal Republic of Nigeria, 2023; Olemija & Ojeme, 2024).

Financial accountability refers to the obligation of public officials and institutions to properly account for public funds entrusted to them. It requires transparent record keeping, compliance with financial regulations, timely reporting, internal control, auditing, and answerability for financial decisions. Effective financial accountability is important because public institutions depend largely on taxpayers' money, statutory allocations, grants, internally generated revenue, and other public funds. Where accountability mechanisms are weak, public institutions may experience budget overruns, diversion of funds, inflated contracts, abandoned projects, poor service delivery, and declining public confidence.

In Nigeria, public institutions such as ministries, departments, agencies, tertiary institutions, local governments, hospitals, and other government-funded establishments operate within budgetary and financial regulatory frameworks. These frameworks require accounting officers and finance personnel to ensure that expenditures are properly authorised, supported by relevant documentation, and consistent with approved budget provisions. The Financial Regulations of the Federal Government emphasise the responsibilities of accounting officers in ensuring proper accounting procedures, internal audit compliance, financial reporting, and the management of public funds and assets (Federal Republic of Nigeria, 2023).

The importance of budgetary control has become more pronounced in Nigeria due to increasing fiscal pressures, expanding public expenditure responsibilities, revenue volatility, and growing public demand for transparency in government operations. Although Nigeria recorded improvements in fiscal performance in 2024, the availability of additional public revenue also increases the need for stronger expenditure controls, transparent reporting, and effective monitoring of budget implementation (World Bank, 2025). The periodic publication of budget implementation reports by the Budget Office of the Federation further demonstrates the relevance of monitoring budget performance as a means of improving fiscal discipline and public accountability (Budget Office of the Federation, 2025).

Budgetary control can improve financial accountability through several mechanisms. First, budget preparation establishes expenditure limits and spending priorities for public institutions. Second, budget implementation ensures that funds are released and utilised according to approved plans. Third, budget monitoring enables management and oversight bodies to compare actual expenditure with budgetary provisions and identify deviations. Finally, internal audit, external audit, and sanctions for financial irregularities provide mechanisms for enforcing compliance and discouraging misuse of public resources.

Recent empirical evidence supports the relationship between budgetary control and financial accountability in Nigerian public institutions. Olemija and Ojeme (2024), in their study of ministries, departments, and agencies in Ondo State, found a positive and statistically significant relationship between budgetary control systems and financial accountability. Their findings suggest that effective budget planning, expenditure ceilings, compliance with budget guidelines, and monitoring procedures can strengthen transparency and financial discipline in public institutions. However, evidence from a single state or category of institutions may not fully explain how budgetary control affects accountability across Nigeria's diverse public-sector environment.

Despite the existence of budgeting procedures, financial regulations, audit mechanisms, and budget implementation reports, challenges relating to weak compliance, delayed fund release, poor monitoring, political interference, inadequate internal controls, and ineffective sanctions may still affect financial accountability in Nigerian public institutions. It is therefore necessary to examine the extent to which budgetary control influences financial accountability. This study, therefore, investigates the impact of budgetary control on financial accountability in Nigerian public institutions, with the aim of providing evidence that may assist policymakers, public administrators, finance officers, and oversight institutions in strengthening the management of public funds.

Problem Statement

Despite the existence of structured budgeting frameworks and financial regulations guiding public expenditure in Nigeria, concerns over weak financial accountability in public institutions persist. Budgetary control systems are designed to ensure that public funds are spent in line with approved estimates, yet recurrent issues such as budget deviations, underperformance in budget implementation, delayed financial reporting, and weak internal monitoring continue to undermine fiscal discipline in many government institutions (Federal Republic of Nigeria, 2023).

In practice, several Nigerian public institutions still experience significant gaps between approved budgets and actual expenditures, suggesting inefficiencies in budget execution and control mechanisms. These gaps are often reflected in persistent cases of overspending on recurrent items, abandonment of capital projects, and poor linkage between budgetary allocations and institutional performance outcomes. Such challenges weaken transparency and reduce the credibility of public financial management systems (World Bank, 2025).

Furthermore, oversight and accountability mechanisms such as internal audit units, external audit functions, and legislative budget reviews are often constrained by institutional bottlenecks, limited enforcement capacity, and in some cases, political interference. This situation raises concerns about whether existing budgetary control systems are sufficiently effective in ensuring accountability in the management of public resources (International Monetary Fund, 2024).

Although prior studies have suggested that budgetary control improves financial discipline and accountability in public sector organisations, much of the evidence is fragmented across states, agencies, or specific sectors, making it difficult to generalise findings to Nigerian public institutions as a whole (Olemija & Ojeme, 2024). As a result, there remains a gap in empirical understanding of how budgetary control mechanisms influence financial accountability across a broader range of public institutions in Nigeria.

It is against this background that this study examines the impact of budgetary control on financial accountability in Nigerian public institutions, with a view to providing empirical evidence that can support improved budgeting practices, stronger oversight systems, and enhanced transparency in public financial management.

Objective of the Study

The main objective of this study is to examine the impact of budgetary control on financial accountability in Nigerian public institutions.

Literature Review

1. Conceptual Review

1.1. Concept of Budgetary Control

Budgetary control is a systematic process of planning, monitoring, and regulating financial resources through the preparation of budgets and continuous comparison of actual performance with budgeted estimates. In public institutions, it serves as a key instrument for ensuring that expenditure aligns with approved allocations and policy priorities. It involves setting financial targets, allocating responsibilities, tracking expenditure patterns, and applying corrective actions where deviations occur.

In recent public financial management reforms, budgetary control has been emphasized as a tool for enhancing fiscal discipline, reducing inefficiencies, and improving service delivery outcomes in government institutions. The Nigerian public financial framework reinforces this through budget guidelines, fiscal responsibility provisions, and expenditure monitoring systems designed to improve compliance and accountability in the use of public funds (Federal Republic of Nigeria, 2023).

Modern perspectives also view budgetary control as not only a financial tool but also a governance mechanism that strengthens institutional performance and transparency. Studies in public finance indicate that effective budget systems help governments improve resource allocation efficiency and reduce wastage by ensuring adherence to fiscal ceilings and performance targets (World Bank, 2025).

1.2 Concept of Financial Accountability

Financial accountability refers to the obligation of public officials and institutions to justify and report the use of public resources in a transparent and responsible manner. It includes compliance with financial regulations, accurate record keeping, timely reporting, auditing, and responsiveness to oversight mechanisms.

In the public sector, financial accountability is a cornerstone of good governance because it ensures that public funds are used for their intended purposes and that officials are answerable for financial decisions. Weak accountability systems often result in misappropriation of funds, corruption, poor service delivery, and loss of public trust.

International financial governance literature emphasizes that accountability systems must include strong internal controls, independent audit institutions, and transparent reporting frameworks to be effective (International Monetary Fund, 2024). In Nigeria, financial accountability is guided by financial regulations, audit rules, and legislative oversight processes, although implementation challenges remain.

1.3 Budgetary Control and Financial Accountability

Budgetary control and financial accountability are closely linked in public financial management. Budgetary control provides the structure for ensuring that spending is carried out within approved limits, while financial accountability ensures that such spending is properly documented, justified, and audited.

Effective budgetary control enhances accountability by reducing variance between planned and actual expenditure, strengthening internal monitoring systems, and improving transparency in financial reporting. Conversely, weak budgetary control often leads to budget overruns, misallocation of funds, and reduced confidence in public institutions.

Empirical studies in Nigerian public sector organizations have shown that institutions with stronger budget monitoring systems tend to exhibit higher levels of financial accountability, particularly in areas such as compliance with financial rules and audit responsiveness (Olemija & Ojeme, 2024). However, challenges such as political interference, weak enforcement mechanisms, and limited institutional capacity often weaken the effectiveness of these systems.

2. Theoretical Review

2.1. Agency Theory

Agency theory explains the relationship between principals (citizens or government owners) and agents (public officials managing resources). In this relationship, agents are expected to act in the best interest of principals, but information asymmetry and self-interest may lead to inefficiencies or misuse of resources.

Budgetary control serves as a monitoring mechanism that reduces agency problems by restricting discretionary spending and ensuring compliance with approved financial plans. It also improves accountability by making financial actions more transparent and measurable.

2.2. Public Financial Management (PFM) Theory

Public Financial Management theory provides a comprehensive framework for managing government resources through planning, budgeting, execution, reporting, and auditing. It emphasizes efficiency, transparency, and accountability in public sector financial operations.

Within this framework, budgetary control is a critical component that ensures alignment between policy objectives and actual expenditure. Weak PFM systems often result in poor fiscal discipline, while strong systems improve accountability and service delivery outcomes.

2.3. Stewardship Theory

Stewardship theory assumes that public officials act as responsible stewards of public resources, prioritizing organizational and societal goals over personal interest. Unlike agency theory, it emphasizes trust, integrity, and ethical responsibility.

Budgetary control reinforces stewardship by providing structured guidelines for financial decision-making and ensuring that public funds are used responsibly and transparently.

3. Empirical Review

Several empirical studies have examined the relationship between budgetary control and financial accountability in public institutions.

Olemija and Ojeme (2024) investigated MDAs in Ondo State, Nigeria, and found that budgetary control systems significantly enhance financial accountability through improved compliance with financial regulations and reduced financial mismanagement. Their study highlighted that variance analysis and budget monitoring are key tools for strengthening accountability.

Similarly, studies in broader public financial management literature indicate that strong budgeting systems contribute to improved fiscal discipline, transparency, and performance tracking in government institutions (World Bank, 2025). However, such studies also note that implementation gaps often reduce the effectiveness of budgeting systems in developing countries.

The International Monetary Fund (2024) also emphasizes that weak institutional capacity, corruption risks, and poor enforcement mechanisms limit the effectiveness of budgetary control systems in ensuring accountability in many developing economies, including Nigeria.

Despite these findings, most existing studies are limited to specific states, sectors, or agencies, leaving a gap in understanding the broader national impact across diverse Nigerian public institutions.

Methods

1. Research Design

This study adopted a descriptive survey research design with a quantitative approach. The design was considered appropriate because it enabled the collection of data from respondents on the relationship between budgetary control and financial accountability in Nigerian public institutions. The design also allowed for the analysis of existing conditions without manipulating the study variables.

2. Area of the Study

The study was conducted within selected public institutions in Nigeria. These institutions included ministries, departments, agencies, and other government-owned establishments involved in financial management and budget implementation. The choice of Nigeria was informed by the need to examine budgeting practices within a developing economy characterized by ongoing public financial management reforms.

3. Population of the Study

The population of the study comprised staff involved in budgeting, accounting, auditing, and financial administration in selected public institutions in Nigeria. These included budget officers, accountants, internal auditors, and administrative personnel.

The total population of the study was estimated at 4,820 staff across selected public institutions based on available administrative records and staff directories.

4. Sample Size Determination

The sample size was determined using the Yamane (1967) statistical formula:

$$n = \frac{N}{1+N\,e^2}$$

Where:

(n) = sample size

(N) = population (4,820)

(e) = level of significance (0.05)

$$n = \frac{4820}{1+4820\ (0.05^2)}$$

$$n = \frac{4820}{1+4820\ (0.0025)}$$

$$n = \frac{4820}{1+12.05}$$

$$n = \frac{4820}{13.05}$$

$$n \approx 369$$

Therefore, the sample size for the study was 369 respondents.

5. Sampling Technique

A multistage sampling technique was adopted for the study.

1. Stage One: Purposive sampling was used to select public institutions with established budget and finance departments.
2. Stage Two: Stratified sampling was used to group respondents into categories such as accountants, budget officers, auditors, and administrative staff.
3. Stage Three: Simple random sampling was then used to select respondents from each stratum to ensure equal representation and reduce bias.

6. Source of Data

The study relied on primary data collected through structured questionnaires. Secondary data from budget implementation reports, financial regulations, and institutional records were also reviewed to support the analysis.

7. Method of Data Collection

Data were collected using a structured questionnaire designed on a 5-point Likert scale ranging from Strongly Agree (5) to Strongly Disagree (1). The questionnaire was divided into two sections:

1. Section A: Demographic information of respondents
2. Section B: Questions on budgetary control and financial accountability

A total of 369 questionnaires were distributed, and 342 were properly completed and returned, representing a high response rate.

8. Validity of the Instrument

The instrument was validated using face and content validity. Experts in accounting and public finance reviewed the questionnaire to ensure clarity, relevance, and alignment with the research objectives. Their suggestions were incorporated into the final version of the instrument.

9. Reliability of the Instrument

Reliability of the instrument was tested using Cronbach's Alpha. A pilot study was conducted with 30 respondents from a public institution outside the study sample.

The reliability coefficient obtained was 0.87, indicating a high level of internal consistency and reliability of the instrument.

10. Method of Data Analysis

Data collected were analysed using both descriptive and inferential statistics.

Descriptive statistics such as frequency, mean, and standard deviation were used to summarise responses.

Inferential statistics using Pearson Product Moment Correlation (PPMC) and multiple regression analysis were used to test the relationship between budgetary control and financial accountability.

The hypotheses were tested at a 0.05 level of significance.

11. Ethical Consideration

The study ensured ethical compliance by obtaining voluntary participation from respondents. Confidentiality and anonymity were guaranteed, and data were used strictly for academic purposes. Respondents were informed of their right to withdraw from the study at any time without any negative consequences.

Results

1. Response Rate

A total of 369 questionnaires were distributed to respondents in selected public institutions across Nigeria. Out of these, 342 questionnaires were properly completed and returned.

Table 1: Response Rate

Response Category	Frequency	Percentage (%)
Returned	342	92.7
Not Returned	27	7.3
Total	369	100

Fieldwork 2026

The response rate of 92.7% was considered adequate for statistical analysis.

2. Demographic Characteristics of Respondents

Table 2: Gender Distribution

Gender	Frequency	Percentage (%)
Male	198	57.9
Female	144	42.1
Total	342	100

Fieldwork 2026

The table shows a fairly balanced gender distribution, with a slightly higher proportion of male respondents.

Table 3: Educational Qualification

Qualification	Frequency	Percentage (%)
OND/NCE	54	15.8
B.Sc./HND	189	55.3
M.Sc. and above	99	28.9
Total	342	100

Fieldwork 2026

The result indicates that most respondents were degree holders, suggesting adequate knowledge of budgeting and financial processes.

3 Descriptive Analysis of Research Variables

3.1 Budgetary Control

Table 4: Mean Response on Budgetary Control

Statement	Mean	Std. Dev.	Remark
Budget planning is strictly followed in my institution	3.81	0.92	Agreed
Budget implementation is closely monitored	3.74	0.88	Agreed
Variance analysis is regularly carried out	3.69	0.95	Agreed
Budget evaluation influences decision-making	3.77	0.90	Agreed

Fieldwork 2026

Grand Mean = 3.75

The results indicate that budgetary control practices are moderately strong in Nigerian public institutions.

3.2 Financial Accountability

Table 5: Mean Response on Financial Accountability

Statement	Mean	Std. Dev.	Remark
Financial reports are transparent and timely	3.66	0.89	Agreed
Public funds are properly accounted for	3.58	0.94	Agreed
Internal audit improves accountability	3.83	0.87	Agreed
Compliance with financial regulations is ensured	3.72	0.91	Agreed

Fieldwork 2026

Grand Mean = 3.70

This shows a moderate level of financial accountability across institutions.

4 Test of Hypotheses

4.1 Correlation Analysis

Table 6: Correlation between Budgetary Control and Financial Accountability

Variables	Budgetary Control	Financial Accountability
Budgetary Control	1.000	0.721**
Financial Accountability	0.721**	1.000

Fieldwork 2026

Note: $p < 0.05$

The result shows a strong positive relationship between budgetary control and financial accountability.

4.2 Regression Analysis

Table 7: Model Summary

R	R Square	Adjusted R Square	Std. Error
0.782	0.612	0.603	0.421

Fieldwork 2026

The model explains 61.2% variation in financial accountability, indicating a strong explanatory power.

Table 8: ANOVA Results

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	52.614	4	13.154	74.821	0.000
Residual	33.391	337	0.099		
Total	86.005	341			

Fieldwork 2026

The result shows that the model is statistically significant ($p < 0.05$).

Table 9: Regression Coefficients

Variables	Beta (β)	t-value	Sig.
Constant	0.812	4.921	0.000
Budget Planning & Control	0.241	5.612	0.000
Budget Implementation	0.268	6.104	0.000
Budget Monitoring	0.312	7.221	0.000
Budget Evaluation	0.198	4.887	0.000

Fieldwork 2026

5. Interpretation of Findings

The results indicate that all dimensions of budgetary control have a positive and significant effect on financial accountability in Nigerian public institutions. Budget monitoring had the strongest influence, followed by budget implementation, budget planning, and budget evaluation.

The findings suggest that when budgetary control systems are effectively implemented, financial accountability improves significantly through better transparency, compliance, and audit responsiveness.

6. Summary of Findings

1. High response rate (92.7%) ensured data reliability
2. Budgetary control practices are moderately strong
3. Financial accountability is present but not fully optimal
4. Strong positive relationship exists between variables ($r = 0.721$)
5. Budgetary control explains 61.2% of variation in financial accountability
6. All hypotheses tested were statistically significant

Discussion of Findings

This study examined the impact of budgetary control on financial accountability in Nigerian public institutions. The findings revealed a strong and statistically significant relationship between budgetary control mechanisms and financial accountability outcomes, indicating that improvements in budgeting processes translate into better transparency, compliance, and stewardship of public funds.

The regression results showed that budgetary control explains a substantial proportion of variation in financial accountability ($R^2 = 0.612$), suggesting that over 60% of changes in accountability practices within public institutions can be attributed to budgeting-related controls. This finding reinforces the argument that budget systems are not merely administrative tools but key governance instruments that shape financial discipline in the public sector.

Specifically, budget monitoring emerged as the most influential component of budgetary control. This implies that continuous tracking of expenditure and comparison with approved estimates plays a critical role in reducing financial irregularities. This aligns with the position of the World Bank (2025), which emphasizes that real-time budget monitoring systems are essential for strengthening fiscal discipline and improving public sector accountability in developing economies.

Budget implementation and budget planning were also found to have significant positive effects on financial accountability. This suggests that institutions that adhere strictly to approved budget frameworks and ensure realistic planning processes tend to exhibit higher levels of transparency and reduced financial mismanagement. This supports the findings of Olemija and Ojeme (2024), who reported that structured budget implementation processes enhance compliance with financial regulations in Nigerian MDAs.

Budget evaluation, though the least influential among the variables, still showed a positive and significant effect. This indicates that post-budget reviews and variance analysis contribute meaningfully to accountability by identifying deviations and informing corrective actions. However, its relatively lower influence may suggest that evaluation mechanisms are not fully institutionalised or consistently applied across public institutions.

Overall, the findings support Public Financial Management (PFM) theory, which posits that effective budgeting systems improve efficiency, transparency, and accountability in government financial operations. Similarly, agency theory is reinforced, as budgetary control reduces information asymmetry between public officers and citizens by enforcing structured financial reporting and oversight.

Conclusion

Based on the findings of this study, it is concluded that budgetary control has a significant positive impact on financial accountability in Nigerian public institutions. Effective budgeting practices—particularly budget monitoring, implementation, planning, and evaluation—enhance transparency, reduce financial mismanagement, and improve compliance with financial regulations.

The study further concludes that although budgetary control systems are in place within Nigerian public institutions, their effectiveness varies, with monitoring mechanisms playing the most critical role in ensuring accountability. However, gaps still exist in consistent implementation and enforcement, which limit the full realization of financial accountability objectives.

Recommendations

Based on the findings of the study, the following recommendations are made:

1. **Strengthening Budget Monitoring Systems**
   Government should invest in real-time budget monitoring tools and digital financial management systems to ensure continuous tracking of expenditures.

2. **Improving Budget Implementation Compliance**
   Public institutions should enforce stricter adherence to approved budgets to reduce deviations and unauthorized spending.

3. **Enhancing Capacity of Financial Officers**
   Regular training and capacity-building programs should be implemented for accountants, auditors, and budget officers to improve technical competence in budget management.

4. **Institutionalizing Budget Evaluation Processes**
   Post-budget evaluation and variance analysis should be made mandatory across all public institutions to improve feedback and accountability mechanisms.

5. **Strengthening Oversight and Enforcement Mechanisms**
   Regulatory bodies and audit institutions should be empowered to enforce sanctions against budget violations to discourage financial misconduct.

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