



Financial Regulation, Control and Accountability in the Nigeria's Public Sector (A Case Study of Delta State)

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Abstract

The research work examined financial regulation, controls and answerability to the Nigerians; taking a case study of Delta state. Data were source primarily through Questionnaires drawn from staff of public ministries who has Accounting back ground with sampling and Judgmental techniques from 350 respondents. Chi-Square and Chrombach Alpha were used to test the hypotized parameters. Findings revealed significant relationship between accounting records and financial regulations but insignificant relationship of accountability. Base on these findings, the study recommends among others that the government should enshrine in the constitution a mandatory and annual rendering of accounts to the citizens by the executive and political office holders handling government resources and funds.

Keywords: Financial Regulation, Financial Controls, Accountability, Public Ministries, Accounting Records, Nigerians, Delta State.

Introduction

The government of any nation is vex with the responsibilities of providing essential goods, services, security and welfare for the citizenry with the objective of having a peaceful and a stabilized society. The various sources of government revenue meant to meet up with the demands of the people ought to be prudently managed in order for the government to meet the set goals. But more often than none, her difficulties in discharging her responsibilities effectively and efficiently can be attributed to the lackadaisical attitudes of handling government financial resources, especially the public and political office holders. Government institutions unlike the private institutions are characterized with recklessness in spending and management of

public fund and also are careless in giving its stewardship functions to the citizenry. Shafiu and Modid (2020) in the same vein opined that Nigeria's public services are characterized by reckless spending and misappropriation of funds. The scenario has encouraged embezzlement in all aspect of Nigeria's government. The word embezzlement simply put is to make away with, siphon off funds or inventories placed in one's custody. Similarly, Ajibolade and Oboh (2017) asserted that Nigeria has failed to fulfill her obligations at the grassroots due to excessive external control from the states which invariably has lead to massive embezzlements and reckless spending and at the same time has created restricted access for other levels of government development.

The government of Nigeria has instituted some regulatory agencies like the Independent Corrupt Practice and other related Offences Commission (ICPC), Economics and Financial Crime Commission (EFCC), the due process and others, established to check mate the fraudulence, misuse of Financial and other assets in the country. Duke and Agbaji (2017) reiterating said the agencies saddled with the tasks of collecting and remitting revenue to the government seldom discharge their responsibilities as expected and are in one way or the other involved in the huge public sector accounting fraud. Consequently, the inability of the government in meeting up with the demands of the citizenry, the improper managing of its finance and accountability has in no small way doubt whether the various regulatory institutions are performing their functions or whether the various book-keepings are dully followed and complied with. More so whether various persons in authority at government institutions, required giving account of their stewardship to the citizenry are doing so.

This research work attempts to find out the reasons for the anomalies which are inhibiting the government from rendering the services effectively and efficiently in the Nigeria's public sector taking a case study of Delta State.

Research Questions

1. Are there appropriate Accounting records and control in Nigeria's public sectors?
2. To what extent does the regulatory agents' in Nigeria implementing regulatory control of finances in Nigeria's public sectors?
3. Do the Nigeria's public Office holders give account of their stewardship annually to the citizenry?

Hypotheses

1. Significant accounting records and control in Nigeria's public sector does not exist.
2. Significant regulatory financial control does not exist in Nigeria's public sector.
3. Stewardship accounting does not exist in Nigeria's public sector.

Review of Related Literature

Akinwum and Akinola (2019) examined the usefulness of financial control and accountability in Nigeria's public sector with a case study of Owo in Ondo State. Questionnaires were used for the primary data while data for the secondary data were collected from the CBN statistical bulletin on federally generated revenue and expenditure incurred. Chi-square and simple linear regression were used to analyze the data. It was discovered that a positive relationship existed between revenue generated and expenditure incurred. It was therefore recommended that financial control should be strengthened to improve accountability in Nigeria's public sector.

Olaoye , Ogbebor and Elelu (2021) investigated how financial direction affect accountability practice of public sector accounting in Nigeria. Data were collected by questionnaires with a population of 2, 125 for Lagos of Ogun state working in account & finance department and a cross-sectional research design was employed using SPSS 200 test statistics for the data analyses. Finding revealed that financial direction affects accountability in Nigeria Public sector. Based on this it was recommended to make improvement on the existing physical control assets for ensuring effective financial control. Onuorah and Appah (2012) examined the management of public fund in Nigeria. Data were collected from CBN statistical bulletin 1961-2008 on federal and state government revenue and expenditure account. It was discovered that accountability is poor in Nigeria. The study recommends that

improvement of public sector accounting and auditing standards

Shruti and Einar (2020) investigate the impact of the European banking authority's guidelines on internal governance through sure dish financial regulation on the bank's risk organization along the three lines of defense model of internal control through an analysis of 41 interviews with more than 2,100 pages of internal and external documents. The findings was that whilst intra and inter-organizational accountability mechanisms have strengthened under the changed organizational structure through the implementation of financial regulation, challenges to effective transparency remain and may have ambiguous consequences for 120th organizational and regulatory aims.

Samuel and Olaoye (2021) examined the effects of financial control practices on accountability in Nigeria's public sector using cross-sectional survey research design and questionnaires method. Data were analyzed with the aid of SPSS 20.0 version software. The study showed that financial control has a significant influence on accountability as well as a significant influence on responsibility of Nigeria's public sector. It was recommended that existing physical control assets should be strengthened in order to enhance effective financial control and improve on accountability.

Okoro E.O (2021) evaluates the financial control and accountability in public sector organization in Abia State ministry of finance. The Data were analyzed with description statistics such as frequency, percentage and correlation coefficient. Findings revealed an insignificant relationship between internally generated revenue and book-keeping records. Based on these findings, the study recommended annual Audit reports to checkmate resource utilization in the Ministries.

Conceptual review

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The concept of Financial Regulation

Solabomi and Collins (2017) defined Financial Regulation as laws that govern banks, investment firms, and insurance companies and protect them from financial risk and fraud which must be balance within operational efficiency

Trisha (2020) defined financial control as procedures, policies, and means taking by an Enterprise in monitoring, direction, allocation, and controls the usage of its financial resources.

Accountability

Kenton (2021) said accountability means a willingness to be transparent and allowing others to observe and evaluate one's performance. Similarly, Demsetz (1972) and which was updated by Akinwunmi (2019) asserted that it is an expression of duties carried by some other person as being effective and efficiently done

Theoretical review

Agency theory

Agency theory was propounded by Alchian and Demsetz in 1972; reviewed in 1976 by Jensen and Mucking and was updated by Carol M.K in 2021. It explain that the principals provide the capitals for the business while the agents are involve in the day to day running of the business but the risk is purely bore by the principals

Public Interest Theory

Public Interest theory was propounded by Stephen Balley in 1962 updated in 2018. It postulates that government seeks the protection and benefits of the citizenry at large in allocation of resources and welfares

Stewardship theory

Stewardship theory was propounded by Demselz (1972) and updated by Carol in (2021). It postulated that the responsibility of caring for something for the benefit of another person or group of people is the concern of

responsible accounting. The person or group of persons rendering service or giving a task to perform must carefully take up the responsibility seriously knowing that he will be called upon at any time in point to renders account.

This study however, is anchor on the stewardship theory as it bothers on taking responsibility for services rendered and to give account of one's stewardship to others

and without compelling; reports conscientiously to the group, association or people he is representing at a specified time period.

Methodology

Data collection method

We used primary data which was sought via Questionnaires and employed the survey design method

Table 3.0: Question one: Appropriate book-keeping and controls do not exist in Nigeria's Public sectors.

S/N	Interviewees	Agreed	Disagreed	Undecided	Total
1	Executive Officials	4	32	2	38
2	Professional Accountants	2	37	1	40
3	Book Keepers(Clarks)	4	12	6	22
Total		10	81	9	100

Table 3.1: Question Two: Proper regulatory financial control is not applicable in ministries.

S/N	Interviewees	Agreed	Disagreed	Undecided	Total
1	Executive Officials	4	32	2	38
2	Professional Accountants	1	40	1	42
3	Book Keepers(Clarks)	10	7	3	20
Total		15	79	6	100

Table 3.3: Question Three: The Nigeria's officials seldom give annual account of their stewardship.

S/N	Interviewees	Agreed	Disagreed	Undecided	Total
1	Executive Officials	5	25	2	32
2	Professional Accountants	45	2	1	43
3	Book Keepers(Clarks)	26		3	25
Total		10	81	9	100

Test of Hypothesis

The cross tabulation Chi-Square was employed to test the hypothesis. However, the

Chrombach Alpha was used in testing the variables. The result of the Chrombach Alpha test is show on table:

Reliability Test:

Table 3.4

Reliability Statistics

Cronbach's Alpha	N of Items
.729	3

Source: The Researcher using SPSS 23

The Chronbach Alpha test result is quite high with a 72.9% value. It therefore connotes that there is an internal consistency between the

variables derived via the questionnaire. The variables are therefore reliable for testing the hypotheses.

Test of Hypothesis One:

H₀₁: Significant accounting records and control in Nigeria's public sector does not exist.

Table 3.5: Appropriate book-keeping and controls do not exist in Nigeria's Public sectors * Interviewees Crosstabulation

			Interviewees			Total
			Book Keepers	Professional Accountants	Exec Officials	
Appropriate accounting records and controls do not exist in Nigeria's Public sectors	Count		6	0	2	8
	Undecided	Expected	1.6	3.4	3.0	8.0
	Count					
	Count		12	40	32	84
	DISAGREE	Expected	16.8	35.3	31.9	84.0
	Count					
	Count		2	2	4	8
	AGREE	Expected	1.6	3.4	3.0	8.0
	Count					
	Count		20	42	38	100
Total	Expected		20.0	42.0	38.0	100.0
	Count					

Source: The Researcher Using SPSS 23

Table 3.6: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	18.773 ^a	4	.001
Likelihood Ratio	17.329	4	.002
Linear-by-Linear Association	4.068	1	.044
N of Valid Cases	100		

Source: The Researcher Using SPSS 23

The result of the chi-square showed a P-value of 0.001 and this is lower than 5% . Also majority of the respondents disagree with the statement "Appropriate accounting records and controls do not exist in Nigeria's Public

sectors" therefore we reject the null hypothesis for the alternative which states that there is significant accounting records and control in Nigeria's public sector.

Test of Hypothesis Two

H₀₂ Regulatory financial control does not exist in Nigeria's public sector.

Table 3.7: There is no proper regulatory control of account and Finances in the Public sector. * Interviewees Crosstabulation

			Interviewees			Total
			Book Keepers	Professional Accountants	Exec Officials	
There is no proper regulatory control of account and Finances in the Public sector.	Count		3	1	2	6
	Undecided	Expected	1.2	2.5	2.3	6.0
	Count					
	DISAGREE	Count	7	40	32	79
	Expected		15.8	33.2	30.0	79.0
	Count					
	AGREE	Count	10	1	4	15
	Expected		3.0	6.3	5.7	15.0
	Count					
	Total	Count	20	42	38	100
			Expected	20.0	42.0	38.0
			Count			100.0

Source: The researcher's Computation using SPSS 23

Table 3.8: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	31.384 ^a	4	.000
Likelihood Ratio	28.335	4	.000
Linear-by-Linear Association	3.924	1	.048
N of Valid Cases	100		

Source: The researcher's Computation using SPSS 23

The Chi-square result of 3.8 reveals a P-value of 0.000. Also, the cross tabulation result on table 3.7 confirmed their disagreement to the statement "That improper regulatory control of account and Finances existed in the

ministries". Therefore the null hypothesis is rejected for the alternative which states that "There is significant regulatory financial control in Nigeria's public sector."

Test of Hypothesis Three

H0₃: Stewardship accounting does not exist in Nigeria's public sector.

Table 3.9: The Nigeria's ministries officials seldom give annual account of their stewardship to the citizens * Interviewees Cross tabulation

			Interviewees			Total
			Book Keepers	Professional Accountants	Exec Officials	
The Nigeria's Public Office holders seldom give annual account of their stewardship to the citizens	Count		3	1	6	10
	Undecided	Expected	2.0	4.2	3.8	10.0
	Count		0	2	27	29
	DISAGREE	Expected	5.8	12.2	11.0	29.0
	Count		17	39	5	61
	AGREE	Expected	12.2	25.6	23.2	61.0
	Count		20	42	38	100
	Total	Expected	20.0	42.0	38.0	100.0
	Count					

Source: The researcher's Computation using SPSS 23

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	64.827 ^a	4	.000
Likelihood Ratio	74.924	4	.000
Linear-by-Linear Association	23.495	1	.000
N of Valid Cases	100		

Source: The researcher's Computation using SPSS 23

The Chi-Square test revealed a significant difference between the respondents with a P-value of 0.000 however this difference is tilted towards the acceptance of the statement "The Nigeria's ministries officials seldom give annual account of their stewardship to the citizens". This is shown on the cross tabulation table. Therefore the alternate hypothesis is rejected for the null; in this case which states that "There is no significant

stewardship of accounting in Nigeria's public sector"

The Summarized Findings

Firstly, the chi-square test result showed a P-value of 0.001 and this is lower than 5% significant level which led to the acceptance of the alternative hypothesis which states that there exist a significant accounting records and control in Nigeria's public sector.

Secondly, the Chi-square result of 3.8 reveals a P-value of 0.000 with the cross tabulation result of 3.7, confirming the respondent's disagreement; which led to the acceptance of the alternative which states that significant regulatory financial direction existed in Nigeria's public sector.

Thirdly, the Chrombach Alpha test and the Chi-Square result revealed a significant difference between the respondents with a P-value of 0.000 which led to the rejection of the alternate hypothesis that significant stewardship of accounting existed in Nigeria's public sector

Conclusion

In spite of various accounting records and regulatory control processes instituted in all Nigeria's public sectors to regulate and patterns ways of doing Businesses and giving of accounts, the citizenry are denied proper

accountability of government activities because the government officials especially the politicians disregard the prudential stewardship function of accountability for their selfish interest to embezzle and misappropriate funds melt for public functionaries.

Recommendation

Internal control measures should be strengthening in order to control the inflow and outflow of funds in ministries.

The various regulatory agencies in Nigeria should work in harmony to checkmate fraud and misappropriation of funds.

The government should enshrine in the constitution a mandatory and annual rendering of accounts to the citizens by the executive and politicians handling government resources and funds

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