



Institutional Control Measures, Fiscal Transparency And Accountability In Nigeria: A Public Service Behaviour Modification Assessment

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Abstract:

The study was carried out to investigate the relationship between institutional control measures aimed at entrenching fiscal transparency and accountability in the conduct of public service business and public service response. In essence how have public servants responded to the fight against corruption in Nigeria? This was based on the need to assess the effectiveness of institutional efforts aimed at entrenching transparency and accountability in the public sector. A sample size of 3000 was carefully selected from employees of the federal, state and local governments, resident in the South-south Geopolitical region of the country in the ratio of 2:2:1. This was premised on the need to extract meaningful data from a spectrum of public servants in the country. Data for the study was collected via a structured self-administered questionnaire distributed to the sample units. The statistical results indicated that there exist a significant relationship between institutional efforts geared towards enshrining fiscal transparency and accountability in the administration of public funds and the response of public servants. We found this result to be consistent with the existing body of knowledge that institutionalizing fiscal transparency and accountability in the administration of public sector leads to a change in the conduct of public service employees which ultimately leads to good governance. The study showed that the public service in Nigeria is not insensitive to the positive impact of a well entrenched system of fiscal transparency and accountability framework. Against this background, we proposed that the ultimate gains derivable from the fiscal transparency and accountability framework can only be optimized in Nigeria through enacting enabling laws, building strong institutions, taming of policy summersault, non interference, and moral regeneration. More needs to be done to fully entrench the system in our national code of conduct so as to derive the gains of a well administered public service in line with best practices.

Key words: Institutional control measures, fiscal transparency, accountability, public service, and behaviour modification.

1.Introduction

The Public Service in Nigeria has been bedeviled by massive corruption leading to the near collapse of all state infrastructures. By 1999, Nigeria had practically institutionalized corruption as the foundation of governance. Based on wide spread corruption, conducting government business degenerated so much by the year 2000(Obasanjo, 2004). Hence institutions of society easily decayed to unprecedented proportion as opportunities were privatized by the powerful. This resulted, as to be expected, in the intimidation of and corruption in the judiciary, the subversion of due process, the manipulation of existing laws and institutions (Nzimiro, 1993; Rose-Ackerma, 1999; Ugumoke, 2002; Ezekwesili, 2005;and Egbue, 2008). According to Oguonu (2005) power became nothing but a means of accumulation and subversion of State resources, as productive initiatives were abandoned for purely administrative and transactional activities. The legitimacy and stability of the state became compromised as citizens began to devise extra-legal and informal ways of survival.

In recent times, the acquisition of political power has come to be seen as a means of assessing public funds with ease. Corruption has eroded every form of decency and good governance with its attendant negative consequences. Effective management of public funds through institutional measures geared towards entrenching fiscal transparency is the critical element in national development. Entrenching accountability in the management of public funds is anchored on the negative impact of lack of accountability on both infrastructure and human development. Nigeria does not lack the needed resources to attain economic development. Rather it is the lack of transparency and accountability in the administration of public funds on the part of successive administrations in all three tiers of government that has continued to be the foreclosure of any form of meaningful development.

In the light of the collateral damage occasioned by the massive scale of public corruption, Nigerians are beginning to appreciate the need to halt the very ugly trend, if any form of meaningful national development would be attained. This paradigm shift underscores the current institutional efforts at entrenching public accountability. The resultant effect is the setting up of various institutional arrangements, via enabling legislations, to fight the menace of corruption. Thus, the Code of Conduct Bureau, the Independent Corrupt Practices Commission (ICPC) and the Economic and Financial Crimes Commission (EFCC) were established to halt the level of abuse of public funds and corruption in general. Further efforts included the setting up of the Due Process

Office and the enactment of the Public Procurement Act, and recently the passage of the Freedom of Information Act. All these measures were supposedly targeted at enforcing behavioural change. Besides, the need for inflow of Foreign Direct Investment (FDI) to build Institutional capacity and create enabling environment for business to thrive has put-paid to the urgency with which public sector accountability should be entrenched.

Despite these measures, recent developments with regards to corruption in the public service in the country, which has led to several public hearing sessions and investigative panels at the National Assembly, has necessitated the need to examine the degree to which the public service has responded to the anti-corruption crusade. Given that one of the core objectives of the anti-corruption crusade is public service behaviour modification. Thus, this current study examined the public service behavioural response to the institutional control measures aimed at enshrining transparency and accountability in the management of public funds.

2. Background To The Public Service In Nigeria

In 1900, Britain formally established its authority over the political communities in the country. The amalgamation of both the Northern and Southern Protectorates laid the framework for the evolution of a centralized bureaucratic structure in Nigeria. British imposed a unified Public Service in Nigeria. The imposed Public Service was mainly concerned with maintenance of law and order and the mobilization of enough local resources in order to ensure that the Colonial Administration was self sufficient. In detailing the evolution of the Public Service in Nigeria, Ciroma (1997) noted that it began as a force of occupation designed to facilitate colonial rule and the exploitation of the land and its people for the benefit of the Colonial authority. The Colonial Public Service in Nigeria was not concerned with the growth and development of the Nigeria Nation. It was more interested in exploitation of the Nigerian colony. By 1960, Nigeria became an independent State. In the build up to the declaration of independence, Nigerians had virtually taken over the control and management of the public service. Unfortunately, most of the public servants were inexperienced lacked qualifications and training to cope with the demands of the new found opportunities.

Literature has detailed a number of factors that affected the quality and performance of a truly Nigerian public service at its inception. These included the indigenization policy was oriented towards a Nigerian takeover of the administrative structure of the government. The second variable was the administrative style. The public servants that

took over from the British Officials promoted and maintained the style, customs, conventions and the traditions they inherited from the Colonial Administration. Furthermore, the nature of politics in the country affected negatively the evolution of a sound public service because politics in the First Republic was ethnically coloured and had a regional outlook, which led to a lot of crises that affected not only the public service but the entire country. Another dimension was the nature of Political Leadership. At independence in Nigeria, the leadership was immature, conservative, inexperienced and lacked foresight and vision (Okunade, 1990).

At independence in 1960 when Nigerian nationals took over the administrative leadership, no attempt was made by them to restructure the Service to suit our own developmental needs. The Nigerian bureaucrats who occupied the leadership position in the Service imbibed the colonial mentality of wealth acquisition for self-aggrandizement and self-superiority. Instead of working to improve the lot of the country, they became colonial masters in a black man's skin. This aggravated the abysmal performance of the Service and consequently the under development of the country. Through the regionalization of the Nigerian Public Service, Nigerians of Northern extract adopted the Northernization policy in which northerners were given priority attention in the area of recruitment in the service whether they were qualified or not. The same thing went for the Eastern and Western regions of the country. This culminated into segregation and sectionalism in the Service. All regions therefore vigorously practiced regionalization in their respective Public Service. The Military takeover of power in Nigeria between 1966, 1979 and 1984 to 1999 dealt a devastating blow on the public service. The Military Regime showed lack of skills and expertise in managing Nigeria's economy and the development of the nation because it disbanded the legislative and elected representatives of the people. According to Ogunna (1999), the government functioned without the elected legislative, yet policies were made and implemented and laws were enacted and enforced. The military co-opted former politicians, academics and top civil servants to ministerial posts thereby giving them enormous powers to initiate economic, social, and political policies and at the same time execute them. This brought about the breakdown of accountability for public spending and lack of probity, in the service. During this time, corruption became pervasive among the public servants and others who had access to political power. Okigbo reported that between 1988 and June 1994, some \$12.5 billion in government revenues in extra ordinary "Special Accounts" were unaccounted for and this loot has continued up till today. The public servants at the

upper echelon assumed great political powers without responsibility to the people. They exhibited selfishness and sectional interests within the system which consequently impaired discipline and achievement of goals. The individuals were pre-occupied with festering their own nests in total neglect of their individual and collective roles toward satisfying societal needs. Thus, by 1999, Nigeria had practically institutionalized corruption as the foundation of governance. Based on wide spread corruption, conducting government business degenerated so much by the year 2000 (Obasanjo, 2004).

3.Fiscal Transparency And Public Sector Accountability

According to Premchand (2001) fiscal transparency is a system of well organized windows on public policy making and policy implementation, is not an end in itself, but is a means contributing to effective and comprehensive accountability, that aims at securing full answerability from government and their officials. Thus, fiscal transparency is showcased by a well-thought-out process of making public policy and implementing same. Mystery and secrecy are not associated with fiscal transparency. Baldrich (2005) observed that fiscal transparency defines the scope and responsibilities of the government in a clear manner, making available the fiscal information for the population, openly preparing and executing the budget, and assuring the integrity of fiscal procedures. Accountability of the public sector is the hallmark of fiscal transparency. Fiscal transparency is the absence of the abuse of public power for personal ends. This is because corruption is the abuse of public power for personal ends (Frisch, 1996).

In essence, fiscal transparency entails openness, accountability, integrity, probity and transparency in the management of public funds. State institutions and their operators must be accountable. It is obvious therefore, that the entire process of setting up institutional frameworks for entrenching fiscal transparency is geared towards the modification of public service behaviour. By implication public servants should imbibe the philosophy of stewardship (which evokes transparency and accountability) in the conduct of public business. Baldrich (2005) submitted that a transparent fiscal environment limits corruption and diversion and, therefore, facilitates development and an increase in living standards.

Public sector accountability pertains to the obligations of persons or entities entrusted with public resources to be answerable for the fiscal, management and programme

responsibilities that have been conferred on them and to report to those that have conferred these responsibilities. Public institutions that utilize public resources have an obligation to account for the way these resources are allocated, used and the results these spending have achieved (Fearon, 1999; Ferejohn, 1999; and Fox, 2005). In essence, the core objectives of all public accountability initiatives are to ensure that public money is spent most economically and efficiently, that there is minimum of wastage or theft and finally that the public actually benefits from public finance (Boncondin, 2007). Accountability in the public sector (Heeks, 1998) simply means making public sectors staff more accountable for their decisions and actions. The interest in accountability within the public sector is the desire to make public sector staff more accountable for their decisions and actions.

The broad set of accountabilities in the public sector includes; managerial accountability, political accountability, financial accountability and public accountability (Persson, Gerard and Guido, 1997; Heeks, 1998; Kopits and Jon, 1998; Heald, 2003; and Milesi and Gian, 2004). Thus, managerial accountability is applicable to senior managers within public sector organizations; political accountability is to those institutions that provide the political legitimacy of the organization; financial accountability is directed at those institutions that provide the financing for the organization; and public accountability is directed at citizens outside the organization or agency. Heeks (1998) observed that the dimension of public accountability is a combination of ultimate political accountability, since public institutions are supposed to derive ultimate legitimacy from the citizenry and client accountability, since citizens are normally the intended recipients of the services a public sector organization (PSO) provides.

Further, within the ambit of fiscal transparency or making the public sector accountable, the concept of due process was espoused in the conduct of government business in Nigeria. Due process implies that governmental activities and businesses can be carried out openly, economically and transparently without favouritisms and corruptible tendencies (Ezekwesili, 2005). On his part, Wittig (1999) views public procurement (as a hallmark of fiscal transparency) as a business process within a given political system, with distinct considerations of integrity, accountability, national interest and effectiveness. The essence of this is to ensure that rules and procedures for procurement are made in such a way as to be implementable and enforceable (Oguonu, 2005). Obasanjo (2003) observed that due process is a mechanism that certifies for public funding only those projects that have passed the test of proper implementation packaging

and adhere stringently to the international competitive bid approach in the award process. Thus, behaviour modification is the prime essence of the fiscal transparency and accountability framework which is the focus of this current research effort.

4.Hypotheses Development

From being a middle income country in the 1970s Nigeria has fallen to be amongst the poorest nations in the world. It should be noted that in the 1960s and early 1970s, Nigeria, Malaysia, Indonesia, Taiwan, Singapore and South Korea had similar income per capital, GDP growth rates and under-developed political structure (Ekpo, 2004). However, the Asian Tigers (Newly industrialized countries (NICs) have actually escaped underdevelopment and poverty. Most people attribute this to the way their economies are being managed. Nigeria has gone through all the phases of business cycle-decline depression (recession), recovery and boom. Yet, none of these booms (Ekpo, 2004) has resulted in any significant restructuring and transformation of the economy, since each boom came and disappeared without being linked to the real sector and none of the benefits associated with the booms was maximized. Nigeria, especially since the early 80s has been confronted with a magnitude of economic problems. Based on wide spread corruption: conducting government business degenerated so much by the year 2000. This was due to the fact that no serious attention was paid to Public Service Rule, Financial Regulations and Ethics and Norms because of selfish reasons. The Federal Government noted the urgent need for transparency in government procedures so as to be able to move the system - forward. Hence the Federal Government in 2000 commissioned the World Bank to collaborate with some Private Sector Specialists to study Financial Systems and General Procurement-related activities in the country. The essence of this request to the World Bank was to assist the Nigerian Government with a process of enthroning efficiency, accountability, integrity and transparency in Government Procurement and Financial Management Systems (Ekpenkhio, 2003). It was based on this that the Country Procurement Assessment Report was produced through a participatory review approach from key stake holders including representatives from private sectors and the Federal, State and Local Governments with assistance from international and national consultants. Despite these efforts, corruption seems not to have abated. Hence the justification for this current study and the underlying hypotheses which were premised on the fiscal transparency framework of; clarity of roles and responsibilities, public availability of information, open budget preparation, execution

and reporting, and independent assurances of integrity as predicated on the Code on Good Practices on Fiscal Transparency (CGPFT) adopted by the IMF in 1998. These dimensions were operationalized as the institutional control measures and their associated relationship with altering public service behaviour was analysed.

- H_{01} : There is no significant relationship between institutional control measures aimed at entrenching clarity of roles and responsibilities in the conduct of public service business and public service behaviour in Nigeria.
- H_{02} : There is no significant relationship between institutional control measures aimed at entrenching public availability of operational information and public service behaviour in Nigeria.
- H_{03} : There is no significant relationship between institutional control measures aimed at institutionalizing open budget preparation, execution and reporting in the conduct of government business and public service behaviour in Nigeria.
- H_{04} : There is no significant relationship between institutional control measures aimed at entrenching independent assurances of integrity in the conduct of government business and public service behaviour in Nigeria.

5.Methodology

Data for the study was collected via a structured self-administered questionnaire (Babbie, 1990) given to employees of the three tiers of government, in the South-South Geopolitical region of the country. Attempt at getting accurate statistics of employees of these tiers of government was frustrated as a result of payroll fraud which appears to be endemic in the country. The research was thus anchored on a sample size of 3000 employees of the public service in the zone that was derived on the basis of a ratio of 2:2:1 for the three tiers (federal, state, and local government) employees in each of the six states in the South-south geo-political region of the country. This stratification is based on the existing and nationally accepted political delineation of the country into six geopolitical zones. Regression analysis was employed in testing the hypotheses.

6.Results, Conclusion And Implications

The correlational test results indicated as follows:

- H_{01} : $r = 0.96$, $N = 3000$ ($p < .05$)

- H_{02} : $r = .55$, $N = 3000$ ($p < .05$)
- H_{03} : $r = .83$, $N = 3000$ ($p < .05$)
- H_{04} : $r = .66$, $N = 3000$ ($p < .05$)

The evidence from the statistical test results as anchored by the four hypotheses shows that none of the dimensions anchored a weak correlation or none functional relationship with altering public service behaviour. Furthermore, from the pattern of the test results indicated in the current study, measured against the background of the categorization of correlational test results as espoused by Evans (1996), H_{01} and H_{03} anchored a very strong relationship. While H_{04} anchored a strong relationship and H_{02} anchored a moderate relationship. The implication arising from this statistical evidence is that all four dimensions of the fiscal transparency framework (which epitomizes the functioning of a truly formal institutional setting) has the capacity for altering the conduct of public service personnel, thus directing the conduct of public service employees towards the attainment of public goals. . We found this result to be consistent with the existing body of knowledge that institutionalizing fiscal transparency and accountability in the administration of public sector leads to a change in the conduct of public service employees which ultimately leads to good governance. The study showed that the public service in Nigeria is not insensitive to the positive impact of a well entrenched system of fiscal transparency and accountability framework. The conclusion arising from this is that a well institutionalized fiscal transparency framework constitutes a veritable platform for moderating corruption and mismanagement in the public sector. Thus, the Nigerian public service is not insulated or insensitive towards the effect of institutionalizing fiscal transparency and accountability with its attendant implications.

Budget in the public service is the legal instrument that empowers public service expenditure. It is an annual act of legislation in democratic states that sets the limit of public expenditure for any given period. No wonder institutionalizing open budget preparation, execution and reporting in the conduct of government business has the potential for altering public service behaviour. Nations that have tamed the menace of corruption in the public service have all institutionalized a proper framework for open budget preparation, execution and reporting. No wonder the attempts at full implementation of this in the management of public funds in Nigeria, have often set the Executive and Legislative arms of government on a collision course. As one of the cardinal principles of effective internal control, entrenching clarity of roles and

responsibilities in the conduct of public service business in Nigeria will no doubt modify public service behaviour. Under this instance, fraudulent activities can only thrive through connivance or via a chain of public officials. It effectively removes in an individual the power to begin and end a process. No wonder, in every single case instituted by the principal financial crimes fighting agency in Nigeria (the Economic and Financial Crimes Commission-EFCC), a litany of individuals are always charged together. This attests to the impact of Institutional control measures aimed at ensuring transparency and accountability in the management of public funds in Nigeria. The conclusion arising from the foregoing is that there is some measure of modification of public service behaviour. The level of impunity and open disregard for due process in the administration of public servants had been greatly tamed. Available evidence from the litany of corruption cases ongoing in various courts in Nigeria and the outcry of public opinion against such brazen discard for the system resulting from the measures introduced has modified the conduct of public business in Nigeria. There is no evidence to support that the menace of corruption has been completely eliminated. Of course, this has never been possible anywhere, not even in the Chinese system where the death penalty awaits those convicted for financial crimes.

The state must not give up the fight against the pandemic of corruption in the conduct of public business. It must summon the political will and the fortitude required to increase and maintain the tempo. It must also go beyond the rhetoric of policy pronouncements and move to policy implementation in the bid to alter the trend. This can be achieved via enacting enabling laws, building strong institutions, taming of policy summersault, non interference and societal regeneration. This is because instability in government, low GDP, high unemployment, high mortality rates, poverty, project abandonment, failure of public institutions, civil wars and much more are derivatives of a corrupt system. Lack of accountability and transparency in the administration of public funds mars the very essence of a state, destroys the fabric of national integration, and destroys with impunity the dignity of labour. African states governments have been hunted for years by the pandemic of corruption and its dire consequences. Hence, no effort should be spared in the bid to alter the conduct of public servants. Overcoming the menace of corruption in the administration of public institution would ultimately lead to economic and social development of the nation. No nation benefits from entrenching corruption in its system of public administration.

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