BUDGETING, APPROPRIATION AND PUBLIC ACCOUNT MANAGEMENT TOWARDS BETTER EXECUTIVE-LEGISLATIVE RELATIONS: LOOKING FORWARD

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Abstract

This paper examined the roles of state legislature in budgeting, appropriation and public account management towards better executive-legislative relations, it further recommended ways forward to ensure cordial relations that ensures that constitutional provisions on roles of state legislature on financial management of public account. Documentary research design was applied in the study. The researcher used text books, internet materials and journal publications in gathering relevant information and data. These literatures were sourced from libraries and internet websites. In order to edict the information and data relevant to the study, the contents of the literatures gathered were thoroughly road, simplified, summarized, classified and assessed with focus on the issues investigated, consequently, the way forward and conclusion made were based on the interpretations and logical inferences drawn from the information and data generated from existing literatures.

Keywords: Budgeting, Appropriation, Public Account, Legislature, Executive

Introduction

Budgeting, appropriation and public account management are interrelated process that collectively ensures responsible and accountable financial management with state governments. The Budget is a financial estimate of expected state government revenue and the expenditure the same state government hopes to incur in a given financial year. Ibe (2002) maintained that it is the primary role of the state ministry of finance to prepare the proposal contained in the budget. The budget speech is then made by and presented to the state House of Assembly by the Governor of the state. He further stated that this is usually done at the beginning of a financial year since every reasonable government may not spend money without the approval of the legislature. Budget plays a crucial role in delivering public services, funding infrastructures and maintained fiscal stability.

However, the specific procedures and regulations governing these processes can vary from state to state based on their respective laws and regulations (Nwachukwu, 2023). In order to understand better, we will be looking at the overview of the following terms and its operations;

- Budgeting
- Appropriation
- Public account management
- The role of the legislature in budgeting
- The relationship between the legislature and executive in budgeting and its challenges
- Looking ahead (way forward)
- Conclusion

Budgeting:

Budgeting is a financial estimate of expected government revenue and the expenditure the same government hopes to incur in a given financial year. The constitution of federal republic of Nigeria, 1999 as amended provides in section 80 (3) and 120 (3), the power of appropriation of public fund, unless the issues of those monies has been authorized by law in other words budgeted for by the state Assembly. Budgeting is the process of creating a detail financial plan that outlines an organizational expected income and expenditure over a specific period, typically for a fiscal year. Budgeting is a valuable financial goal, and ensures efficient use of resources. It can be applied on various scales, from personal finance to corporate finance, government finance and non-profit organizational finances.

For the purpose of this paper, we shall limit our discussion to state budgeting. We have to look at the possible sources of inflows to the state within a period of twelve months (i.e from 1st January to 31stDecember of each year). This period is regarded as a fiscal or financial year of every state. Such inflows or funds are allocation from the federation account (FAC), internally generated revenue (IGR), grants, donations and loans. These inflows are regarded as the expected incomes to the state.

Nwachukwu (2023) maintained that the primary purposes of budgeting are;

- Financial planning
- Control
- Setting priorities
- Goal achievement
- Measurement, evaluation and resources allocation.

He stated that budgets provides a structured frame work for planning and managing finances, it also serves as tool for controlling expenditures and ensuring that spending aligns with the available resources. Budget also allows organizations to set financial priorities by allocating resources according to scale of preference. Budgets help in achieving financial goals of government and/ or organizations. More importantly, budgets provide a benchmark for measuring actual financial performance against planned performance. This allows for tracking variances and adjusting strategies as needed. In organizations, budgeting determines how funds are allocated among different departments, projects, or initiation. It helps in resources allocation based on strategic priorities.

The outflows are the expenditure aspect of the budget and it is divided into two parts; the capital and recurrent expenditures.

- *Capital Expenditure:* Capital expenditure are the spending provision of roads, houses, purchase of equipments, and vehicles. The rolling plan in always three years, this indication that such money in spent once for a very long times usually three years rolling plan.
- *Recurrent Expenditure***:** Recurrent expenditure in that spending which must be met by the state government yearly; this is because institutions established by the act of the parliament must be maintained and the workers managing them must be paid. It is the budgetary provisions provide to maintain the running and operations of government, such as wages and salaries, over lead cost and donations by government.

Types of Budget:

There exist four typing of budget in every state government budgetary operations, they includes:

- Balanced budget.
- Surplus budget.
- Deficit budget.
- Supplementary budget.

Budget is said to be balanced when the expected revenue and expenditure are the same. It refers to a financial situation in which state government total revenue equals its spending during a specific fiscal year period, typically a financial year. Balanced budget reflects fiscal responsibility and financial stability. It implies that the state government is living within its means, not accumulating debt, and not relying on borrowed funds to cover its expenses to ensure a balanced budget. Nwankwagu and Nwankwo (2016) maintained that the legislature are also charged with a supervisory role on the Executive via oversight functions to maintain a balanced budget. A balanced budget features revenue and spending equilibrium, fiscal discipline and economic stability. In Nigeria, the legality of the oversight functions of the legislature were provided for in section 88(1), and 128(1), which states that State Assembly shall have powers of inquiries and investigations on matters stated below;

- Any express provisions of the constitution, which specifically authorizes the conduct of investigation,
- Any inquire concerning the administration of existing laws,
- When the subject involves alleged fraud, abuse and misappropriation within government department, ministry and parastatals.

Secondly, budget is said to be surplus if expected government revenue exceeds expected expenditure. It refers to a financial situation when revenue exceed the planned spendings within the financial year. While deficit budget occurs when the expenditure of government exceeds the planned revenue within the financial year. In a similar assertion Ibe (2002), maintained that a deficit budget arises when expected government revenue is smaller than the expected government expenditure. The executive can also approach the legislative arm in such case with a supplementary appropriation bill within the same fiscal year for a supplementary budget.

A supplementary budget, also known as supplementary appropriation or supplementary estimate of government, according to Nwachukwu (2023) is an additional budget presented by the state government to the legislature during the same fiscal year. It serves a specific purpose and is distinct from the main or regular budget, which outlines the governments planned expenditures for the entire fiscal year. A supplementary budget is usually introduced when the state government needs to address unforeseen or extraordinary financial requirement that were not accounted for in the original budget for that fiscal year.

The Process of Appropriation

Appropriation of the annual budget is one of the principal tasks of the State Assemblies. Appropriation by virtue of section 81(1) simply implies the authorization of expenditure from consolidated revenue fund by both arms of government. The law provides that the chief executive plays a role of authorization of spending alongside the legislature. Though in the contrary, as pointed out by Nwankwagu and Nwankwo (2016), the section 82 provides that if the appropriation bill in respect of any financial year has not been passed into law to become the year's budget by the beginning of the financial year, the chief executive may authorize the withdrawal of monies from the consolidated revenue fund for the purpose of meeting expenditure necessary to carry government services, with exception that it should not exceed six months and stated amount. Nwachukwu (2023) sees appropriation as the process by which the state legislature authorizes the release of funds from the state treasury to various government agencies, departments, and parastatals. It specifies how much each entity of government receives from the approved budget. The appropriation process generally encompasses the subsequent law-making procedural stages, as;

- **Budget Formulation**: State government prepares an appropriation bill, which is a financial plan that outlines the expected revenues and expenditures for a specific period, typically a fiscal year. It is an appropriation bill that flows as estimates from government ministries, agencies and law backed parastatals to lawmaking body.
- **Revenue Projections**: State government estimates the revenue they expect to collect from various sources, including taxes, federal grants, fees, allocation and other income streams. These revenue projections form the basis of the estimate that culminates into the budget that are first presented to the State Assembly as an appropriation bill of the fiscal year.
- **Expenditure Planning**: State Agencies and departments submit estimate requests outlining the funding needs for the upcoming fiscal year. These requests are reviewed and considered when allocating funds in the budget. The collations of estimates are entirely the reserve of research and planning units of all government agencies and parastatals.
- **Budget Approval**: The State legislature, reviews, debates, and approves the budget. Amendments and negotiations may occur during this process to reach a final budget agreement. This approval is as a result of successful procedural stages of the making of a law by the legislature.
- **Enactment:** Once the law (budget) is approved, the budget is assented into law by the State Governor or Chief Executive, making it the official financial plan for the State Government in that financial year.
- **Public Account Management**: Public account management refers to the processes and systems used to manage and oversee the financial transaction, receipt and disbursements of public funds. It is a critical component of fiscal management that ensures transparency, accountability, and efficiency in the use of public resources. Nwachukwu (2023) stated that Public Account Management features the following;
    - Receipt of public funds,
    - Consolidation of fund,
    - Budget execution,
    - Accounting and reporting,
    - Cash management,
    - Auditing and accountability,
    - Risk management,

- Compliance to legal framework,
- Public oversight,
- Continual improvement.

He stressed that good public account management must begin with the receipt of public funds, which can come from various sources. These funds are typically collected by government agencies, revenue authorities or authorized body. Once collected, the funds are consolidated into a central treasury or a set of dedicated government bank accounts. This consolidation is essential for efficient tracking and management of public finances.

Public account management ensures that these budgets are executed in a manner consistent with legislative and policy priorities. This includes authorizing expenditures, issuing payments, and tracking the utilization of funds. Maintaining an accurate financial records and generating regular financial reports is an essential feature of public account management. These reports are often published and made available to the public to promote transparency and accountability.

Other features include effective management of cash flow which is crucial to ensure that the government has enough funds to meet its financial obligations. Auditing plays a vital role in public account management. Independent auditors review the financial records and transactions to ensure companies with laws and regulations. Government financial managers also need to asses and manage financial risks. Adherence to a comprehensive legal framework that includes budgetary and other financial regulations is most essential to good public account to legal and financial consequence. Governments often establish oversight bodies, such as legislative committees to monitor public account management. These bodies ensures that public funds are use in the public interest and for the purpose authorized by the law. For instance, the onus lies on the committee of public accounts of State Assemblies to maintain the following; financial accountability, reports and recommendations, oversight, examine government spending, ensure auditing, accountability and transparency, hearing of witnesses, fiscal responsibility and above all report back to the assembly for immediate action. Effective public account management is an ongoing process. Governments should regularly access and improve their financial management systems to enhance transparency, efficiency and accountability.

Task of Legislature in Budgeting, Appropriation and Public Account Management

In the course of our conceptual analysis of budgeting, appropriation and public account management, the roles of the legislature has been critically dealt with. Nwankwagu and Nwankwo (2016) in their book “The Anatomy of Parliamentary Studies", x-rays the point of contact of the legislature on the above-mentioned tasks, they includes;

- Budget approval,
- Appropriation of funds,
- Oversight functions of the legislature,
- Amendment and revisions of the budget,
- Accountability on financial matters and checking the government agencies to ensures to ensure accountability,

- Budget hearing,
- Fiscal policies,
- Public engagements on financial matters,
- Emergency appropriation,
- Auditing and review.

In the same vein, the relationship between the legislature and executive were seen in the following area;

- **Checks and Balances**: The legislature and the executive form two separate branches of government. They have distinct powers and roles as provided by law, but they also serve as checks and balances on each other's actions.
- **Law-Making**: The legislature and executive has the task of lawmaking as a joint project. The other makes law, while the other assents to the law or even initiate a bill.
- **Oversight**: The legislature provides oversight over the executive to ensure implementation of the law according to legislative intent.
- **Budget Approval**: The legislature often holds powers of the purse, by their powers to approve the budget proposed by cabinet member's and judges, which another way to check the executive powers is.
- **Confirmation and Appointments**: In many systems, the legislature confirms executive appointments such as the executive.

Conclusion and Recommendations

State legislatures play a crucial role in budgeting, appropriation, and public account management within their respective states. A more detailed overview reflects on the tasks as provided for the legislature by various provision of the law. For instance, section 120 (3) that provides for the power of appropriation of public funds by the law even categorized public fund as delicate as requiring the legislature authorization for its spending. The Management of Public Funds is most essential as its transparency and accountability enhances true democracy.

Effective budgeting, appropriation and Public Account Management is an ongoing process and government at all levels should regularly asserts and improve their financial management systems to enhance transparency, efficiency and accountability. Public account management is a crucial function in government finance; It involves, collecting consolidation, budgeting, tracking and reporting on public funds, all while adhering to legal requirements and ensuring public oversight this process is essential for maintaining the public trust and ensuring that government resources are used effectively and efficiently according to the appropriation law.

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