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EFFECT OF BUDGET AS AN INSTRUMENT OF FINANCIAL CONTROL ON THE PUBLIC SECTOR PERFORMANCE (A STUDY OF MINISTRY OF FINANCE, ENUGU STATE)

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Abstract

This research work examined the Effect of Budget as an Instrument of Financial Control in the Public Sector: A Study of Ministry of Finance, Enugu State. Budget is an instrument used for financial control in the public sector financial management. It is a means of creating a plan for the expenditures and income of a government for a fiscal year. Budget is futuristic in nature and an authority to spend money in the Public Sector Ministries. Therefore, in this study the objective of the study were to ascertain if budget documents are consulted before funds are released in the public sector; to find out if budgets are used to check misappropriation of public funds and to examine the extent to which Virement documents are used to control revenue and expenditure of funds in the Ministry of finance Enugu State. The study applied a descriptive survey research design that used structured questionnaire as the main instrument for data collection. The population of the study is 152 staff of the Ministry of Finance Enugu State. The sample size was 110, obtained through the use of Taro Yamani formula. The data collected with the aid of questionnaire were analyzed using percentage frequency tables, while the hypotheses were tested using the chi-square statistical tool. The findings of the study revealed that budget documents in the Ministry are consulted before funds are released with a result of P. value = .025, budgets are used to check misappropriation of funds with a P. value =.000 and that Virements books are also used as documents to control revenue and expenditures of fund in the Public Sector Ministry, statistically resulting to P. value = .000. Based on the above findings, the researcher recommended that: the government should ensure overall fiscal discipline in the allocation of the country's resources to priority needs of the people before funds are released; effective monitoring and evaluation approach should be adopted; that financial officer should avoid misappropriation of fund from one sub-head to the other and Virement books should be used regularly as a tool to control income and expenditures in the ministries.

Introduction

The word budget originated from the French word bougette meaning: 'Little Bag'. In Britain, the word was used to describe the leather bag in which the chancellor used to carry to the parliament to the statement of government needs and sources (Ade, 2005). After several thoughts of consensus, the budget became the document contained in the bags which represent the plans of government expressed in money terms and submitted to the legislatures for approval. Government use budget as a guiding tool for planning and control of its resources be it financial and otherwise. The use of budget involves knowing how much that is earned and spend over a period of time. When a budget of an establishment, depart of ministry is created, it means creating a plan for spending and earning money. It is necessary to prepare and institute budgets for the purpose of translating policies, coordinating activities as well as financial control in order to achieve the best possible results in that organization. Budgeting is not a new invention, it has been a wide application even before the advent of a large scale business or government organization.

According to Adams (2014), a budget could be defined as a future plan of the whole organization or section thereof. Budget can also be define as a financial or quantitative statement prepared and approved prior of time to be issued by the organization in order to achieve organizational goals and objectives. The primary objective of a budget is to measure the profitability of an organization in terms of fund committed to the objectives of the organization. This study is therefore aimed towards knowing the effect of budget as an instrument of Financial Control in the Public Sector with a focus on the Ministry of Finance, Enugu State.

Statement of Problem

Budget as a tool for effective financial control has been associated with some problem in the public sector as thus, the frequent non release, partial release or delay in the release of approved budget. Further, misappropriation of budget funds from one account head to another (sub-head to another sub-head) and none use of accounting books. From observation stakeholders in the ministry can approve funds meant for social services like pension funds, to services short term projects in order to achieve selfish gains. This problem seems to bw associated with Nigeria budgetary system.

The Enugu State ministry of Finance may not be an exception to these problems, this may render the budget ineffective towards achieving the organizational objectives. The study want to find out whether the problems associated with budget operations affect the financial control process or not in the Ministry of Finance Enugu State. The crux of the study was to: ascertain whether budget document are consulted before funds are released in the Enugu Ministry of Finance; find out if budget was used to check misappropriation of fund in Enugu Ministry of Finance; examine if virement is used as a document to control revenues and expenditures of fund in the Ministry.

Research Hypothesis

1) Hi Budgets are consulted when funds are released in Enugu Ministry of Finance.
2) Hi Budgets are used to check misappropriation of fund in Enugu Ministry of Finance.
3) Hi Virements documents are used as a document to control revenues and expenditures of fund in the Ministry.

Conceptual Review/Framework

Today, budget describes a broader meaning and has been defined by various authors in different ways. A budget has been defined simply as a statement of government's estimated revenue and proposed expenditure for the year.

Bedeian, (2007) defines budget as plan that deals with the future allocation and utilization of various resources to different enterprise activities over a given time period. A budget has also been defined as a financial plan embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Another definition is one that defined budget as an action plan for a specific period of time covering all departments/functions/facets of an organization and containing targets to be achieved both in physical and financial terms, which serve as important criteria of performance.

From researchers' point of view based on above definitions, budgeting simply means the processes, the procedures and the mechanisms by which the budget is prepared, implemented and monitored. Preparing a good budget requires a responsible leadership, special staff assistance, broad, accurate and reliable information, complete plan, a financial calendar and effective monitoring and control over the execution of the budget plan. The budgeting process takes one year from conception through to preparation, approval, execution, control, monitoring and evaluation.

Characteristics of a Budget

Gregory (2005) gives characteristics of a good budget. According to him, a good budget is characterizes by the following:

1) Participation – involves many people as possible in drawing up a budget;
2) Comprehensiveness- embraces the whole organization;
3) Standards – based it on established standards of performance;
4) Flexibility – allows for changing circumstances;
5) Feedback – constantly monitor performance; etc.

Concept of Budgetary Control

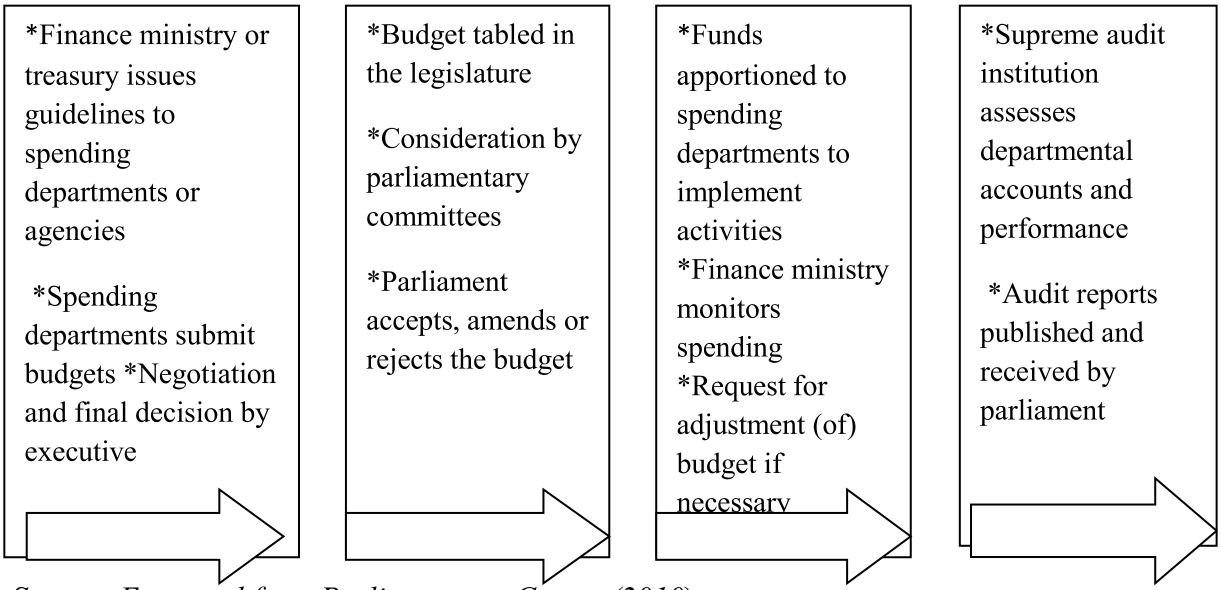
According to Eneje, (2005) Budgetary control highlights the control of plans by comparing actual results against plans by comparing actual results against plans to identify variance upon which corrective action can be placed. Also, according to Eze (2001), Budgetary control refers to the principles, procedures and practices of achieving a given objectives through budget and budgets reports.

In the same vein, Ikpe & Obah (2004) define Budgeting control as a system of controlling cost through the preparation of budget, coordinating the departments, establishing responsibilities, relating, the responsibilities of the executives to the requirement of the policy.
According to Wampler (2007) contends that it is the essential feature of budgetary control that the periodic report should be prepared comparing the budget with the actual expenditure and showing the variances between them corrective measures.

The Budget Process in Nigeria

The budget process is about events and activities in the budget cycle involving the determination of resources and their uses for the attainment of government goals. It is a system of rules governing the decision-making that leads to a budget, from its formulation, through its legislative approval, to its execution and evaluation (Ekeocha, 2012). The budget cycle itself is a year-round process involving formulation (establishing budgetary policies, parameters and allocation priorities) by the executive, legislative approval by the Parliament, implementation involving Government Ministries, Departments and Agencies (MDAs) and even Civil Society Organizations (CSOs), and evaluation and audit including the role of the Auditor-General. Essentially, most countries follow the same processes in their budget administration. Figure 2.1 shows the different stages of the budget cycle.

Figure 2. 1: Stages of the Annual Budget Process



Source: Extracted from Parliamentary Centre (2010)

In Nigeria, the budget is a shared responsibility of both the executive and the legislative arms of government. It is introduced by the executive, approved by the legislature, signed into law by the President, implemented by the executive, and implementation monitored by the legislature and other relevant agencies of the executive through budget oversight. In an ideal situation, all these processes are made open to the public for their participation in all the stages, but it is taken for granted. However, in Nigeria, most of these processes are not made open, and active public participation is not being encouraged. Mansur (2009) argued that the openness of the budget process is determined by the extent to which important budget documents are made available to the public or how transparent the process is, while public participation is determined by the degree to which the government provides opportunities for the public to engage in budget processes.

At the planning or formulation stages of the budget in Nigeria, it is the responsibility of the Budget Office of the Ministry of Finance to develop the budget in accordance with the Federal Government's fiscal policy.

Major Types of Budget in Government

Government's spending profile and the desired level of economic activities determine the type of budget to be executed by the government in any given period.

There are three main types of government budget:

1. **Balanced Budget:** A budget is said to be balanced when total government revenue equals total government expenditure for a given period. In this case the total spending in the economy remains unchanged, and as such economic activities will not be affected.
2. **Deficit Budget:** A deficit budget is normally characterized by a high spending profile over and above the amount of fund anticipated by the government for the financial year. Government indulge in excessive spending which will in other words was designed to increase the level of economic activity. Deficit budget has an inflationary impact in the economy as the government spends more than it can generate. Government finance such deficits by borrowing from banks and other institutional lenders.
3. **Surplus Budget:** This is diametrically opposite the deficit budget in that its implementation reduces economic activity. This is when government receives more than it spends in a given

financial year. When government spends less than it generates, it will impact negatively in the economic activity and thus reduces the level of employment and as such results in a net decrease in demand for goods and services. This made some economics to consider surplus budget as a fiscal drag on the economy, but can be minimized by the government by employing the surplus earnings to write off some of the national debt. One remarkable plus to the surplus budget is that it enables the government to reduce or prevent inflation during prosperity.

Objectives of Government Budget

1. **Economic growth-** The overall economic growth of a nation relies on savings and investments. Budgetary policies are hence introduced to infuse enough recourse in different public sectors. Government makes provision to boost the rate of savings and investments made within the economy.

2. **Reallocation of resources-** Through a budget, the government endeavours to equally allocate resources and wealth. They encourage small industries like "Khadi" to flourish by allowing subsides, loans and reduced taxes on raw materials, needed for production. Government can also levy hefty taxes upon production of harmful products like cigarettes and alcohol to discourage the production of those.

3. **Redistribution of income-** To close the income gap between rich and poor, several budgetary schemes are launched from the government's end. Fiscal instruments like subsidies, taxations, etc. are effectively used to achieve this goal.

4. **Financial stability-** Budget keenly focuses on lowering the price fluctuations in the market. Policies like Deficit budget during deflation and Surplus budget during inflation thrive on bringing stability within the economy.

5. **Bringing down economic inequality-** The Government tries to bring economic equality of society. They do so by imposing taxes on the affluent classes of society and spending them for welfare of the economically weaker section of the community.

6. **Financing Public Enterprises-** Several public sector industries are established for the social welfare of the public. An annual budget provides financial aid to such businesses to grow. This objective organically strengthens the economic structure of a nation.

7. **Addressing Regional Disparity-** One of the chief aims of the Government budget is to alleviate social disproportion. They achieve so by installing manufacturing facilities in the economically weaker section of the society. Also, by producing goods and supply directly.

The Role of Budget in Enhancing Economic Activities and Accountability in the Country.

In order to really appreciate the roles of budget in enhancing economic activities and accountability in the country, these major functions must be looked into:

a) **Forecasting:** A budget is an express provision of the government to generate revenue and apply the same revenue on its economic activities in the coming financial year. This anticipatory nature of budget makes it an important tool of forecasting. The budget is prepared prior to the year, it will be implemented based on the anticipated revenues from various services. In Nigeria shares from oil account and other local taxes. It is a useful tool for forecasting future trends in the economy which is usually for anticipated revenues and expenditures for the coming year.

b) **Planning:** Budget is also a tool for government to plan its policies and programmes and its implementation. Government uses the budget to plan how to generate revenues and the priority projects to be embarked upon in the year with the aim of engineering the economic activities of the economy. It is therefore the qualification of government proposed plans in financial terms for the following accounting of year.

c) **Authorization:** The approval of the yearly appropriation bill is by the national assembly or state assembly is an authorization to the executives to sign and spend public fund as contained in the budget documents and also for a specific project. It is therefore a formal authorization the hands of the executive to acquire resources and undertake a specified activities for the accomplishment of governmental aims and objectives in a given period.
d) **Performance and Measurement:** A budget is a veritable parameter for evaluating the performance of government with respect to the achievement of stated objectives. It serves as a basis for making comparison between the budgeted and the actual for the period. The variance helps to prepare and implement a better budget in the next financial year. This is the most important function of the budget which forms a guide to making better decisions on plans and priorities in the next financial year.

Challenges with Budgeting Process in Nigeria

The budget process in Nigeria is characterized by some challenges such as:

1) Over bloated nature of the budget: The partial funding of projects across the country and the high risk of these projects being abandoned in their partial state. In Nigeria, where some projects are ongoing and poorly funded, new projects are introduced, thereby increasing the risk of neglect, while some projects are poorly maintained through the various stages of completion; some are approved without detailed costing and engineering design.
2) Weak reporting culture of MDAs: The MDAs reports do not adequately reflect projects that are ongoing as various stages of implementation are not stated. The MDAs do not adhere to proper monitoring and evaluation technique on their projects and the large number of MDAs projects makes it difficult to individually visit each project.
3) Unplanned Size of the recurrent expenditure: Increases in the wage bill and in allocation to certain MDAs have resulted in bloated budget. This has made the budget skewed towards the recurrent spending white capital expenditure remained inadequate.
4) The nature of the budget process: The budget is required to be reviewed at different stages with the possibilities of delays, like the drafting stage, legislative approval stage, implementation stage, and monitoring and evaluation stage.

Concept of Virement

According to Ademikhe (2003), virement is the process of moving money from one financial account or part of a budget (a plan for how the money will be spent) to a different one. From the Oxford Dictionary, (British - Finance) Virement is a noun describing the process of transferring items from one financial account to another (a plan of how money will be spent). In the Public Sector virement "means the process of transferring an approved budgetary provision from one operating cost item or capital project to another within a vote or across a vote during a municipal financial year due to changed circumstances from which prevailed at the time of the previous budget adoption" (Darkenstein Municipality, 2018) For example, within the Government where one department under spends and another department needs more funding, the funds can be procured through virement.

Uzoma (1994) described virements as movements of budgetary resources between line ministries, programs, policy areas, expenditure categories or line items. The process of transferring an approved budgetary provision from one operating cost element or capital project to another within a vote or tariff service during a municipal financial year. A virement, as opined by Omolehinwa (2003), represents a flexible mechanism to effect budgetary amendments within a municipal financial year.

Virements are among a number of tools to deal with the uncertainties that arise during the course of budget execution and result in the need to vary the allocation of government expenditure (Pimenta & Pessoa, 2015). According to Okoye, et al (2017), budgeting is inherently uncertain, and therefore there is often a need to make adjustments to the appropriations, as approved by the legislature, during its implementation. The adjustments may be warranted by:

- Changing priorities or demands on the government services;
- Expenditure required in response to unforeseen events;
- The need to reward managers for achieving savings in their budgets; or
- Inaccurate assumptions underlying the original budget estimates.

Virements provide limited standing authority to the executive to make adjustments to the budget to respond to these uncertainties. It is not uncommon for governments to introduce changes to the appropriations approved by the legislature – both in terms of the overall level of expenditure and its composition. Such changes, if carried out transparently and within accepted limits, can reinforce budget discipline and expenditure efficiency (Arsalan & Nida, 2012).

The Use of Virement as a Document in Controlling Revenues and Expenditures of Public Funds

In some budgetary control systems, virement is an agreed practice in which funds may be transferred from one segment of the budget to another within a financial year. For example, a projected surplus in one budget may be used to cover another budgets deficit. Virements need to be distinguished from in-year reallocations of budgetary appropriations that fundamentally alter the allocation of expenditure appropriated by the legislature and therefore require its approval through a supplementary budget. Virements also need to be distinguished from reprioritization of expenditure between budgets, which happens as part of the formulation of the next year's budget and can fundamentally alter the allocation of expenditure from one year to the next.

Virements (a) take place after the budget has been authorized by the legislature, (b) do not affect the total level of budgeted expenditure, (c) should not fundamentally alter the composition of expenditure appropriated by the legislature, and (d) are carried out under the executive authority of the government and do not require legislative authorization.

Virements are among a number of tools to deal with the uncertainties that arise during the course of budget execution and result in the need to vary the allocation of government expenditure. Budgeting is inherently uncertain, and therefore there is often a need to make adjustments to the appropriations, as approved by the legislature, during its implementation. The adjustments may be warranted by:

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b. expenditure required in response to unforeseen events;
c. the need to reward managers for achieving savings in their budgets; or
d. inaccurate assumptions underlying the original budget estimates.

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Budgeting document and the Release of Public Funds

The public sector is budget driven. Without a budget, governments lack legal authority to raise revenues or to make expenditures. When a sum is allocated within a budget it is intended to be spent for the purpose indicated. Over spending is a regulatory issue that will have to be corrected either by reallocation or by a supplementary budget. On the other hand, under spending represents a failure to utilize allocated resources.

According to Chekwu (2005), the objective of many public sector managers to spend the budget, neither more nor less, is in fact logically consistent with a budget driven process. Thus for the public sector manger operating within the budget is a constant challenge, made more difficult by the constraint of an annual budget cycle. Managing within the budget requires timely information on budget allocations, commitments and actual expenditures. Hence an efficient budget, commitment management and accounting system providing timely and relevant reports is essential for budget management, which in turn contributes to the value for money objectives above.

In general, the budget is the financial mirror of government policy. Thus, to be an effective instrument, the budget should be as comprehensive as possible. Two major issues are involved here: First, if the budget excludes major expenditures, there can be no assurance that scarce resources are allocated to priority programs and that legal control and public accountability are properly enforced. Second, the amount of expenditures not included in the budget is itself often uncertain and opaque. In turn, this makes macroeconomic programming more difficult and increases the risk of corruption and waste. Budget comprehensiveness does not mean that all expenditures should be managed according to the same set of procedures. For efficiency, specific arrangements for administer some programs may be established, provided that they do not lead to a fragmented approach to budgeting and expenditure policy formulation (Heald & Georgiou, 2016)

Therefore, according to Barry (2007), the following minimum rules should be applied to every program, whatever its mode of management: ·

a) Estimates of revenue and expenditures should be consolidated into the budget in gross terms, whatever the form of legislative authorization for these expenditures, and not netted out; ·
b) Expenditures and revenues should be classified on the basis of the same classification system as the overall budget;
c) Accounts of autonomous funds and special accounts must be audited externally and regularly;
d) Financial reports of government activities should consolidate the operations of autonomous funds/agencies with other operations.

Budget as an Instrument of Checking Misappropriation of Funds

Even though a country may be naturally endowed with diverse kinds of resources, the gestures of such country lie in her ability to manage her resources properly. Public sector, in a nutshell, is the sector that manages the resources of the government in other to ensure effective and efficient allocation of these resources for satisfaction of the citizenry concerned. The sector is used in implementing government policies. It is the tool for accelerating development in the entire economy (Moses, 2000). For instance, it accounts for approximately two-third of gross national products (GNPs) in Nigeria. Public sector includes all government ministries and departments, extra-ministerial department, parastatals agencies, commissions and public enterprises. Being a service-oriented sector, it is usually budget financed.

Essentially, fund in the public sector, refers to the sum of money or other resources segregated for the purpose of carrying out specific activities in accordance with special regulations, restrictions and limitations. According to Vatter, (1947), public sector fund accounting is the demonstration of judiciary stewardship; to show that resources (funds) have been dealt with in a proper way.

The management and control of funds in the public sector revolves around towards: responsibility and accountability. This has to do with the honest application of funds and in compliance with proper procedures, ensuring that these funds are spent on properly approved items and within the budgeted level.

That Nigeria is known as the third most corrupt nation in the work is not an overstatement. This is largely as a result of financial improperly that is ravaging the public sector. When it comes to public funds, people seems to put aside their moral values. Financial integrity is hardly seen in the public sector. Worst still, is the effrontery being exhibited by these perpetrators even when caught red-handed. The president, Obasanjo, in decrying the high incidence of financial impropriety, said in the Daily Guardian Newspaper on March 25th., 2005 that “it is only in Nigeria that you will catch a thief and he takes you to court”.

Unfinished projects, non-payment of salaries and pension, and so on, were as a result of misappropriation of public funds in the public sector. No single day will pass without a report on misappropriation of funds in the public sector. This entails the diversion or misuse of funds earmarked for specified project or programme for another unconstitutional selfish purpose. The magnitude is unbearable. One may rightly ask “is the financial statute vis-à-vis public sector not explicit on the way and manner these funds should be utilized? Or is it a resolution among pubic accounting officers to tow the part of financial indiscipline?

The questions many people are asking are: is the financial regulations, as enshrined in finance (management and control) Act 1958 so weak in combating this menace? Are no procedures for managing and controlling of funds in the public sector? If we have are they weak or do public offices neglect them? Is there no innovation that could be plugged into funds management and control system of this public sector or enable it live up to the expectation? Hence, answers to these questions are germane curb, the root causes of financial impropriety as observed in the public sector in Nigeria.

Guiding Principles for the Application of Virement in Controlling Revenues and Expenditures of Public Funds in Nigeria

a) The virement process represents the major mechanism to align and take corrective (financial / budgetary) action within a directorate (vote) during a financial year.
b) In terms of Section 17 of the Financial Regulation Act of 2009, a state’s budget is divided into an operating and capital budget and consequently no virements are permitted between Operating and Capital Budgets.
c) Virements across directorates/ministries/departments (votes) are not permissible and will only be effected via an adjustment budget.
d) Virements between Tariff- and Rate-funded functions are not allowed as Rates and Trading funded services are balanced separately and transfers across these services will result in an unbalanced budget between Rate- and Tariff-funded services. Such transfers can only be adopted via an adjustment budget (per Financial Regulation Act of 2009 Section 28).
e) In order for a directorate (vote) to transfer funds from one cost element or capital project to another cost element or capital project, a saving has to be identified within the monetary limitations of the approved “giving” cost element or capital project allocations.
f) Sufficient, (non-committed) budgetary provision should be available within the “giving” vote’s cost element or project concerned to give effect to the budgetary transfer (virement). The transferring function must clearly indicate to which cost element or capital project the budget provision will be transferred to and provide a clear motivation why a saving exists on the sending element or project and the reason for the additional requirement on the receiving element or project.
g) A virement may not create new policy, significantly vary current policy, or alter the approved outcomes / outputs as approved in the IDP for the current or subsequent years (Financial Regulation Act of 2009 Sections 19 and 21).
h) Virements resulting in adjustments to the approved SDBIP need to be submitted with an Adjustments Budget to the Council with revised targets and indicators for approval. (Financial Regulation Act of 2009 Circular 13).
i) No virement may commit the Municipality to increase recurrent expenditure, which

commits the Council's resources in the following financial year, without the prior approval of the Council. This refers to expenditures such as entering into multi-year lease or rental agreements for the leasing of vehicles, photo copiers or fax machines.

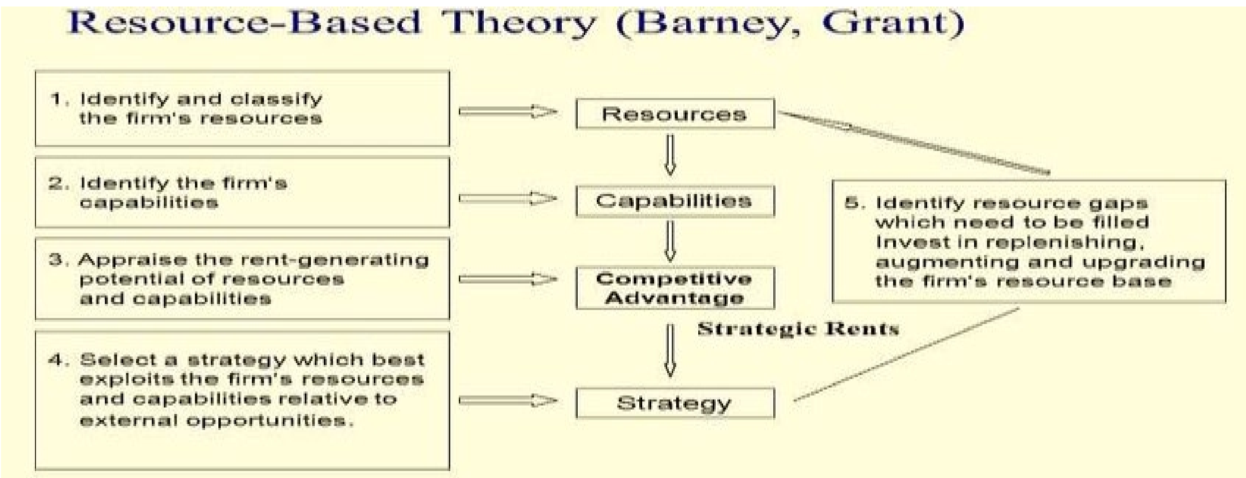
j) No virement may be made to cover/ allow for unauthorized, irregular or fruitless and wasteful expenditure (Financial Regulation Act of 2009 Section 32).
k) The virement that relates to an unfunded vacant position is subject to the approval of the Accounting Officer. The budget for such position may only be transferred from Employee related cost, if approved by the Ministry.
l) All virements should be approved in line with the Council's System of delegations.
m) Proposed budgetary amendment of which will result in a change to the approved total budget quantum or any other budgetary amendments not covered in this policy, must be considered for adoption via an adjustments budget (per Financial Regulation Act of 2009 Section 28).

THEORITICAL FRAMEWORK

The research study adopted the Resource-based theory by Barney J. B. Barney contends that the possession of strategic resources provides an organization with a golden opportunity to develop competitive advantages over its rivals (Barney, 1991). These competitive advantages in turn can help the organization enjoy strong profits, especially over time. Resource-based theory offers a more complete framework for analyzing organizations. According to Barney (1991), resources can be divided into two main types:

1) Tangible resources are resources that can be readily seen, touched, and quantified. Physical assets such as a firm's property, plant, and equipment are considered to be tangible resources, as if is cash.
2) Intangible resources are quite difficult to see, touch, or quantify. Intangible resources include, for example, the knowledge and skills of employees, a firm's reputation, and a firm's culture.

Resource-based theory suggests that resources that are valuable, rare, difficult to imitate, and non-substitutable best position a firm for long-term success. These strategic resources can provide the foundation to develop firm capabilities that can lead to superior performance over time. Capabilities are needed to bundle, manage, and otherwise exploit resources in a manner that provides value added to customers and creates advantages over competitors.



Resource Based Theory Concept Source: Barney 1991, 2001

Furthermore, Resource-based theory suggests that resources that are valuable, rare, difficult to imitate, and non-substitutable best position a firm for long-term success. These strategic resources can provide the foundation to develop firm capabilities that can lead to superior performance over time. Capabilities are needed to bundle, manage, and otherwise exploit resources in a manner that provides value added to customers and creates advantages over competitors. While resources refer to what an organization owns, capabilities refer to what the organization can do. More specifically, capabilities refer to the firm's ability to bundle, manage, or otherwise exploit resources in a manner that provides value added and, hopefully, advantage over competitors.

The relevance of the theory to this study is based on the fact that Public Finance expressed in Budget remains a strategic resource if put into good use by an organization/government.

In order to gain relevant information for this research work, descriptive survey research design was considered appropriate to the study due to the nature of data needed for the study. The investigation was based on data collected from the respondents/staff of Ministry of Finance Enugu State. The Ministry has six departments – Administration, Finance, Fiscal Planning, Treasury, Planning, Research and Statistics. Data used for the study were collected through two main sources, which include primary and secondary sources. The study area has a sample population of 152 and sample size of 110 drawn through Taro Yamine formula. The instrument for data collection was a questionnaire. The instrument was tested reliable and valid for the study through test retest method and face to face content method. The data was collected was presented and analyzed with the aid of tables and simple percentage frequency analysis. The formulated hypotheses were tested using a non – parametric statistical tool called chi – square.

METHODOLGY

TEST OF HYPOTHESIS:

1. Hi: Budget documents are consulted before funds are released

Table : Cross-tabulation of budget documents are consulted before funds are released in the Ministry of Finance.

Consultation of budget documents		**Total**	**x^2**	
	High extent	Low extent		
High extent	38(70.4%)	16(29.6%)	54(100.0%)	**x^2 = 5.003;df=1;**
Low extent	19(95.0%)	1(5.0%)	20(100.0%)	***p*<,025**
Total	**57(77.0%)**	**17(23.0%)**	**74(100.0%)**	

The above table involves an index built from research question one (1) that contains question one on extent budget documents are consulted before funds are released in the Ministry.

The categories of very high extent and high extent was grouped into "High extent" while the categories for Don't know, Low extent and Very low extent was grouped "Low extent"

With the computed x^2 = 5.003; df=f, the test shows that statistically – (P. = .025), budget documents are consulted before funds are released in the Ministry. Therefore, the substantive hypothesis which state there is a significant relationship between consulting budget documents before fund is released is valid and therefore upheld. In other words release of fund done by consulting budget documents.

2. Hi: Budget documents are used to check misappropriation of funds in the Ministry of Finance.

Table : Cross-tabulation of use of budget documents to check of misappropriation of public funds

Use of budget to check Misappropriation of Public funds x^2			**Total**
	High extent	Low extent	
High extent **x^2 = 63.719;**	56(93.3%)	4(6.7%)	60(100.0%)
Low extent **df=1;*p*<.000**	0(0.0%)	14(100.0%)	14(100.0%)
Total	56(75.7%)	18(24.3%)	**74(100.0%)**

The above table involves an index built from research question two which contains questions on the extent to which budget are used to check misappropriation of funds in the Ministry of Finance. The of very high extent and high extent was grouped into "High extent" while the categories for Don't know, Low extent and Very low extent was grouped into "Low extent".

With the computed x^2= 63.719; df=1, the test shows statistically significant – (P. = 000) that budgets are used to checking misappropriation of funds in the Ministry of Finance. Therefore, the substantive hypothesis which states that budget are used to check misappropriation of public funds is valid and therefore upheld.

3. Hi: Virements are used as a document to control revenues and expenditure of funds in the Ministry of Finance.

Table : Cross-tabulation on if virements are used as a document to control revenues and expenditures of funds in the Ministry of Finance.

Use of virement to control x^2 revenue and expenditure			**Total**
	High extent	Low extent	
High extent **x^2 = 56.633;**	59(100.0%)	0(0.0%)	59(100.0%)
Low extent **p<'000**	3(20.0%)	12(80.0%)	15(100.0%)**df=1;**
Total	**62(83.8%)**	**16.2%**	**74(100.0%)**

The table above involves an index built from research question three that contains questions on if virements are used as a document to control revenues and expenditures in the Ministry of Finance as an account document in recording of revenues and expenditures of funds in the Ministry of Finance.

The categories of Very high extent and high extent was grouped into "High extent" while the categories for Don't know, Very low extent and Low extent was grouped into "Low extent".

With the compound x^2= 56.633; df=1, the test shows statistically, (P. = .000) that virements are used as a document to control revenues and expenditure in the Ministry of Finance. Therefore, the alternative hypothesis which stated that: virements are used as a document to control revenues and expenditure in the Ministry of Finance is valid and therefore is upheld.

Summary of Findings

The study was carried out to examine the effect of budget as an instrument of financial control in the public sector Ministry of Finance Enugu State. The study revealed that:

- Budget documents are consulted before funds are released in the Ministry of Finance.
- Budget documents are used to check misappropriation of funds in the Ministry; hence approved budgets help to curb misappropriation of funds.
- Virements are used as document to control revenues, expenditures and transfer of funds in the Ministry.

Conclusion

From the above researched literatures reviewed and analysis on the effect of budget as an instrument of financial control cannot be overemphasized. The study revealed that budget is a plan for future progammes/projects, policies and activities of government expressed in money terms. It shows the total revenues and expenditures for a specific period. It is a guiding tool for planning and control of its resources and expenditures. Hence the data analyzed show that budgets are consulted when funds are released; that it is used to check misappropriation of funds and virement documents are used to control transfer of funds.

Recommendation

The study recommends that the government officials handling programmes and activities of the government that involves release of fund from Budget should strictly follow the stipulated rules and regulations in the Financial Instruction (F.I.) and Financial Memorandum (F.M.). This will enable each fiscal year budget to achieve its objective.

The government and the public officials should ensure strict practice of financial integrity in the public sector accounting by ensuring that funds are not misappropriated anyhow from one sub-head to another. Public official cut in the act of budget misappropriation should be properly dealt with in line with the provisions of the law.

Virements should be used regularly as a tool to deal with the uncertainties that arise during the course of budget execution which results in the need to vary the allocation of funds on government expenditure. Government official concerned should make adjustments to the appropriations, as approved by the legislature during its implementation.

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