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Evaluation of State Government Budget Implementation: Evidence from Lagos State Government

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Abstract: *This study evaluated the state government budget implementation with respect to Lagos State Government budgets from 2008-2016. The study adopted descriptive research method. The data collected from Lagos State Ministry of Planning and Budget and Ministry of Finance used for this study covered the period between 2008- 2016. The data on budgeted government revenue and expenditure were extracted from various annual budgets as approved by the state house of assembly at the ministry of planning and budget while the data for actual state government revenue and expenditure were obtained from the ministry of finance. Findings revealed that budget implementation was high during the period under review. This was likely due to the fact that the nation economy was upbeat during the major parts of the period under review because of high crude oil price at international market. There was also an indication that the internally generated revenue contributed significantly to total revenue generated by the state government to finance most of its activities. This is a sharp departure from experience of most of the states in the federation that depend solely on federation account dole-out to finance most of their activities. We did not find any statistical significant difference between total budgeted revenue and total actual revenue. It was concluded that almost recurrent expenditure budget were cash-backed whereas capital expenditure do not enjoy the same leverage*

Keywords: *Budget implementation, Budget performance, Capital expenditure, Re-current expenditure*

1. Introduction

One of the tools governments all over the world use to bring development to people is budget. A budget is an annual financial statement presenting the government's proposed revenues and expenditure for a financial year that is often passed by the legislature. This document estimates the anticipated government revenues and government expenditure for the ensuring financial year. The budget serves as a document which government uses to establish their economic and social priorities and set the direction of the economy. According to Oniore (2014) budget performs the following functions: it is a tool of management, it is a tool of accountability and transparency, and it is an instrument of economic policy. Budget is usually employed as a tool to deliver dividend of democracy to citizen by making provision for expenditure on education, roads, health services, water, and housing etcetera. The issue of budget implementation by all the tiers of government is in front burner of discussion among the citizens. The detailed level of performance and implementation of budget is not general well known to the public. The knowledge of previous year budget performance and implementation would aid government to identify problem areas. This would serve as a guide for future budget planning and implementation and can also be used as a means to evaluate the performance of governments by the general public. Budget performance and implementation may be hindered by inadequate revenue as result of over optimistic projection, lack of capacity among many other problems.. A well implemented budget at all level would result in improved living standard to the majority of people through provision of essential public goods and service such as education, health service, good physical infrastructure such as road, water, electricity among others (Omolehinwa, 2014).The broad objective of this study is to evaluate the performance of Lagos State government budget by comparing the budgeted values with the actual values realized between 2008 and 2016 fiscal year. The specific objectives are: (i) to determine if there is any significant difference between the budgeted revenue and actual revenue (ii) to examine the significant difference between federal transfer and actual transfer (iii) to find out the major significant difference in the budgeted internally generated revenue and actual internally generated revenue (iv) to know the significant difference between the budgeted total expenditure and actual total expenditure (v) to determine if there is any significant difference between the budgeted capital expenditure and actual capital expenditure (vi) to evaluate the significant difference between budgeted recurrent expenditure and actual recurrent expenditure

The study is limited to Lagos State Government budgets as passed into law through Appropriation Acts by the state assembly between 2008 and 2016 fiscal years. Lagos State was selected because of her strategic position as the economic hub of Nigeria. It has the largest population and internally generated revenue among all the states in the federation. The state is home to majority of industrial, commercial and financial entities in Nigeria and generates the highest Gross Domestic Product (GDP) among all the states in the federation.

2. Literature Review

This study is anchored on the perspective of the agency theory in formulation and implementation of local government budgets (Jubery & Moeljadi, 2017). Budget is the main tool that is used for resource allocation in democracy and it is very important to involve the citizens in budgetary processes from conception to monitoring of budget performance. Studies have identified the following factors to influence the level of citizen's participation: the governmental environment, the design of the process, and the mechanisms used to elicit participation and goals and out comes desired from participation in budgetary decision making (Eddon & Franklin, 2006). The works of Friskey and Bownman (1996) and Miller and Evers (2002) revealed that process-design variables impede citizen participation because it is hard to get a group of representative citizens willing to commit the necessary time and effort to learn about complex public budgets.

Democracy fosters principal-agent relationship between the voters (the principal) and the politicians (the agent). This gives room for opportunistic behaviour on the part of the agent (the politician) to extract rents from being in office and spend public moneys on project other than those the voter's desire. Omolehinwa (2014) highlights the followings as the role of public financial management in budget performance: it ensures that resources available to government are predictable and stable; it ensure that all revenue due to government are collected and accounted for; it ensure that procurement system follow the due process; it ensures that government debt are properly managed and that a reliable and effective government accounting reporting system is in place. In their study Onuorah and Appah (2012) reported that most of the revenues derived by government are spent on the payment of salaries and emoluments of officers in general administration, defence, internal security and national assembly. This is the reason why most government spending does not increase capital investment base of the country. Consequently, there is near absence of very basic services and infrastructure such as quality education, medical service, road, water supply, electricity etcetera.

Olomola (2009) posits that budget implementation is not transparent and that cash is not usually released to fund the budget. The reasons for non-release of cash to fund the Appropriation Act had been attributed to the following factors: policy change during the year, re-allocation of expenditure during the budget implementation, inability to implement policies, programmes and projects, inadequate counterpart funds in some instances and poor revenue projection. According to Ehigiamusoe and Lean (2016), there were negative variances between the federally collected budgeted total revenue and actual total revenue collected at 2.4% in 2012 to 16.9% in 2013 before declining to 5.4% in 2014. Likewise the total actual expenditure was less than total budgeted expenditure by 12% in 2012, 9.3% in 2013 and 11.8 in 2014. Further financial analysis revealed that actual total capital expenditure spending was 65.6% in 2012, 64% in 2013 and 35% in 2014 of budgeted total amount. Chukwuma and Lawyer (2013) reviewed the practice of budgeting and budget implementation in Nigeria. The objective was to empirically suggest ways of getting out of the jinx of continual and repeated adverse budgetary performance. They opined that budget is an instrument stipulating policies and programmes aimed at realizing the development objectives of a government. Budgeting and its process in Nigeria remain problematic both in the areas of preparation and implementation, hence, the need for adequate control aimed at improving effective resources utilization at the budget implementation stage.

John, Gladys, and Wicliffe (2017) in their study on the effect of budgeting process on budget performance of state corporations in Kenya, confirmed that budgeting is a crucial exercise without which a firm or business cannot achieve much. Almost every enterprise, regardless of size, complexity or sector, relies heavily on budgets and budgetary systems to achieve strategic goals since it involves the establishment of predetermined goals, the reporting of actual performance results and evaluation of performance in terms of the predetermined goals. Since independence, Kenya has introduced a number of reforms to the budgetary process with an aim of maximizing benefits accruable from spending through budget reforms in the public sector. These reforms are necessitated by perceived unsatisfactory performance when compared with the expectations of the budget provisions. In spite of these attempts to reform budgetary process in Kenya, it remains unsatisfactory instrument of achieving public policy objectives.

In his work, Oniore (2014) investigated the implementation of budget in Delta state. He reported that total budgeted expenditure from 1991-2010 was N1474.48billion, the recurrent expenditure component was N566.79billion while capital expenditure was N907.69. This figure revealed that 38.43% of total budgeted expenditure was recurrent expenditure while, 61.56% was for capital expenditure. The actual total expenditure was N 953.97billion while actual total recurrent expenditure was N554.25billion or 58.10%. The total actual capital spending was N399.72billion or 41.90% of total actual expenditure. The analysis of these figures show that recurrent expenditure has 97.78% actual performance compared with capital spending with just 44.04% actual performance against the budgeted amount during the period under review, given that the total budgeted expenditure for the period was N1474.48billion while, while actual total expenditure was N 953.97billion , this show a 64.69 budget performance level.

According to United States Agency for International Development [USAID] (2018), on average, about 66% of revenue of Cross River State between 2007 and 2009 was from federation account. However revenue from federation account decreased from about 75 percent of total state income in 2007 and 2008 to 56 percent in 2009 On the other hand IGR as a share of state income increased by 7 percentage points from 2007 to 2009. Reduction in excess crude oil revenues accounted for 24 percent of the 30.7 billion in decreased revenue from 2008 to 2009. Benue state government total revenue depended greatly on allocation from the federation account.

During the period under review, statutory allocation from federation account was as high as 82% in 2014. However, internally generated revenue was only 16% of the total revenue available in 2012 but reduced to 10 percent in 2016. . The reduction in the proportion of statutory allocation reduced from 48 percent in 2012 to 36 percent in 2016. There was no clear pattern in the allocation between capital and recurrent heads; capital budget enjoyed higher proportion in 2013 and 2016 while recurrent budget recorded higher proportion in 2014 and 2015. In general, the actual expenditure clearly favours recurrent expenditure as it had higher proportion throughout the period under review. The state recurrent expenditure accounted for 55 percent to 98 percent of total state expenditure (United States Agency International Development (USAID), 2018).

USAID (2018) on the Health Finance and Governance Project Akwa Ibom state reported that the state revenue was very much dependent on the statutory transfer from the federation account. During the period under review the contribution from federation account ranges from 83 percent in 2014 to 74percent in 2016 while IGR contributed between 4 percent and 9 percent to total revenue during the same period. The state heavy dependency on federation account resulted to the decline in total budget and expenditure in line with decreasing revenue during the period from N599.2 billion in 2013 to N423 Billion in 2016 (29 percent decrease). It must be noted that capital budget dominates the total budget allocation (57 percent to 70 percent of total state budget). The capital expenditure was dominant in 2013-2014, and the share of capital expenditure was inferior to the recurrent expenditure in 2015-2016, which reduced from 66 percent to 48 percent during the review period

In summary, the state budget implementation ranged between 45% and a peak of 69%. The implementation rate for the recurrent peaked in 2014 was 92% and downside in 2016 at 55% On the other hand, capital budget implementation peaked in 2014 at 69% and fell to as low as 4% in 2016. Hassan and Ajayi (2015) discovered that Statutory Allocation was the dominant sources of Osun State Government revenue during the period of the study. It accounted for 63.69% while IGR was 19.7%, Value Added Tax (VAT) 8.07% and capital Receipts 8.48%.

Furthermore, it was also discovered that over 70% of the revenue was expended on recurrent expenditure while only 30% on the average was allocated for capital expenditure. Similarly, it was revealed that Osun State Government recorded surplus in almost all the periods of the study except in 1999, 2002 and 2003. In their study of Legislative Oversights and Budget Performance in Nigeria, Ehigiamusoe and Umar (2013) reported that between 1999 and 2012 total expenditure of the Federal Government of Nigeria was N31, 419,385.38 million. The recurrent expenditure was N22, 073,767.38 million, while capital expenditure was N 9,345,618.10 million. These revealed that average spending on recurrent and capital expenditures during the period were 70.25% and 29.75% respectively. The researchers concluded that since 1999, the federal government spending was skewed in favour of recurrent expenditure.

Ogujiuba and Ehigiamusoe (2014) investigated capital budget implementation by federal government in 2012 and reported that total budgeted revenue was N4, 329 billion while actual total revenue collection was N4, 160 billion. This represents 96.1% actual revenue collection for the year. This revenue performance for the period was mainly due to increase in price of crude oil at international market. The total budgeted expenditure was N4327.99billion. It is comprises of N2, 984 billion for recurrent expenditure and capital expenditures was N1, 343.99 billion. The actual total expenditure for 2012 was N4, 486.99 billion. The actual recurrent expenditure for the year was N3, 143 billion (representing 105.3% of the appropriated figure of N2, 984 billion, with a difference of N159 billion) while the actual total capital expenditure was N686.3 billion or about 51.06% of the approved estimate of N1, 343.99 billion . Therefore, recurrent expenditure represent 70.46 of the total expenditure while capital spending was 29.54%.

3. METHODOLOGY

This study adopted descriptive research design method. The study concentrated on Lagos State Government Budgets from2008 to 2016. The state is the commercial and industrial hub of the nation and has the largest gross domestic product among the thirty six states including Abuja in the federation. There are 20 local government areas in this state with population size of 16,506,023 as at May, 2015 and edited thereafter (Wikipedia, 2018). Data were collected from Lagos state Ministry of Planning and Budget and Ministry of Finance. The data on budgeted government revenue and expenditure were extracted from various annual budgets as approved by the state house of assembly at the Ministry of Planning and Budget. While the data for actual state government revenue and expenditure were obtained from Ministry of Finance.

This study used the following budget variables for the purpose of statistical analysis: Total Revenue (TR); Internally Generated Revenue (IGR); Federal Transfer (FEDTRAS) which is classified into statutory allocation (STATUTORY); Value Added Tax (VAT) and others. Internally generated revenue is the revenue generated independently by the state government which comprises of Pay As You Earn (PAYE), withholding tax payable by individuals, land use charges, motor vehicles licence fees while statutory allocations are revenues received from federation account which are primarily revenues generated by the federation from customs and exercise duties, companies profit tax, petroleum profit tax, crude oil sales income and others. The value added tax is collected on statutory vatable goods and services by Federal Inland Revenue Services and shared according to statutory provisions among the three tiers of government

Total Expenditure (TE) is made up of Capital Expenditure (CE) and Recurrent Expenditure (RE). Capital Expenditures are expenditures incurred on such matters as construction of public education and health care facilities, road etcetera while recurrent expenditure comprises of overhead expenditure and personnel cost expenditure. Overhead expenditure is incurred to maintain public facilities in order to keep them in good shape for optimum performance. Personnel expenditure on the other hand, is incurred in payment of salaries and allowances of government officials. The independent test of equality of variance and mean were conducted on budgeted total revenue and expenditure, actual total revenue and expenditure for the period under review as done by Blanchette, Racicot and Sedzro (2013) to test the following hypotheses:

Hypothesis 1: Mean of budgeted TR values is equal to mean of actual TR values

Hypothesis 2: Mean of budgeted FEDTRAS is equal to mean of actual FEDTRAS values

Hypothesis 3: Mean of budgeted IGR values is equal to mean of actual IGR values

Hypothesis 4: Mean of budgeted TE values is equal to mean of actual TE values

Hypothesis 5: Mean of budgeted CE values is equal to mean of actual CE values

Hypothesis 6: Mean of budgeted RE values is equal to mean of actual RE values

4. Statistical Model

This study employed independent t- test statistical model to test the hypotheses stated above. Independent t- test is used to compare two different set of values .T- test is generally applied to normal distribution which has a small set of values. In this work we used means and variances of budgeted values and actual values to make a comparison.

$$t = \frac{\bar{X_1} - \bar{X_2}}{\sqrt{\frac{S_1^2}{n_1} + \frac{S_2^2}{n_2}}}$$

Where,
$\bar{X_1}$ =Mean of first set budgeted values
$\bar{X_2}$ =Mean of second set of actual values
V_1=Variance of budgeted values
V_2=Variance of actual values
n_1=Total number of values in first set
n_2 = Total number of values in second set.

5. Results and Discussion

Table1. *Lagos state government Budgets 2008-2016 Descriptive Statistics*

	N	Minimum	Maximum	Sum	Mean
Budget	9	2008	2016	18108	2012.00
TR	9	237430	542874	3530070	392230.00
IGR	9	156996	385485	2573835	285981.67
STATU ALLOC	9	32000	74000	473337	52593.00
VAT	9	25000	72809	457000	50777.78
TE	9	403401	662588	4311761	479084.56
RE	9	159464	258241	1885720	209524.44
CE	9	233556	404347	2426041	269560.11
OH	9	48089	113300	698253	77583.67
PC	9	104412	153644	1150065	127785.00
Valid N (List wise)	9				

Source: Researchers' data analysis, 2018

Table2. *Lagos state government Actual budgets performance 2008-2016 Descriptive Statistics*

	N	Minimum	Maximum	Sum	Mean
ACTUAL	9	2008	2016	18108	2012.00
TR	9	216033	436328	3015187	335020.78
IGR	9	134092	312830	2012395	223599.44
STATU ALLOC	9	33597	69630	457389	50821.00
VAT	9	32165	75401	527723	58635.89
TE	9	286602	528663	3414482	379386.89
RE	9	116296	237932	1680198	186688.67
CE	9	127674	290731	1734284	192698.22
OH	9	3978 8	96037	642515	71390.56
PC	9	73485	145728	995114	110568.22
Valid N (listwise)	9				

Source: Researchers' data analysis, 2018

Tables 1 and 2 shows the total budgeted and actual revenue receivable during the period under review. The total budgeted revenue was N3. 530trillion while the total actual revenue collected was N3.

015trillion, this shows that 84% of actual revenue was collected. Out of this amount, the IGR actually collected was N2. 012trillion which was 67% of actual total revenue. The actual amount of statutory allocation and valued added tax from federation account amounted to N457.389billion and N527.723 which represent 15% and 18% respectively. This shows that Lagos State Government depends less on federation account for her finances. The state government was able to accomplish this feat because Lagos State is the industrial and commercial hub of Nigeria where many manufacturing, commercial and financial firms are

located. These firms have thousands of employees who pay payroll tax to the state government. This is very good for the state because the federation account depended largely on receipts from oil revenue which is highly influenced by the price of crude oil in the international market. This is contrasted with states like Cross Rivers and Akwa- Ibom where revenue from federation account allocation constitute 66% and 74% of their total revenue as reported by (USAID, 2018).

The total budgeted and actual internally generated revenue collected were N2.573trillion and N2. 012trillion respectively. This indicates that the total actual federal statutory allocation received from federation account during the period was N457, 389,000.The total actual value added tax received from federation account was N 527,723,000 .While total budgeted value added tax was N 457,000,000. This is 15% higher than the total budgeted amount for the period under review. The reason for this was that during the most parts of this period, the oil price was consistently high. This impacted greatly on the nation's gross domestic product with the grow rate average 5% during the period. Furthermore, it is worthy of note that Lagos State Government earns more revenue from value added tax from federation account than statutory allocation. This is because a good percentage of value added tax is derived from the state as the industrial and commercial capital of Nigeria and derivation is one of the major bases of sharing VAT income among the states of the federation. The total budgeted expenditure in the period was N4, 311,761,000 with budgeted capital and recurrent expenditures being N2, 426,041,000 and N1, 885,720,000 respectively. This shows that the total budgeted capital expenditure and recurrent expenditure were 56% and 44% respectively during the period. The actual total expenditure was N3, 414, 482, 000 this means that about 79% of projected expenditures were spent. This compares favourably with actual total expenditure performance of Delta State between 1991 -2010 with average 0f 65.7%. . If the actual expenditure of N3,414,482,000 is compared with total actual revenue of N3,015, 187,000 this shows that there was a deficit financing of N399,187,000 during the period under review.

The capital expenditure gulped N1, 734,284,000 while N1, 680,198,000 was spent on recurrent expenditure. The total actual capital expenditure represents 50.7% of total expenditure during the period. This indicates that about 50.7% of total expenditure was spent on physical development of the state. According to Hassan and Ajayi (2015), Osun State Government spent about 30% of her total expenditure on capital expenditure while Ehigiamusoe and Umar (2013) reported that between 1999 and 2012 fiscal year only 29.75% was spent on capital projects. . The spending of Akwa- Ibom State of between 57% and 80% on capital expenditure in years 2014-2016 could not match the above statement according to (USAID, 2018.) This shows that there is more than proportionate release of budgeted fund in favour of recurrent expenditure compare to capital expenditure given the fact that budgeted capital expenditure during the period was 56%. This may be understandable based on the fact that salaries of staff and debt repayment obligations must be met under recurrent expenditure.

The actual total overhead cost was N642, 515,000, while actual total personnel cost was N995, 114,000. These represent 18.8% and 29% respectively of the total actual expenditure for the period. This indicates that about a third of total actual expenditure was expended on payment of salaries and allowances of civil servants and political office holders during the period. This shows that almost half of the total actual expenditure goes to recurrent expenditure leaving only about 50% of actual total expenditure for capital expenditure spending during the period.

6. Comparison of Means and Variances at the Aggregate Level

Test of Equality

Below is the result and discussion of test of equality of means and variances from the data analyses.

Revenue

Table 3 shows the p-value of the test of equality of variances and means of federal transfer. At 5% level this indicates that there is no significant difference between the budgeted actual federal transfer values. Therefore, alternate hypothesis is rejected and null hypothesis is upheld. The likely reason for this was that the price of crude oil at the international market was persistently high and production level was also high and stable due to amnesty programme introduced by federal government of Nigeria. Given that oil revenue dominate federation account. Revenue projected revenue during this period were surpassed because of global oil price beat during this period.

The internally generated revenue test of equality of variances result reveals that there is no significant difference between budgeted and actual internally generated revenue during the period of the study. Consequently, null hypothesis is accepted and alternate hypothesis is rejected. However, the result of test of equality of mean of IGR is significant at 10% because statistical test value is .065.This indicates at 10% significant level there is a significant difference between budgeted and IGR value. Therefore, at 10% significant level null hypothesis is accepted. However it must be noted that 5% significant level is mostly used by most researchers, however, sometimes 10% significant level may be adopted. The outcome was due to number of factors; IGR is not usually affected by external factors unlike like revenue from oil which is affected by international oil. Also most part of this period fall into when the economy of Nigeria was booming with high growth in domestic product and employment.

Table3. *shows the result of test of equality of variance and mean for budgeted and actual total revenue (TR) with p-value of .419 and .196 respectively this indicates that there is no significant difference between budgeted and actual total revenue for the period under review. Consequently, null hypothesis is accepted. This implied that actual revenue collected by Lagos Government during the study period is similar to the amount budgeted. This means that state government have a near accurate forecast of her total revenue which would result in good performance of her budget in terms of financial releases which in most case is the major impendent to budget performance and implementation. This may be the reason for the perception by some people that Lagos State Government is performing well in terms of provision of infrastructure.*

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	T	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
TR	Equal variances assumed	0.687	0.419	1.348	16	0.196	57209	42441	-32761.78	147180.224
	Equal variances not assumed			1.348	14.98	0.198	57209	42441	-33263.61	147682.054
FEDTRAS	Equal variances assumed	0.417	0.528	-0.69	16	0.5	-7979	11562	-32488.34	16530.56
	Equal variances not assumed			-0.69	15.66	0.5	-7979	11562	-32532.19	16574.412
IGR	Equal variances assumed	0.318	0.581	1.99	16	0.064	62382	31350	-4076.219	128840.663
	Equal variances not assumed			1.99	15.28	0.065	62382	31350	-4331.524	129095.968

Source: Researchers' data analysis.

Table4. *Independent Samples Test (Expenditure)*

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	T	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
TE	Equal variances assumed	0.178	0.679	2.664	16	0.017	99698	37426	20358	179038
	Equal variances not assumed			2.664	15.994	0.017	99698	37426	20355	179040
CE	Equal variances assumed	0.062	0.806	3.179	16	0.006	76862	24177	25608	128116
	Equal variances not assumed			3.179	15.914	0.006	76862	24177	25586	128138
RE	Equal variances assumed	0.282	0.603	1.173	16	0.258	22836	19470	-18438	64110
	Equal variances not assumed			1.173	15.501	0.259	22836	19470	-18547	64218

Source: Researchers' data analysis.

7. EXPENDITURE

The tables above showed the result of independent t-test of expenditure. The Total Expenditure (TE) test of equality of variances result reveals that there is no difference between total budgeted expenditure and actual values therefore, null hypothesis is accepted. The test of equality of mean result shows that p-value is .01 which is significant at 5% level. This indicates that there is a significant difference between the mean of total budgeted and actual expenditure. The result was likely partial implementation of capital budget compared to recurrent budget. While recurrent expenditure was almost fully implemented capital votes were not usually accorded the same priority as recurrent votes. This is likely because of the nature of most of the recurrent votes. Take for example salaries of civil servant must be paid to avert labour union crises and voter anger on the government of the day by election. Debt must be paid as when due to avoid default and its economic and political consequences.

The Capital Expenditure (CE) test of equality variance shows that the p-value is .067 which is not significant at 5% but it is significant at 10%.This mean that at 5% significant level there is no difference between budgeted and actual capital expenditure. However if the significant level is raised to 10% there would be difference between budgeted and actual capital expenditure. The test of equality of mean reveal that p-value is .00 which is less than 5%, this means that there is a difference between budgeted and actual capital expenditure. Consequently, null hypothesis is rejected, while alternate is accepted. The Recurrent Expenditure (RE) test of equality of variance and mean show that p- value is .608 and .252 respectively. These values are more than 5%, this implies that there is no difference between budgeted and actual recurrent expenditure value .Therefore, null hypothesis is accepted

8. SUMMARY, CONCLUSION AND RECOMMENDATIONS

In this study we evaluated the implementation of Lagos State Government budget from 2008-2016. Lagos State was chosen because it is the commercial capital of Nigeria. Our key findings revealed that budget implementation during the period under review was high. This is likely due to the fact that the nation economy was upbeat during the major part of the period under review because of high crude oil price at international market. In addition there is an indication that the internally generated revenue contributed significantly to the total revenue generated by the state government to finance most of its activities. This is a sharp departure from the experience of most of the states in the federation that depend on federation account dole-out to finance most of their activities. We did not find any statistical significant difference between total budgeted revenue and total actual revenue. Therefore, we can conclude that the level of budget implementation was also very high because the nation enjoyed high oil prices during major parts of the period. This has led to accumulation of reserves in excess crude oil account which was readily available for spending during the time of collapse of oil price. The state government budgeted capital expenditure is usually higher than recurrent expenditure while almost recurrent expenditures budget were cash backed whereas capital expenditures do not enjoy the same leverage.

The study recommended that government should always follow up and monitor budget implementations in the area of their spending and operations to improve accountability and performance; secondly, government should be able to account for budget variances to build alignment around her goals and track progress in performance; thirdly, local government should always use performance measures to monitor the use of resources, outputs and assess the benefits of budget implementation to the community; fourthly, government should promote the use of performance data for making budget decisions; fifthly, the use of a balanced scorecard should link government strategic plans to the overall goals; and finally, there should always be feedback in terms of performance evaluation to discover new insights, build accountability and encourage improvement.

9. SUGGESTIONS FOR FURTHER STUDIES

The issue of government budget implementation however, needs further studies by future researchers. Therefore, the following matters are suggested for further studies:

i. Future researchers might consider budget implementation of the federal government or other states apart from Lagos State that was investigated in this study;

ii. Future researchers should consider new scope of study outside 2008-2016 and may also investigate the generalization of our findings beyond Nigeria;

iii. More importantly, we have made use of secondary data in this study, other researchers may work on primary source or combination of primary and secondary data;;

iv. Human factors have not been taken into consideration in this study, behavioural aspect of budgeting is key to budget implementation which other researchers may look into;

v. Finally, comparative analysis made were between budgeted and actual budget variables whereas, future researchers may which to compare budget implementation of one state with another state either within the same geo-political zone or outside the same geo-political zones in Nigeria.

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