Accountability and Public Sector Financial Management in Nigeria

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Abstract

Nigeria is Africa's largest oil producer and has been a member of the Organization of Petroleum Exporting Countries since 1971. The Nigerian economy is heavily dependent on the oil sector, which, accounts for over 95 percent of export earnings and about 40 percent of government revenues, according to the International Monetary Fund. According to the International Energy Agency, Nigeria produced about 2.53 million barrels (402,000 m^3) per day, well below its oil production capacity of over 3 million barrels (480,000 m^3) per day, in 2011.

Nigeria is the sixth largest producer of oil and gas in the world, but the average Nigerian on the street is poor and there is poor infrastructure like power supply, roads, hospitals etc. This study examines the management of public funds in terms of how public office holders give accountability report of their stewardship. Data on total federal government revenue and expenditure, state governments' revenue and expenditure were collected from Statistical bulletin from the Central Bank of Nigeria from 1961-2008. The results were analyzed using relevant statistical tools. The findings reveals that the level of accountability is very poor in Nigeria because the attributes of accessibility, comprehensiveness, relevance, quality, reliability and timely disclosure of economic, social and political information about government activities are completely non available or partially available for the citizens to assess the performance of public officers mostly the political office holders. On the basis of these, the paper recommends among others that for accountability to be successful in the management of public funds in Nigeria there must be a reduction in the level of corruption, improving public sector accounting and auditing standards, legislators as champions of accountability and restructure the public accounts committees and the value of money must be applied in the conduct of government business.

Keywords: *Accountability, Public Sector, Financial Management, Government expenditure, Government Revenue, Nigeria.*

INTRODUCTION

The Nigerian society is filled with stories of wrong practices such as stories of ghost workers on the pay roll of Ministries, Extra-ministerial Departments and Parastatals, frauds, embezzlements and setting ablaze of offices housing sensitive documents and corruption are found everywhere in the country (Okwoli, 2004). According to Bello (2001), huge amount of Naira is lost through one financial malpractice or the other in Nigeria, which to say the least, drains the nation's meager resources through fraudulent means with far-reaching and attendant consequences on the development or even socio-economic or political programmes of the nation. Billions of Naira is lost in the public sector every year through fraudulent means. This represents only the amount that is ferreted out and made public. Indeed, much more substantial or huge sums are lost in undetected frauds or those that are for one reason or the hushed up. Appah and Appiah (2010) argues that cases of fraud is prevalent in the Nigerian public sector that every segment of the public service, could seem to be involved in one way or the other in some of these nasty acts. The bane of public sector financial mismanagement in Nigeria since the oil boom years a period under which there existed structurally weak control mechanism, which create a variety of loopholes that have tended to facilitate and sustain, corrupt practices. This is coupled with the fact that there is a near total absence of the notion and ethics of accountability in the conduct of public affairs in the country (Bello, 2001). Tanzi (1999) noted that

good governance is essential part of a framework for economic and financial management which includes

macroeconomic stability; commitment to social and economic equity; and the promotion of efficient institutions through structural reforms such as trade liberalization and domestic deregulation. Poor governance may result from factors such as incompetence, ignorance, lack of institutions, the pursuit of economically inefficient ideologies, or misguided economic models. It is often linked to corruption and rent seeking.

Okoh and Ohwoyibo (2009) opine that accountability reflects the need for government and its agencies to serve the public effectively in accordance with the laws of the land. Appah (2010) point out that with the number and monetary value of public sector activities has increased substantially. This increase in activities has brought with it an increased demand for accountability of public officers who manage these activities of the public. Achua (2009) says *"serious consideration is being given to the need to be more accountable for the often-vast amounts of investment in resources at the command of governments, which exercise administrative and political authority over the actions and affairs of political units of people. Government spending is a very big business and the public demands to know whether the huge outlays of money are being spent wisely for public interests".* Accountability is a fundamental value for any political system. Citizens should have the right to know what actions have been taken in their name, and they should have the means to force corrective actions when

government acts in an illegal, immoral, or unjust manner (Peters, 1999). Accountability is also important for government. It provides government with the means of understanding how programs may fail and finding ways that can make programmes perform better. Kaufman (2005) argues that an emphasis on accountability by citizens is one aspect of the growing emphasis on eliminating corruption and promoting transparency in government. However, the issue of accountability in Nigeria is a fundamental problem because of the high-level corruption in all levels of government in the country. The Transparency International Global Corruption Perception Index in October 2010 ranked Nigeria 134 from its 130 position in 2009 and 121 in 2008. The 2010 CPI, drawn on a scale from 10 (highly clean) to 0 (highly corrupt), showed that Nigeria scored 2.4, and is ranked 134 amongst the 178 countries surveyed. This fearful situation of Nigeria's lack of financial accountability in the public sector provided the need for this paper. Therefore, the objective of this paper is to examine the accountability of public officers in the management of the financial resources of the country and means of achieving an accountable and transparent society like that of Denmark, New Zealand and Singapore that ranked first in the 2010 CPI with scores of 9.3.

CONCEPTUAL AND THEORETICAL FRAMEWORK

2.1 The Concept of Accountability

Accountability is all about being answerable to those who have invested their trust, faith, and resources to you. (Wikipedia) In ethics and governance, **accountability** is answerability, blameworthiness, liability, and the expectation of account-giving. As an aspect of governance, it has been central to discussions related to problems in the **public sector**, nonprofit and private (corporate) and individual content. Johnson (2004) says that public accountability is an essential component for the functioning of our political system, as accountability means that those who are charged with drafting and/or carrying out policy should be obliged to give an explanation of their actions to their electorate. Premchand (1999) observed that the capacity to achieve *full accountability has been and continues to be inadequate, partly because of the design of accountability itself and partly because of the widening range of objectives and associated expectations attached to accountability. He further argues that if accountability is to be achieved in full, including its constructive aspects, then it must be designed with care. The objective of accountability should go beyond the naming and shaming of officials, or the pursuit of sleaze, to a search for durable improvements in economics management to reduce the incidence of institutional recidicism. The future of accountability consists in covering the macro aspects of economic and financial sustainability, as well as the micro aspects of service delivery. It should envisage a three-tier structure of accountability: that of official (both political and regular civil employees), that of intragovernmental relationships and that between government and their respective legislatures.* According to Coker (2010), the various approaches to accountability based on the language of account can be grouped into: (1) **Process Based Accountability**: This approach measures compliance with preset standard and formally defined outcomes. This includes fiscal and managerial accountability with reliance on the use of accounting methodologies. (2) **Performance Based Accountability**: This approach measures performance against broad objectives. This measure may be qualitative and the criteria against which performance is measured less precisely defined. Adegite (2010) also noted that there are three pillars of accountability, which the UNDP tagged ATI (Accountability, Transparency and Integrity). Accountability which is segmented into: (1) **Financial Accountability**: The obligation of anyone handling resources, public office or any other positions of trust, to report on the intended and actual use of the resources or of the designated office. (2) **Administrative Accountability**: This type of accountability involves a sound system of internal control, which complements and ensures proper checks and balances supplied by constitutional government and an engaged citizenry. These include ethical codes, criminal penalties and administrative reviews. (3) **Political Accountability**: This type of accountability fundamentally begins with free, fair and transparent elections. Through periodic elections and control structure, elected and appointed officials are held accountable for their actions while holding public office. (4) **Social Accountability:** This is a demand driven approach that relies on civic engagement and involves ordinary citizens and groups exacting greater accountability for public actions and outcomes. Table 1 below shows the content of accountability:

General Accountability	Fiscal Accountability	Managerial Accountability
• Answerability for action. • Sanctions where justification is not adequate. • Ability to revoke a mandate. • Public scrutiny of governmental actions. • Citizens participation in the design of programmes.	• Approval of policies and actions having financial implications by a representative body. • Approval of an annual or a medium-term budget. • Framework to ensure that in the process of economic management no actions are taken to impair the fiscal capacity of the community	• Appropriate rules are observed, and that the authority is not abused. • Risks are taken within delegated powers to achieve objectives. • Responsibility to service delivery within specified costs, quality and time schedule. • • Observance of economy and efficiency

Source: Premchand (1999) Ojoakor (2009) argues that the factors and forces which militate against accountability in Nigeria include ethnicity and tribalism, corruption, religious dichotomy and military culture.

PUBLIC FINANCIAL MANAGEMENT IN NIGERIA

Public financial management is concerned with the planning, organizing, procurement and utilization of government financial resources as well as the formulation of appropriate policies in order to achieve the aspirations of members of that society. Premchand (1999) sees public financial management as the link between the community's aspirations with resources, and the present with future. It lies at the very heart of the operations and fiscal policy of government. The stages of public financial management include:

1. **Policy formulation**: Policy formulation is one of the most important stages in public financial management structure. According to Premchand (1999), "the transformation of the society's aspirations into feasible policies with well-recognized financial implications is at the heart of financial management. Issues not addressed during policy formulation tend to grow in magnitude during implementation and may frequently contribute to major reversals in the pursuit of policies or major slippages that may lead to contrary results". Public financial management should be

designed to achieve certain micro and macro-economic policies. It entails a clearly defined structured and articulated system that moves to promote cost-consciousness in the use of resources. The government needs to have an estimate of revenue and expenditure to achieve the policy objective of government.

2**. Budget formulation**: The budget formulation is the step that involves the allocation of resources before the submission to the legislature for review and final approval. According to Appah (2009), in Nigeria the budget formulation involves the articulation of the fiscal, monetary, political, economic, social and welfare objectives of the government by the President; based on these, (i) the department issues policies and guidelines which form the basis of circulars to Ministries/Departments requesting for inputs and their needs for the ensuring fiscal periods; (ii) accounting officers of responsibility units are required to obtain and collate the needs of their units; and (iii) accounting officers of ministries, in this case the Permanent Secretaries, are required to collate these proposals which would be defended by unit heads before the supervising minister.

3. **Budget structures:** According to Anyanwu (1997), budget structure addresses the question of how the budget is or should be composed. In Nigeria, budgets have revenues and expenditure sides. According to Prenchard (1999), many governments have yet to put in place cash management systems, which would pave way for coordinated domestic management. The practice of limiting outlays to collected revenues has exacerbated this problem. He further argued that there is a massive underfunding of programs and projects provided for in the budget.

4. **Payments system**: This involves the operational procedures for receiving monies for the public and for making payments to them. In Nigeria, governments make payments using a variety of procedures. These include book adjustments, issue of cheques, and payment authorities and electronic payment systems.

5. **Government accounting and financial reporting:** Government accounting and financial reporting is a very important component of the public sector financial management process in Nigeria. As Adams (2001) noted that government accounting entails the recording, communicating, summarizing, analyzing and interpreting financial statement in aggregate and in details. In the same vein, Prenchard (1999) argues that government accounts have the dual purpose of meeting internal management requirements while providing the public with a window on government operations. Government financial reports should be prepared with the objective in mind of providing full disclosure on a timely basis of all material facts relating to government financial position and operations (Achua, 2009). Financial reports on their own do not mean accountability but they are an indispensible part of accountability.

6. **Audit:** One of the fundamental aspects of public sector financial management in Nigeria is the issue of audit of government financial reports. Audit is the process carried out by suitably qualified Auditors during the accounting records and the financial statements of enterprises are subjected to examination by the independent Auditors with the main purpose of expressing an opinion in accordance with the terms of appointment. The high level of corruption in the public sector of Nigeria is basically as a result of the failure of auditing. As Prenchard (1999) puts it “many audit agencies are legally prevented from reviewing policies. Most of them cannot follow the trail of

money, as they do not have the right to look into books of contractors, and autonomous agencies". One fundamental failure of audit is the absence of value for money in the Nigerian public sector.

7. **Legislative control:** The legislature (House of Representative and Senate) in Nigeria is expected to perform this very important task of controlling and regulating the revenue and expenditure estimates in any fiscal year. It is the responsibility of the members of the National Assembly to ensure that the budget estimates are properly scrutinized to ensure accuracy, effectiveness and efficiency of government revenue and expenditure.

ACHIEVING ACCOUNTABILITY IN PUBLIC FINANCIAL MANAGEMENT IN NIGERIA

1. Legislatures to champion the cause of accountability.

The legislators in Nigeria and other developing countries have the constitutional responsibility to ensure that the executive is accountable to the people for the management of public funds. But the revise is the case in Nigeria, where the legislators are part and parcel of the collapse of the system. However, for accountability to be achieved in Nigeria, legislators at all level of government must ensure that appropriate laws and over-sight functions are properly performed by them.

2. Re-orientation of Value System

One fundamental problem in Nigeria is the failure of the value system. This failure has resulted to the high level of corruption and lack of accountability by public officers. According to Adegite (2010), that corrupt tendencies pervade the strata of the Nigerian society so much so that the youths, who are supposed to be the leaders of tomorrow, are neck deep in examination malpractice, 419 and internet fraud. She recommends that for Nigeria to be among the most developed economies in 2020, and then the nation's value system should be strengthened through the reintroduction of civics and ethics into the curricula of our educational system while a national orientation for the rebirth of our value system should be urgently initiated.

3. Management accountability framework.

Accountability law is only a part of the accountability process. A proper accountability framework would require that the government should put in place guidelines for preparing and approving work plan, method of monitoring plans, reporting performance, accumulation of portfolio of evidence on performance reporting, system of validation and oversight of performance reports, establishing and resourcing public accountability institutions, training pubic managers and guidelines for dealing with political institutions by public managers.

4. Protection of Whistleblowers

One fundamental means of achieving optimum accountability in Nigeria is the protection of the whistle blowers. An effective framework of accountability requires that those who blow the whistle should be protected against any reprisal. The government in Nigeria should establish appropriate laws to protect the whistleblowers.

5. Creating an environment of accountability:

An effective framework of accountability rests, besides, formal structures, on a proper environment. It requires such things as existence of a proper code of conduct, training in ethics, appearance of equal treatment by senior managers toward all employees, and unforgiving accountability of senior officers. It also means that the oversight bodies should adopt a reasonable attitude toward public managers.

6. Adoption of International Public Sector Accounting Standards

The success of accountability in the public sector in Nigeria lies on the proper implementation of the International Public Sector Accounting Standards. Public sector organizations in Nigeria use the cash basis of accounting. It is very necessary that Ministries, Departments and Agencies should begin to use the accrual basis of accounting. A complete accrual basis of accounting would make public managers accountable for recording and safeguarding of public assets, managing public cash flows, and disclosing and discharging public liabilities. Adegite (2010) says that to attract foreign direct investments to Nigeria, the financial reporting processes must be aligned with international standards.

7. Public performance reporting

Public managers are in a business that affects virtually every aspect of a person's life. People, therefore, have a right to know, how the public managers are doing their business. The legislators need to take a lead in this regard and enact necessary laws making it obligatory for all public entities to report on their performance. Public reporting on performance of departments or programs should be made mandatory.

8. Determination of the cost of doing government business

One major problem affecting the growth of public expenditure and corruption in Nigeria is the high cost of doing government business. A large number of costs in the form of use of existing assets and facilities are not recorded in the year the assets are used. The government following cash-based accounting does not have a system of charging depreciation to the government assets and allocating them to various programs and projects. Thus, the true cost of doing government business remains hidden. A proper accountability framework would require that a detailed cost accounting system be introduced in government.

9. The establishment of the benchmark of efficiency

A very important problem facing public sector managers in Nigeria is the clear absence of performance benchmark. Public performance reporting requires that benchmarks of efficiency be devised for all ministries, departments and agencies. This should be done in consultation with the MDA's themselves and should remain open for periodic review and revisions.

10. Strengthening the Public Accounts Committee

Public accounts committees play a very significant role in accountability of public officers in Nigeria. Public accounts committees should be strengthened with a system of familiarizing the members with the audit scope, approach and methods through workshops and powers to take action if their recommendations are not implemented.

11. Change in the structure of Government Accounting and Auditing

Governmental accounting system in Nigeria is grossly deficient. Financial reports are outdated and unreliable at all levels of government. Little attention is paid to financial accountability I the public service. Achua (2009) posit that there is an urgent need to protect the commonwealth from poor performance and fraud, and to protect individuals from lawless, arbitrary and capricious actions by the state's surrogate administrators. Therefore, the is an urgent need to restructure the public sector accounting system taking into consideration the frailties and flaws of governmental accounting in Nigeria. Adegite (2010) also says the rapid development and changes that have taken place in the nation's public sector since 1958. It is urgently necessary a comprehensive revision of the entire audit laws of the country with a view to aligning them with current realities and demands of globalization.

REVENUE AND EXPENDITURE IN NIGERIA

The government of Nigeria has different sources of raising revenue for carrying out the various state functions. The sources of revenue can be classified into twelve (12) namely: customs and exercise, licenses and internal revenue, direct taxes, fees, mining royalties, earnings and sales, armed forces revenue, interest and repayment (general), interest and repayment (state), reimbursements; rent on government property; statutory and non-statutory financial transfers and miscellaneous revenue (Anyanfo, 1996; Anyanwu, 1997; Adams, 2001). However, Section 149 of the 1999 Constitution as amended provides that all revenues collected by the Government of the Federation shall be paid into the Federation Account except for the proceeds of personal income taxes of the Armed forces of the federation, the Nigerian Police Force, External Affairs personnel and residents of the Federal Capital Territory. Expenditure in Nigeria involves the all the expenses which the public sector incurs for its maintenance, for the benefit of the economy, external bodies and for the country. Public expenditure in Nigeria is usually categorized into recurrent and capital expenditure. According to Anyanfo (1996), a recurrent expenditure is made frequently or regularly. In the context of government financial management, recurrent expenditure has an economic life span of less than one year. A capital expenditure has a life span of more than one year for the purpose of acquiring or improving on a fixed asset.

The table 1: Revenue collected by the federal government, recurrent and capital expenditure for the period 1961 – 2008.

Year	Revenue	Recurrent expenditure	Capital Expenditure	Total Expenditure
	#million	#million	#million	#million
1961	223.65	96.86	67.04	16380
1962	477.70	103.61	63.87	167.48
1963	498.19	119.64	63.87	183.51
1964	554.41	143.87	76.47	220.34
1965	654.34	156.84	79.58	236.42
1966	812.88	177.27	77.87	255.14

1967	654.34	186.73	91.29	258.02
1968	569.53	218.75	131.14	349.89
1969	755.96	433.42	122.78	556.10
1970	634.00	716.10	187.80	903.90
1971	1168.80	823.60	173.60	997.20
1972	1405.10	1012.30	451.30	1463.60
1973	1695.30	963.50	565.70	1529.20
1974	4537.40	1517.10	1223.50	2740.50
1975	5514.70	2734.90	3207.70	5942.60
1976	6765.90	3815.40	4014.30	7856.70
1977	8042.40	3819.20	5004.60	8823.80
1978	7371.00	2800.00	5200.00	8000.00
1979	10,912.40	3187.20	4219.50	7406.7
1980	15,233.50	4806.20	10,163.30	14,968.50
1981	13,290.50	4846.70	8,567.00	11,923.20
1982	11,433.70	5506.00	8,417.20	11,923.20
1983	10,608.30	4750.80	4,885.70	9,636.50
1984	11,253.30	5827.50	4,100.10	9,927.60
1985	15,050.80	7576.40	5,464.70	13,041.10
1986	12,595.80	7696.90	8,526.80	15,223.70
1987	25,380.80	15,646.20	6,372.50	22,018.70
1988	27,596.70	19,409.40	8,340.10	27,749.50
1989	53,870.40	25,994.20	15,034.10	41,028.30
1990	98,102.40	38,219.60	24,048.60	60,584.40
1991	100,453.80	38,243.50	28,349.90	66,268.20
1992	190,453.20	53,034.10	39,763.30	92,797.40
1993	192,769.40	136,727.10	54,501.80	191,228.90
1994	201,910.80	89,974.90	70,918.30	160,893.20
1995	459,987.30	127,629.80	121,138.30	248,768.10
1996	523.597.00	124,491.30	212,926.30	337,217.60
1997	528,811.10	158,563.50	269,651.70	428,216.20
1998	463,608.80	178,097.80	309,018.60	487,113.40
1999	949,187.70	449,662.40	498,027.60	947,690.00
2000	1,906,159.70	461,600	239,450.90	701,059.40
2001	2,231,600.00	579,300.00	438,696.50	1,018,025.50
2002	1,731,837.50	696,800.00	321,378.10	1,018,158.10
2003	2,575,095.00	984,300.00	241,688.00	1,225,965.90
2004	3,920,095.00	1,032,700.00	351,300.00	1,426,200.00
2005	5,547,500.00	1,223,700.00	519,500.00	1,822,100.00
2006	5,965,101.90	1,290,210.90	552,385.60	1,938,002.50
2007	5,715,600.00	1,589,270.00	759,323.00	2,450,896.70
2008	7,866,590.10	2,117,362.00	1,123,458.00	3,240,820.00

Source: Central Bank of Nigeria (2009)

The table above shows the federal government revenue, recurrent and capital expenditure for the period 1961-2008.

MATERIAL AND METHODS

The study used ex-post factor research design. Documentary data is utilized from the Central Bank of Nigeria Statistical Bulletin for the period 1961-2008 for government revenue, recurrent expenditure and capital expenditure. The data generated for the study from the Bulletin were analysed using ordinary least square (multiple regression). Excel software helped us to transform the variables into a format suitable for analysis, after which the Econometric View (Eview) 3.1 was utilized for data analysis. The analysis was guided by the following linear model:

$$REE=\alpha+\beta tREVt+\varepsilon t\text{…………………………………} (1)$$

$$CAE= \alpha + \beta tREVt +\varepsilon t\text{………………………………} (2)$$

Where, REV is revenue, REEt is the recurrent expenditure and CAEt is the capital expenditure. α is the intercept of the regression and βt is the coefficient of the regression, while ε is the error term capturing other explanatory variables not explicitly included in the model.

RESULTS AND DISCUSSION

	REVENUE	RECURRENT EXPENDITURE	CAPITAL EXPENDITURE
Mean	8628485.5	239478.6	176117.6
Median	14170.65	6701.700	8378.650
Maximum	7866590	2117362	2416888
Minimum	2236500	96.86000	63.8700
Std. deviation	1849693	479644.7	40566.8
Skewness	2.416858	2.309748	3.9629.34
Kurtosis	7.867136	7.706933	21.057119
Jarques bera	94.10766	86.98993	777.3296
Probability	0.000000	0.000000	0.000000
Observation	48	48	48

The table below shows the descriptive statistics for revenue, recurrent expenditure and capital expenditure for the period 1961-2008. The revenue, recurrent and capital expenditure showed a mean of (8628485.5, 2339478.6 and 176117.6), standard deviation of 1849693, 479644.7 and 40566.8 for revenue, recurrent expenditure and capital expenditure, the skewness and kurtosis of (2.416858, 2.309748 and 3.9629.34) and (7.867136, 7.706933 and 21.057119). The descriptive statistics shows that the minimum revenue made by the federal government amounted to #2236500 million, but this amount does not reflect on the life of the average man on the street. The faces of an average Nigerian on the streets of Lagos, Port Harcourt, Kano, Sokoto, Kaduna, and other major cities in the country is that of abject poverty, unemployment, lack of basic infrastructures etc. This is because of the complete absence of accountability and transparency in the effective and efficient management of public funds by public office holders all over the country.

Table 2: Regression result Dependent Variable: REE

Method: Least Squares

Date: 07/02/11 Time: 19:47

Sample: 1961 2008

Included observations: 48

Variable	Coefficient	Std.Error	t-statistic	Prob
C	-46338.33	53049.51	-0.873492	0.3869
REV	3.796526	0.099789	38.04551	0.0000

R-squared	0.969199	Mean dependent var	862848.5
Adjusted R-squared	0.968529	S.D dependent var	1849693
S.E. of regression	328134.2	Akaike info criterion	28.28101
Sum squared resid	4.95E+12	Schwarz criterion	28.35897
Log likelihood	-676.7442	F-statistic	1447.461
Durbin-watson stat	1.295971	Prob(F-statistic)	0.000000

Source: eview program

The table above show that there is a significant relationship between recurrent expenditure and government revenue because the p-value of 0.0000 is less than the critical value of 0.05 and the R2 shows that about 96% variations in revenue is explained by recurrent expenditure. This result has shown that most of revenue derived by government is spent on the payment of salaries and emoluments of officers in general administration, defense and internal securities and national assembly. This is why most of the budget in Nigeria is purely on recurrent expenditure.

Table 3: Regression result

Dependent Variable: CAE

Method: Least Squares

Date: 07/02/11 Time: 19:42

Sample: 1961 2008

Included observations: 48

Variable	Coefficient	Std.Error	t-statistic	Prob
C	347561.7	226073.7	1.537382	0.1311
REV	2.925812	0.515839	5.671942	0.0000

R-squared	0.411546	Mean dependent var	862848.5
Adjusted R-squared	0.398753	S.D dependent var	1849693
S.E. of regression	1434253	Akaike info criterion	31.23096
Sum squared resid	9.46E+13	Schwarz criterion	31.30893
Log likelihood	-747.5431	F-statistic	32.17093
Durbin-watson stat	0.940597	Prob(F-statistic)	0.00000

Source: eview program

The table above shows that there is a significant relationship between capital expenditure and revenue of the government in Nigeria because the p-value of 0.0000 is less than the critical value of 0.05 and the R2 of about 41% variation in revenue is explained by capital expenditure. This also shows that the budget is Nigeria is less concerned with the provision of basic infrastructures for the long run growth of Nigeria. This is why there is complete absence of good roads, hospitals, water supply, electricity etc in the country because the Nigerian budget and expenditure framework is recurrent expenditure driven.

Table 4: ADF result

ADF Test Statistic	-3.159737	1% Critical Value*	-3.5814
		5% Critical Value*	-2.9271
		10%	-2.6013

	Critical Value*

*Mackinon critical values for rejection of hypothesis of a unit root.

Source: eview program

The Augmented dickey fulley (ADF) test shows a value of -3.159737 is less than 5% critical value of -2.9271 that is (-3.159737<-2.9271) gives stationarity at the first difference.

CONCLUDING REMARK

Accountability is a central concept for governance. Accountability requires that those who hold positions of public trust should account for their performance to the public or their duly elected representatives. Accountability, therefore, implies that decision makers are monitored by, and are responsible to, others, each of whom is, in turn, responsible to the people of the country. In respect of public financial management, there are several mechanisms through which accountability is enforced such the auditor general, public account committee, and the ombudsman. These accountability mechanisms must be strengthened to reduce the level of corruption in the country. The nation's annual budget must be an instrument of accountability, a stewardship report of what was done in any given financial year and just a reflection of how money was allocated, unspent and subsequently returned to the coffers of the government or even wasted. Therefore, accountability is the hallmarks for good governance, if Nigeria is to a member of the twenty most developed nations of the world by the year 2020, political office holders, citizens and all stakeholders in the Nigerian project should embrace integrity, transparency and accountability in the management of public funds.

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