

# Issues and management strategies of budgeting system in Nigerian education

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**ABSTRACT:** The paper examined the issues and strategies for budgetary allocation in Nigerian educational system. However, the concept of budgeting was defined, the issues relating to the types, importance, the procedures for budgeting system was examined. However, this paper explored the problems associated with budgeting allocation, implementation and evaluation. Suggestions was also made towards enhancing effective budgeting system in Nigerian educational system.

**Keywords:** Budgeting system, issues and strategies, Nigerian educational system.

## INTRODUCTION

It is an undisputable fact to say that educational sector has limited resources for effective service delivery of the system. However educational sector relies so much on the limited resources allocated to develop the much needed resources that can be utilized for the quality delivery of the system and for a sustainable development of the nation. Therefore, the tool used for the resource allocation and utilization for the achievement of the educational grab is called budget.

Budget according to Njoke (2003) is the financial statement prepared in advance at the opening of fiscal years about the estimated revenue and prepared expenditure of any organization for the next year of the plans.

However, budget is regarded as a financial plan, base on the financial experience of the past, reflecting the current plan and projecting such plan over a period of time in the future.

Ogundele and Ajia (2017) described budget as a fiscal expression of the course of study in education and flashing it to the educational programme provided based on the grabs and objectives. The authors noted that budget is an effective tool for educational planning in order to achieved the educational goals.

Afolabi (2007) also defined educational budget as a document that grant financial resources to the whole system of educational and provide discipline ways of managing the efficiency in the use of the resources for the fulfillment of the planned educational programmes and their objectives.

Osurji (2016) also explained budget as a statement or plan of action which described the outline educational programmes period to be financed and preparation of the estimation of the anticipated receipt expenditure and the balance for which the period is calculated. The author however noted that educational budget has the estimated plans and the central mechanism towards the futures of the organization in order to aid educational goals achievement.

Adeniyi (2002) described budgeting as process of planning and controlling all the financial and quantitative course of action, prepared and aproved before the stipulated period of time of the pursued policy or programme towards the achievement of the goals of the organization. Budgeting is therefore regarded as the financial planning before the actual expenditure is incurred. However, article aimed at the budgetary issues implementations in Nigerian schools.

## PURPOSE OF EDUCATIONAL BUDGET

Since educational budget is the total estimation of the financial forecast over a period of time and towards the achievement of the educational goals. However, the purpose of educational budget is to:

1. Ensure correct revenue incomes and expenditure estimates for the educational goals achievement.
2. Enhances the achievement of the purpose expected by the society.
3. Forecast the expenditure and income for effective decision making.
4. Monitors the educational institutional performance for global competitive.
5. Justify the educational managers, collections and expenditure of the educational funds.
6. Translate tangible missions, operations and objectives into reality by outlining specific programme and funding terms.
7. Bridging the gaps between educational goals and the resource allocation for optimum utilization.
8. Forces the discussion on decision making process on the choice among various limited resources for optimum usage.
9. Manage educational expenses so as to maximise the efficiency of the limited resources devoted to educational programme.
10. Guide the detail preparation of all estimates of the anticipation receipts expenses and balancing of the accounts for proper financial accountability in the educational management.
11. Aid the administration of educational program in accordance with the accepted financial plans.
12. Show detailed statement and the estimated of expenditure for the various items of the educational system as a whole.

## PRINCIPLES UNDERLYING EFFECTIVE BUDGETING IN EDUCATION

For a well-designed budget to be enhanced, it is important for the educational managers to consider certain principles that underlying the budgetary preparation in education programme. Ovwigbo (2004) identified the following principles: Inclusiveness, balance, responsibility, fiscal control, flexibility, publicity and accounting.

### Principle of inclusiveness

Durosoro (2000) also stated the need to include the factors of income, capital and recurrent expenses, fixed charges, the debt incurred and services and the unit cost of the students and staff need to be considered and be included in the budget. According to the author the need to estimate the current forecast as relates to the revenue of the previous year and include the results, into the budget.

### Principle of responsibility

Well prepared budget should have the principles of responsibility. Ovwigbo (2004) noted that budget need to clearly indicate those to be responsible for the analysis review, compile, approval, and implementation, and execution of the prepared budget, for instance the educational institution managers prepare the school budget but, the review and adoption is the responsibilities of the board of governors and ministry of education.

### Principle of balance

Effective budgetary preparation should be balanced by considering the income and expenditure. According to Afolabi (2004) which stated that for effectiveness of any budget, there is to the need to balance the proposed programmes, their costs, the sources of funding, the estimated expenditure and see that they correspond with the estimated income in order to secure the confidence of the prepared budget by the adopting authorities.

### Principle of publicity

Principles of publicity should be considered when preparing budget in education. Omoike (2013) noted that the public approval should be considered when the prepared budget is subjected to the public debates. This means that a well prepared budget should allow both criticism and suggestions. The author suggested that the budget can be criticized publicly through the newspaper, social and mass media, distribution of the prepared budget for public review. The weakness and strength of the budgets can be exposed, for public accepting of the prepared budget will aid achievement of educational goals.

### Principle of flexibility

A well prepared budget should consider the amendment part. There should be room for correction of both the figure of the expedites of capital and recurrent. A rigidity of any budgetary allocation may affect the budget implementation procedures (Adeogun, 2003).

### Principle of accounting

Finally, the principle of accounting system will aid appropriate budgetary procedures and relevant financial reporting system. Therefore, adequate data should be collected for effective Budgeting system. It should be noted that efficient accounting system will enhance good book-keeping and balance both the income and expenditure made in the schools. The data collected for effective book keeping will reduce embezzlement, misappropriation and reveal all lapses of the budgetary allocation (Abiodun, 2003).

## TYPES OF BUDGETING IN EDUCATION

There are different types of budgeting in education. Prominent among which are:

### Traditional or line-item budgeting

Traditional or line-item budgeting is the situation whereby the budget planner merely list estimated income and all the items to be funded. The line-item budgeting lay much emphasis on the issues of financing at the expense of what is to be achieved. However, an extensive and accurate estimate of the income and expenditure is provided. Takaya and Oke (2011) described line-item budgeting as the financial plan of kinds and quantities of objects to be purchased and the estimated revenue needed to finance them at a particular point in time. The authors described it as a routine type of budgeting for the expenditure control.

### Planning-programming-budgeting system (PPBS)

This type of budget is the most compressive budgeting techniques. It tends to integrate planning, programming and budgeting system to enhance cost effectiveness and cost-benefit by spelling out the cost repercussions of the financial commitment to educational system. Afolabi (2007) described PPBS as an important tool that seeks to answer the questions on what, for whom, why, how and how well in respect of the organization applying it. The questions however lead to the formulation of programmes. Umar (2006) described PPBS as the process of integrating a number of techniques in a planning and budgeting process for identifying, costing and assigning a complexity of the available resources so as to establishing effective strategies in a major programme and making casting and the expenditure. PPBS therefore help in the classification of public expenditure according to the functions, sub-functions, programmes and sub programme, projects and all activities in order to ensure prudent and transparency in financial allocations to areas of priority. Olubadewo (1996) also described PPBS as being output oriented and reduces financial mismanagement and misappropriations.

### Zero-based budgeting (ZBB)

Zero-based budgeting is a budgeting strategy in which all expenditures prepared are justified and approved for each period. Hawley (2013) also noted that Zero-based budgeting as the process of preparing budgeting from the scratch with a zero-base which involves re-examining or re-evaluating every line item of each flow statement and justifying all the expenditure that is to be incurred by the educational institutions. ZBB become a process of creating a budget from nothing without using the prior years budget nor spending numbers. All expenses are judged and need

to be justified so as to remain in the budget. Afolabi (2007) described zero-based budgeting as a way of budgeting whereby the income misrules the expenses in equals zero. However, with a zero-based budget one need to make sure that all the expenses match with what is coming in during the month. It simply means that income minus the expenses is equal zero. The author however noted that zero-based budgeting is an alternative approach of traditional planning and decision making. In the preparation of zero-based, the planners will only consider the previous years to be the baseline and as starting point. According to Abdulkareem (2013), in zero-based budgeting, the base line is not last year budget but "zero" the requirement that the budget demand for more financial documentation and justification of all the expenses. It also requires frequent reviews to avoid effective financial allocation and management. Zero-based budget help to identifies and eliminate wastage and outdated operations.

### Incremental budgeting

Incremental budget is a type of budget that are prepared based on the previous period budget or actual performance as a basis with the incremental amount added for the new budget period. The financial allocation is based upon the previous period allocation made. It is based on the premise of making small change or improving the existing budget for the process of arriving at the new budget. Oguntunde (2006) noted that the budget used for the current year was used as the based for working on the forthcoming years budgetary allocation. The author stated the educational institutions will continue to operate at their current level of the expenditure and cases where there are additional amount of funds will be added in order to arrive at the next year budgeting estimates. Ogundele and Ajia (2017) observed that the incremental budgeting is very easy to calculate and implement because it is does not involve any complex formula and it ensures continuity of funding without much detailed analyses of funding requirement.

Caution must be taken according to Ajayi and Ayodele (2003) that incremental budgeting may be affected by the structural change of the organization and may change the budget requirement. That the type of budget discourages high spending so as to monitor the budget for the future years.

### Performance-based budgeting

This is the practice of developing budget based on the relationship between programme funding level and the expected results from that programme. The performance based budget is a tool that the educational administrators can use to manage the cost effectiveness and the budget outlays of their institutions. According to Zubair (2014),

performance is merely used to monitor the progress toward measurable goals during the budget process and justify budgetary change in order to meet the societal needs and priorities. The author noted that the performance based budget is also called outcome-based budgeting, results-based budgeting or priority-based budgeting. The performance-based budgeting demands efficient use of debt management of the resource allocation towards the achievement of educational goals.

## **BUDGETING STEPS IN EDUCATIONAL SYSTEM**

### **Step 1: Identification of appropriate programme and projects**

There is need to identify appropriate programme and projects that are needed for the objectives of the educational institutions. The staff members should therefore work together to identify the programmes and projects that should be prioritized by the educational institution within a specific year. According to Ajia (2003), the appropriate programme must be approved by the appropriate authorities before it can be featured in the budget estimates of the institutions.

### **Step 2: Resources specification**

There is the need for the resource specification that will help in the implementation of the identified projects and programmes. Ogundele (2015) identified the needed resources for the implementation of the identified programme as physical and human resources. The physical resources in the educational institutions include buildings like classrooms, laboratories, offices, library, transportation, lawns and landscaping furniture, equipment, instructional materials and internet facilities. While the human resources include needed staff like teachers, non-teachers that will be used to manipulate the physical resources towards goals achievement. These resources and the amount that would be required need to be considered.

### **Step 3: Costing of the required resources**

This involves the monetary value of the items needs to be estimated. Both the capital expenditure and recurrent expenditure need to be considered. The capital expenditure are the expenses on the physical resources while the recurrent expenditure are the expenses on the staff in the educational institutions. The heads of the institutions need to cost both the capital and recurrent resources items for the purpose of the budget period and estimated in the budget preparation for such year (Durosaro, 2000).

### **Step 4: Preparation of budget**

In this step, all the costs estimated are gathered in order to prepare the budget document. In the budget preparation, three headings are estimated (i) the actual expenditure of the preceding fiscal year, (ii) the actual appropriation made for the current year and, (iii) the request for the next year. According to Nwachukwu (2008), the government schools and colleges are to submit their estimated document to the ministry of education for approval and the document submitted will be used to prepare the final estimated budget. The author noted that while preparing a budget document, the heads has to tailor their expenditure towards a given programme and projects to the realities of the resources that can be made available for the educational goals achievement.

### **Step 5: Budget Approval by the Relevant Authorities**

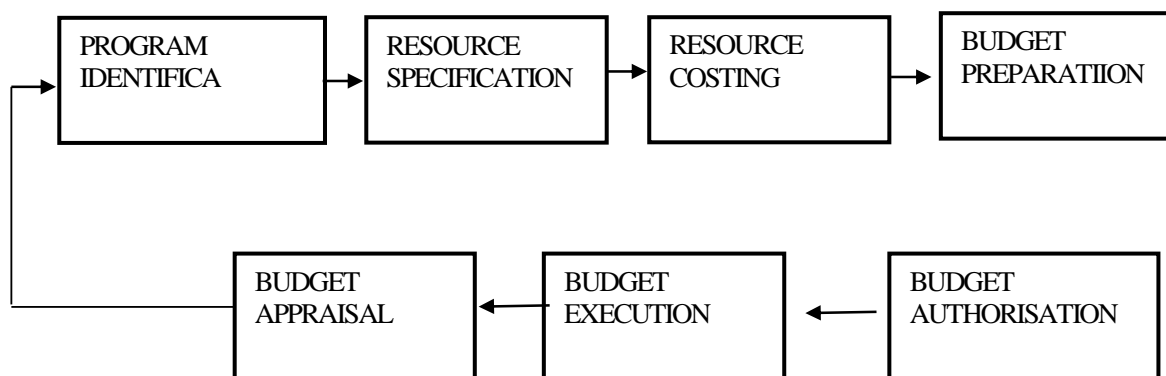
A well prepared budget should be a budget whereby the proposed expenditure is exactly equal to the expected revenue. This is to say such budget is balanced. Oyedele (2013) stated that during the approval stage, the budget estimate needs to be presented to the relevant regulative legislative bodies that will check and balance the prepared budget for the approval. If not balanced, the authority will return back to the preparation table to revisit.

### **Step 6: Budget Implementation**

After the approval of the budget, the budget holders can start to implement and execute the budget. The institution can then start the spending from their current votes. According to George (2004), the spending by the heads should be effectively managed, monitored and controlled because their spending will be subjected to auditing by the legislative authorities.

### **Step 7: Budget evaluation**

This is also known as budget appraisal. It is the last phase in the budgetary cycle. It should be noted that during the budget implementation, the head of the institutions is expected to evaluate the performance of the budget against the set objectives of the institutions. However, Ibrahim (2004) stated that at the end of the financial year, the regulating body that approved the budget implementation will assess how well the resources procurement plans was fulfilled and the extent to which the budget has carefully been implemented in line with the approved plan. The author noted that no stage of budgetary plan can work without the others. The above steps are summarized in the Figure 1.



**Figure 1.** Budgetary implementation strategies in colleges of education (Oguntunde, 2006).

## FACTORS AFFECTING BUDGETARY IMPLEMENTATION IN EDUCATION

The following factors constitute impediments threats to effective implementation of budget in education.

**Politics in the management of educational institutions:** On many occasions, the government of the day may not see the budget as firm commitment and thereby make changes at will. As Ogundele (2018) rightly put that there is unnecessary intervention from the governments on political ground which lead to the provision of unclear budget and constant budget alterations by the supervising agents and ministry of Education. The author also noted that political instability may affect the consistency and lead to constant change due to the personal interest of the government in power.

**School Administrator's negative attitude towards the budgetary plans:** According to Ihedioha (2000), most of the educational administrators leave the budget implementation to the hand of the schools and finance clerks but did not bother to make supervision and control the expert. The problem therefore leads to misappropriation and misplacement of budgetary values and high rate of embezzlement. Most of the school administrators are not conversant with the financial ethical rules and regulation and thereby failed in their responsibilities in using budget as an educational policy control mechanism.

**Budget evaluation deficiencies:** An effective budget will be inefficient if a proper evaluation and appraisal is lacking. According to Abdullahi (2005) most of the budget implementations are not well evaluated thereby leading to the misappropriating of the funds needed in the provision of educational resources.

**Accommodation of unnecessary details in the budget** make the budget designed and implementation to become complicated and confusing (Bello, 2013).

**Poor budget implementation:** A skillful and well prepared budgetary programme will not achieve the educational goals unless it is properly implemented. Ezech (2004) said that the success of the budgetary programme should be

effectively implemented. The author noted that every stakeholder should be fully involved in the preparation and execution of the budgets otherwise the prepared budget will not be effective.

## CONCLUSION

The article focused on the issues and management strategies of budgeting in Nigerian educational institutions; therefore, the paper examined the concepts, purpose, types, the principles underlying the budget plans, the basic steps, the factors affecting the implementation and the management strategies was suggested. It was however concluded that the educational administrators need to create positive attitude towards the process and implementation of the budgets in order to achieve the educational goals.

## Suggestions

For effective management of the budget plans and implementation, the following suggestions can be adhered to:

1. Undue political interference into the educational budget should be avoided so as to reduce the rate of misappropriation, kickback, godfatherism and personal interest which do affect implementation.
2. Training and retraining opportunities needs to be organized for the educational administrators in financial management techniques. This could be done through workshops, conferences, researches, in-service training, part time courses and given studies on study leave with and without pay for the educational administrators. The knowledge gained will create awareness and positive attitude toward effective budget management towards educational goals achievement.
3. There should be controls evaluation of the actual



performance on regular basis in order to detect the standard and quality in the implementations.

4. A well prepared budget should be precise, simple, flexible in format to encourage the basic understanding of the contents so that the application should not rigid.
5. Finally, for effective implementation of the budgets, the stakeholders in the educational sectors should be involved in all the steps of budgetary preparation, their involvement will aid effective implementation.

## CONFLICTS OF INTEREST

The authors declare no conflict of interest.

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