

Effect of Budget Padding on Nigeria's Economy: The Case of 2016/2017 Budget.

Dr. Omeje, P. N, Ogbu, Mark O

Department of Public Administration, Faculty of Management Sciences, Ebonyi State University Abakaliki.

Department of Public Administration, Faculty of Management Sciences, Ebonyi State University, Abakaliki.

Corresponding Author: Dr. Omeje, P. N

Abstract: *This research focused on " Effect of Budget Padding on Nigeria's Economy: The case of 2016/2017 Budget". The purposes of the Study were to evaluate impacts of increased estimates of projects on Nigeria's economy, examine the moral implication of budget padding on Nigeria's economy and to find out the socio-economic and political implications of budget padding. The study adopted Social Role Theory of Unethical Leadership propounded by James McGregor Burns in 1978. Secondary sources of data were used to obtain information for the study and content analytical method was used. Findings of the study showed that increased estimates of projects negatively affect Nigeria's economy, there are socio-economic and political implications of budget padding and budget padding has moral implication on Nigeria's economy. The study recommends that in line with the anti-corruption stand of the Nigerian current administration, all abuse of powers and privileges by public and elected officials should attract appropriate punitive measures, the executive should adopt a yearly publication of the appropriation bills before sending it to the legislative arms, the Presidency should engage a reputable consulting firm to guide and audit the appropriation bill process to ensure credibility of the budget.*

Key Notes: *Budget, Budget Padding, Socio- Economic Development.*

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I. Introduction

One major issue that heralded the 2016 Appropriation Bill presented by President Muhammed Buhari to the National Assembly was Budget padding. Padding takes place when legislators resolve to rewrite the budget by introducing new items outside the estimates prepared and presented to them by the President (Falana, 2016). Neither the Constitution nor the Fiscal Responsibility Act has empowered the National Assembly members to rewrite the national budget by including constituency projects whose costs are arbitrarily fixed by the legislators. According to Falana, (2016) about 20 legislators in both chambers of the National Assembly altered the budget by inserting constituency projects worth 100 billion naira in the Appropriation Bill. Both the Senate and the House allocated to themselves N60 billion and N40 billion respectively. If it is established that the alterations were effected after the passing of the budget by both chambers, the issue at hand goes beyond padding and become a clear case of conspiracy, fraud, forgery and corruption. Padding is an unconstitutional infraction when the estimates are increased on the floor of the House. The infraction becomes criminal when the Appropriation Bill is altered by a few legislators after it had been passed by both houses of the National Assembly.

In the history of Budgeting system, budget padding is not new. In 2014, A constitutional lawyer, Tunji Abayomi, had to drag the former Senate President, David Mark and Speaker of the House of Representatives, Aminu Tambuwal, before the Federal High Court, Abuja over padding of the 2014 budget by about N53 billion.

The road to this unfortunate episode began with the report that the 2016 budget was missing. It was later revealed that the executive had sent a second version different from the original one presented at the joint sitting of the entire, National Assembly by President Muhammadu Buhari. It was discovered by the legislature in the course of their scrutiny of the budget that certain irreconcilable figures were added by some Ministries Departments and Agencies (MDAs) by way of inflated budgetary estimates, with possible intention to convert same to personal monetary gains if passed into law (Aguguoma Theophilus, 2016). This padding was further complicated by the fact that two versions of the budget existed and the National Assembly was in dilemma as to which to work with. The Presidency finally accepted the fact that it replaced the first version of budget with a second one because of discrepancies it discovered. This was interpreted as a veiled admittance that indeed the budget is padded. This was particularly dramatized by the minister of health, Prof Isaac Adewole during his budget defense on February 8th when he claimed that the figures contained in the document before him was strange and did not emanate from

him. This claim reverberated all through the various MDAs when billions of naira was alleged to have been smuggled into the original estimates.

The saga was blamed on the so-called "budget mafia". The presidency acted swiftly by approving the sack of the Director General of the Budget office of the federation, Yahya Gusau and other top management staffers of the budget office on the 14th of February. According to Omonobi and Agbakwuru, (2016), among the projects which votes were surreptitiously jerked up without the knowledge of the executive, were Nigerian railway modernization project: Lagos-Kano standard gauge rail line project, which cost was raised by N32.5 billion and the consultancy dredging and river training works (N609 million) under the Ministry of Transportation. Others, according to the document, are the Code of Conduct Bureau which had N4.4 billion added to its vote, provision of broadband Internet Service to National Assembly by Nigcomsat, N318 million, Training and Consultancy for Nigcomsat 2 Project, N3.5 billion etc, in the Ministry of Communications. Most scandalous, according to the document, is the case of Ministry of Works, Power and Housing where 82 new projects, principally roads, with a total provision of about N50.63 billion, were inserted in the budget. The aggregate expenditure as contained in the budget details as passed, is higher than that in the Appropriation Bill by about N481 billion, compared to the Appropriation Bill. The executive made provision for the sum of N60 billion to be used by members of the National Assembly in funding their constituency projects. This was increased by the National Assembly to N100 billion. The executive proposal of N4.06 billion for the provision for test kits, vaccines and anti-retroviral drugs under the Federal Ministry of Health was reduced to N1.01 billion.

Padded budget creates illegal funds for Preparers and Beneficiaries: Apart from their allowances and salaries it helps them with extra funds to continue to keep their political structures and remain "powerful". The budget padding is done by group of lawmakers secretly without the knowledge of their colleagues. Since these funds are used for phony projects which do not exist, it provides an avenue for lawmakers to divert the funds for private use. So this caucus now shares the infused funds among themselves and they tend to repeat this year after year. Excess funds from budget padding are now dispensed as political patronages. So when you hear different organizations pay courtesy visits to politicians they do not go empty handed (Aguguoma, 2016).

Budget padding can impede and retard Nigerian economic growth and development. It may be likened to corrupt practices and deprive government funds, thereby reducing public spending on socio-economic infrastructures, social services, poverty oriented programs. It has appearance of criminality and financial embezzlement and tends to divert and misappropriation of public funds. It is antidevelopment to the extent that it reduces the amount of funds available to be used for developmental purposes. Funds that should have been used to better education, health, infrastructure and other items needed to encourage a good life of Nigerians are stolen by a microscopic few. With these in mind, the study tends to critically examine the effects of budget padding on the Nigeria economy using the 2016 and 2017 Nigeria National budget.

Statement of the Problem

The 2016 Appropriation Bill may go down in history as the most controversial budgeting process in the history of Nigeria. This unfortunate act is believed to have been an entrenched practice in finance and planning process all through the years in a classic case of official corruption. Budget padding involves conspiracy to act corruptly and illicitly to enrichment, diverts the limited funds or resources which undermines economic progress and impedes policy changes required for economic growth and development.

Padding is a social evil. It is operated by transgressors who lack social conscience and sobriety. It has the venomous tendency to destroy the economy and the polity of any country that fails to forestall its growth. When in 2015 the present ruling party blew the whistle for "change", Nigerians, except some of the ruling elite, were ready for real change. The Federal Government has withdrawn one of the cases against the Senate leadership, and some may no longer see the sun. Similarly, the 2016 budget padding scandal has almost become completely trivialized. These actions are reducing people's belief and trust in our orchestrated "change" and "corruption crusade".

Persistent and deepen corruption in Nigeria led to high rate of poverty, inequality, unemployment, destitution, diseases, illiteracy and deteriorated living standard among the citizens. According to Nasir, (2016), the recurrent situation of corruption has negatively affected the standard of living of 80% of the population of Nigeria because corruption undermines the government ability and capacity to deliver range of basic needs and social services such as health, education, roads, portable water supply, electricity, housing and general welfare services. Through corruption such as padding and other related activities Nigeria has lost huge revenue, lost both internal and foreign investors, increase the cost of goods and

services leads to the production of sub-standard products and goods and services, and contracts. The current capital shortage Nigeria is facing in the economy 60% maybe attributed to corruption.

Like all other elements of corruption, padding has become a culture in our country. For instance, tells a motor mechanic, carpenter, mason or any craftsman to quote for a domestic maintenance job and his dishonest padding may force you to suspend the job. Doctors, lawyers and all other professionals are not exempted. So, padding as an inevitable and opaque market booster has become a permanent and hidden big money-making machine for the greedy and unpatriotic Nigerians.

Aside these problems associated with budget padding, it is clear that not much have been written on this issue that seems to have been secretly at work in Nigeria. Hence this study sees it as a problem that requires to be looked into. This informed the need for the study.

The following research questions shall guide the study:

1. What are the impacts of increased estimates of projects on Nigeria's economy?
2. What are the moral implications of budget padding on Nigeria's economy?
3. What are the socio-economic and political implications of budget padding?

Objectives of the Study

The broad objectives of the study is to examine the effects of budget padding to the Nigerian economy using the 2016 and 2017 Nigeria budget case. The specific objectives include:

1. To evaluate the impacts of increased estimates of projects on Nigeria's economy.
2. To examine the moral implications of budget padding on Nigeria's economy.
3. To find out the socio economic and political implications of budget padding.

II. Theoretical Framework

The theory adopted in the study is Social Role Theory of Unethical Leadership propounded by James McGregor Burns in 1978. The theory states that positions of leadership, peoples' ethical decision making is driven in part by their tacit understanding of the requirements of the leader role. The central role expectation of collective goal attainment that is placed upon leaders has the potential to influence the ethical decision-making process and, in some cases, cause ethical failure. According to this theory, the leader role itself can overinflate individuals' felt responsibility and confidence in the importance of the collective goals, thus inducing them to engage in unethical behavior in order to attain those goals. Because those in leadership roles have the propensity to overinflate the importance of group goals, they are in a position to justify deviating from moral requirements to attain those goals (Price, 2008). To provide empirical support for this argument, Hoyt, Price, et al. (2010) demonstrated across three studies that leaders, both existing and experimentally assigned, value their group's goals more than non-leaders do. Furthermore, they demonstrated that leaders believe themselves to be more justified than others to engage in morally deviant behavior to achieve their group's goals and that this justification belief was associated with the value they placed on their group's goals. In short, the theory posits that the social orientation of leaders may be largely to blame for their ethical failures. However, these insidious outcomes appear to be driven by self-interest, a process both independent of, and often contrary to, the effect of a leader's social role and responsibility. In this situation, whereas the leader's role is to exert influence in the service of collective goals, it can turn into derogatory power which is often egocentric, exercised in the service of the self (Galinsky, et al., 2008) and-this power influence is often directed towards satisfying personal desires.

This theory links the padded 2017 budget to unethical behaviours of the leaders of the National assembly. In an attempt to divert public fund they acclaimed that the fund is meant for constituency project which is clearly another means of private enrichment of National Interest. It is never contained in the constitution that legislatures should execute any projects but rather should make law concerning such execution while the executive branch should implement them. The point here again is that constituency projects as allotted to the legislatures is purely an avenue for corruption to thrive. This is visible in their purported increase in budget estimate better called padding which was seen in the 2017 National budget.

Conceptual Clarifications

Budget

The definition of budget has different emphasis by different authors. Ayo, (1995) defines a budget as: A statement of the activities to be carried out by an entity within a specified period and expressed in qualitative terms. It is an estimate for a year ahead of revenues and expenditure chargeable to revenue and parts of its receipts and payments on the capital accounts. It is a means of ensuring

effective and efficient resource mobilization, proper management of expenditure, policy adjustments and effective control and co-ordination of economic activities (Ayo, 1995). According to CIMA (Chartered Institute of Management Accountants), 1996, a budget could be defined as a plan stated in quantitative monetary terms which is prepared and approved prior to a defined period of time usually showing planned income to be generated and, or expenditure to be incurred during that period and capital to be employed to attain a given objective. Budget shows a quantitative expression of a proposed plan of action by management for a specified period and an aid to coordinating what needs to be done to implement the plan (Horngren, Stratton, Sutton, and Teall, 2004). Budgets are central to the process of planning and control which are major activities of management in all organizations (Okpanachi and Muhammed, 2013). According to Kpedor, (2012) budget as a profit

Budget Padding

Padding of budget means making the budget proposal larger than the actual estimates for the budget. Young (1985), opined that budgetary slack or budget padding takes place when some staff underestimate their level of productive capabilities in order to make certain that they achieve the standards set in the budget by the top management. Kren & Liao (1988); Douglas & Wier (2000) postulate that when supervisors use budgets to appraise performance, there are chances that subordinates might try to falsify information in their budgets to increase the possibility of achieving that target to their unacceptable and unfair advantage. It is a deliberate creating difference between the budgeting actor's forecast about the future and his or her submitted budget figure. By padding a budget, management hopes to make a budget easier to achieve, which could decrease business efficiency and inhibit innovation. Research on resource slack is highlighted, as discussed in the studies by Mohamed, (1973), Bourgeois (1981), Merchant (1985), Cheng and Kesner, (1997), Tan and Peng, (2003) and Chen and Huang (2010). Uniproj, (2018) defines padding as overestimating cost and or underestimating revenue, whereas the difference between the padded estimate and the realistic estimate is known as budgetary slack. This is done either by increasing a project's expenses or decreasing its expected revenue. The goal of budget padding is to get an approval committee to grant an artificially high level of funding to the budget proposal.

According to Falana, (2016), Padding takes place when legislators resolve to rewrite the budget by introducing new items outside the estimates prepared and presented to them by the President.

Socio-Economic Development

Okuntade, (2016) defined socio-economic development as a product of development and the process of social and economic transformation in a society. Socio-economic development embraces changes taking place in the social sphere mostly of an economic nature. It represents qualitative changes in the structure and framework of society that help the society to better realize aims and objectives. Socio-economic development is the primary goal of every well meaning government, and it is essentially dependent on the level of economic activities in a country; the level of economic activities is in turn enhanced by peaceful co-existence by people. Thus, socio-economic development is made up of processes caused by exogenous and endogenous factors which determine the course and direction of the development. Socio-economic development is measured with indicators, such as GDP, life expectancy, literacy and levels of employment (Nwanegbo and Odigbo, 2013). They noted that budget padding inhibits socio-economic development.

Content Analysis based on Research Question 1:

What are the Impacts of Increased Estimates of Projects on Nigeria Economy?

Padded budget is argued to have serious effects on the national economy.

Temionu, (2016) explained that mismanagement and theft of public funds by the ruling elite are the cause of the present economic mess called recession. It is a dangerous propeller pulling our economy astern and affecting Nigeria's economy and nation-building from forging ahead. Budget padding can impede and retard Nigerian economic growth and development and it has the venomous tendency to destroy the economy and the polity of any country that fails to forestall its growth. And why the lawmakers whom he alleged to have committed offences ranging from budget padding to the misappropriation of public funds persecuted him for alerting the nation to the existing and the envisaged dangers that are capable of ruining the nation's economy, and its coexistence. According to Onikola, (2015), due to the economic challenges, the 2016 budget makes a conservative assumption of 4.37% overall GDP growth rate (5.5% was projected for 2015). In the 2015 budget, real GDP was projected to grow at 5.50%. However, according to the Nigeria Bureau of Statistics (NBS), the real GDP growth in the first, second and third quarters of 2015 were 3.96%, 2.35% and 2.84% respectively. This is not surprising as global economic performance also slowed down in 2015 (Aguguoma & Ehiogu, 2016).

The oil sector faced significant challenges but also the non-oil sector performed below expectation. There was a consistent decline in growth rate of the non-oil sector from 5.59% in the first quarter to 3.05% in the third quarter. The decline is partly attributable to the cut back in both public and private sector spending and strict exchange control policy measures. The oil sector performed marginally better in the third quarter of 2015 compared to 2014. The sector grew by 14.35% quarter on quarter due to increased production despite the drop in price. This is a case of good intension in the hands of bad and fraudulent managers (NBS, 2016).

Constituency Project is one key area that has led to budget padding in Nigeria. Dahiru, (2016) asserted that there is so much misunderstanding about issues surrounding regional and constituency projects. This category of projects is aimed at ensuring that all the six geo-political zones, senatorial 109 districts and 360 federal constituencies get the attention of government by way of even, equitable and fair distribution of capital projects across the country. He noted that mismanagement and theft of public funds by the ruling elite are the cause of the present economic mess called recession this has become inevitable because of the peculiarity of our democracy arising from the diverse interests that constitute the geopolitics of the Nigerian federation. The size, scope and quantum of resources to be allocated for such interventionist projects are usually arrived at after due consultations between the leadership of the national assembly and the heads of the executive arm of government. This has been the convention and practice since 1999. President Buhari after due consideration, approved 100 billion naira for regional and constituency projects to be part of the 2016 appropriation act. The money was further subdivided into regional intervention projects; 40 billion naira and constituency projects; 60 billion naira. The leadership of the national assembly are usually drawn from all the six geo-political zones of the country, therefore the process of equitable allocation of this money is collectively decided by the principal officers, to ensure all zones get a fair share of money by way of corresponding projects in the money worth. The 60 billion naira for constituency project is likewise shared equally at 10 billion naira allocated to each geo-political zone, but in this case to be subdivided to the federal constituencies in each zone. The members representing the various federal constituencies are privileged to decide the type, scope and extent of projects in their constituencies. This money is not given to any member of the national assembly in cash. Their role ends with submitting request for projects through the appropriation committee to any MDA of their choice as they deem fit, as in the best interest of their constituencies. It is the executive that awards the contracts for the execution of the projects after going through the usual due process of competitive bidding and pre-qualification.

The executive also ensures close monitoring by relevant agencies to ensure compliance with implementation rules and guide lines. This arrangement makes it impossible for the completion of the projects. For example a civil society group, Socio-Economic Rights and Accountability Project, SERAP, (2016) lodged a petition against Dogara and his men at the UN claiming 'removal of critical projects and replacement of such projects with constituency projects, not only undermined the fight against corruption in the country, but also exacerbated extreme poverty' of the same people on whose behalf Dogara and his House members pretended to fight. We have also now learnt that about N350b appropriated by the National Assembly in respect of about 2,516 projects spread across the country in the last five years never took off even after full payment had been made. They described Constituency Projects - a ritual of monumental waste and listed 211 abandoned projects provided for, in the budgets. Another result of a survey of 436 projects spread across 16 states of the federation had equally been discovered. Some of these projects include water bore-holes, rural electricity and roads projects and primary health centres designed to alleviate the suffering of the poor. This monumental fraud at the National Assembly is replicated in all the 36 states in the country where governors in most cases operate like sole administrators with state assemblies serving as rubber stamps. The 774 Local Government Areas are not different. The local council chairmen who collect free allocation from Abuja are answerable to no one. The councilors many of who have been known to build houses within a year in office cornered the available road and culvert contracts that get washed away if and when implemented after one rainy season because of usage of substandard materials. Hence they claimed that budget padding like some of other crises of nationhood as many well informed Nigerians have told us is closely tied to our unwieldy and unworkable structure. This situation adversely reduces the GDP of the country.

Ita, (2016) opined that special attention being accorded to sectoral allocation in the country's annual budget, leaving other details in the hands of appropriation committees of the legislature to handle and approve for government agencies and parastatals, was responsible for padding. He said there is also the common practice that

after bills may have been passed by the Senate and the House of Representatives; the legal department now redrafts the bills, perhaps, changing certain words to give them a presentation in a legal draftsman's perfect legislative draft. This, in my view, is inconsistent with the provisions

of the law." According to him, the practice must stop, if padding of the budget must be brought to an end. Hence, budget padding can result due to information asymmetry existing between the Nigerian executive, the legislature arm and the masses; the economic conflicting interest between the government and the masses; the government's opportunism or the economic self-interest.

Content Analysis Based on Research Question 2: What are the Effect and Moral Implications of Budget Padding in Nigeria?

The issue of budget padding is a monumental national disgrace. This shows the level of moral bankrupt and shameless open displacement of inordinate financial ambition and fraud.

According to Michael, (2016), the implications and harm caused by the abnormal conduct of the Speaker, the principal officers and all others at the senate are many.

First, it has to do with that of national embarrassment and moral disgrace it imposed on the Nigerian State. Secondly, the injustice done to Nigerians, whose Representatives were not part of the padding process, and lastly, the diversion of funds and non-execution of constituency projects. In the international level, Nigerians are seen as fraudulent people, thieves and figure manipulators. Meanwhile, it is pertinent to note that the same Lawmakers who are running a divisive and non-inclusive legislative house are the same set of leaders that preach oneness across the Nigerian polity. It is a disgusting, however, that Nigerians will erroneously support the political lust of these controversial leaders come 2019. Michael, (2016) further opined that if it were to be in advanced nations, Speaker Dogara and other Principal Officers in the House would have resigned their portfolio in order to calm the brewing situation and protect the image of the nation before the world, *iv*. It has appearance of criminality and financial embezzlement. For instance, a former Speaker of New York State Assembly, Sheldon Silver, resigned his leadership post on February 2, 2015, after being charged for corruption. In like manner, Dean Skelos, a former majority leader of New York State Senate, resigned May 11, 2015, a week after his arrest based on corruption charges. Most recently, is the resignation of the Prime Minister of Iceland, Sigmundur Gunnlaugsson, who stepped aside on April 5, 2016, after the revelation of the Panama Papers Scandal, which indicted also our Senate President, Bukola Saraki. Budget padding is done with intent to cheat, defraud the country and enrich the some few elected principal officers through manipulation of budget numbers and yet try to legalize the act. This study revealed that according to Mr. Jibrin's confession, 10 principal officers of shared more than N10 billion in fraudulent proceeds.

Ogundipe, (2016) stated that these principal officers who allegedly received billions of naira in running cost allowance include the Speaker of the House, Yakubu Dogara, who allegedly got the largest share of N1.5 billion, Mr. Jibrin said that others on the list are Deputy Speaker, Yusuf Lasun, N800 million; Majority Leader, Femi Gbajabiamila, N1.2 billion; his deputy, Buba Jibril, N1.2 billion; House Whip, Alhassan Doguwa, N1.2 billion; and his deputy, Pally Iriase, N700 million. The rest are Minority Leader, Leo Ogor, N1.2 billion, his deputy, Chukwuka Onyema: N800 million, Minority Whip, Yakubu Barde, N700 million and his deputy, Binta Bello, N700 million. Mr. Jibrin, however, said he regretted taking the loot, adding that he would explain how he used his ill-gotten N650 million.

According to Egbosiuba, (2016) Members of Nigerian National and State Assemblies devised a novel way to steer projects to their states or constituency which they named constituency projects. It works this way, National and State Assembly members name projects they want for their constituents and the executive branch executes the projects. This system is good in theory because each House of Representative, Senators and state House of Assembly members get equal amount of allocation which is not based on seniority or any sort of power play. However, executive branch execution of the constituent projects is not working the way it is designed to work. It has become corruption cesspool. National Assembly members and State House of Assembly members are known to select contractors who will execute the projects and get kick back from them or some of the money allocated for those projects literally goes to the state and national representatives members who executes some of the projects and pockets the difference, some brazenly pocket all the money. It could be a good program if there is a way to have the executive branch at the state and federal level execute constituency projects without interference by the lawmakers. All these bring bad image to Nigeria from the international community. Udoma, (2016) explained that logically, "padding" in whatever form, is one of the elements of corruption. Although like so many other English words, "padding" has several meanings, its literal interpretation in accounting is "false entry". Its applications by those who have a penchant for corruption are opaque and varied in nature. It could be used to manipulate census figures, contract values, workforce ("ghost" workers), electoral figures, goods and services, etc. To him, padding is a social evil. It is operated by transgressors who lack social conscience and sobriety. It has the venomous tendency to destroy the economy and the polity of any country that fails to forestall its growth.

Oluwajuyitan, (2016) held that since no one deliberately sets out to destroy his father's house, budget padding by elected legislators can only signify lack of faith in Nigeria. He noted further that padding of budget especially after the second reading is therefore a criminal act. Unfortunately, that

seems to be what has been going on since the beginning of the fourth republic. When last May, the bubble first burst following the alarm raised by the ministers in charge of health and transport about the padding of the budget they submitted, the President refused to append his signature. He was however blackmailed by the lawmakers and their apologists who accused him of insensitivity to the plight of the public that will suffer from his refusal to play politics and accommodate the excesses of the lawmakers. He stressed that democracy thrives when ethical and moral values are given a chance to function. Real democrats resign from public office - on moral grounds - whenever misconduct of any kind is established against them. For example, in Israel, Rabin resigned his post when a journalist discovered that his wife maintained a few thousand dollars in a bank account in Washington, a conduct that violated Israel's strict foreign currency laws. Also he maintained that good governance is about the genuine use of democratic principles to drive the future of the people. Such drive encompasses a high standard of moral, ethical and financial discipline. Unfortunately, like all other elements of corruption, padding has become a culture in our country.

Content Analysis Based on Research Question 3: What are the Socio-Economic and Political Implications of Budget Padding?

Nasir, (2016) held that budget padding involves conspiracy to act corruptly and illicit enrichment corruption diverts limited funds or resources, undermines economic progress and impedes policy changes required for economic growth and development, persistent and deepen corruption in Nigeria led to high rate of poverty, inequality, unemployment, destitution, diseases, illiteracy and deteriorated living standard among the citizens. According to him, the recurrent situation of corruption has negatively affected the standard of living of the 80% of the population of Nigeria because corruption undermines the government ability and capacity to deliver range of basic needs and social services such as health, education, roads, portable water supply, electricity, housing and general welfare services.

Through corruption of budget padding, Nigeria loss huge revenue, loss both internal and foreign investors, increase the cost of goods and services leads to the production of sub-standard products and goods and services, and contracts. The current capital shortage Nigeria is facing in the economy 60% must be attributed to corruption. George-Hill, (2016) noted that budget padding is a systemic disease and works like a contagious virus, which has capacity to sully Ministries, Departments and Agencies (MDAs) expenditure plans and records through procurement maneuverings, data mutilation, audit fragmentation, which affects every citizen, in the first instance. Secondly, it eats up scarce resources, causes syphoning and diversion of resources and poor implementation of appropriation plans. Budget padding is different from "legislative privileges" of nominating constituency projects into the national budget. No one should try to use advocacy jargons to mislead the public. Covetous hypocrisy is a form of corruption. Being a feral fiscal disease, budget padding spreads through fiscal lifelines, assisting individuals and agencies responsible for this malfeasances to hijack budget envelopes, distorting expenditure-plans and cost templates, thereby; frustrating the core elements of MDAs' fiscal architecture and projections within the Medium Term Sector Strategies as encapsulated in the Fiscal Responsibility Act, the very law, passed by Nigeria's National Assembly. At the stage of budget conceptualization through the fiscal forecasts transmitted through the Fiscal Strategy Paper, being a process that captures several bureaucratic corridors of the MDAs. It deprives government funds, thereby reducing public spending on socio-economic infrastructures, social services, poverty oriented programs. It tends to diversion and misappropriation of public funds. It is antidevelopment to the extent that it reduces the amount of funds available to be used for developmental purposes. Funds that should have been used to better education, health, infrastructure and other items needed to encourage a good life of Nigerians are stolen by a microscopic few. Budget slack and budget padding can result from two sources: forecast inaccuracy, which occurs as a result of unintentional estimation errors and changes in efficiency; and intentional manipulation which occurs when the efficient accomplishment of a budgeting process depends on obtaining information from subordinates who are in close proximity to resource usage.

Aguguoma and Ehiogu, (2016) noted that the Nigerian experience in 2016 budget padding saga is quite unfortunate incident and the most disheartening, as the value of development assistance that flowed into the country for socio-economic development was squandered by our political leaders/elites. No doubt budget padding is nothing but corruption and corrupt practices in Nigeria which had resulted in. undermining the growth and stability of Foreign Direct Investment (FDI) impede Nigeria's ability to attract oversea capital and investors. Undoubtedly, Nigeria is one of the world and largest producer and exporter of crude oil, a country endowed with abundant natural and human resources unfortunately still has more than 60 percent of its population living below the poverty line. Conclusively budget padding could affect productivity, output, exports, and balance of payment, foreign exchange, Gross Domestic Product (GDP) and foreign reserve negatively. The power of the National or state Assembly to scrutinize budget could

also be used for political purposes. The projects that allocate for themselves could equally be used to make voters to vote for them. Again, the president or the governor can go through the budget and veto projects proposed by opposition parties or political opponents or just use the budget process to threaten and blackmail state or federal legislatures until they succumb to his or her whims. This however is a fact those who are benefitting from the current anarchy including our over 400 highly paid lawmakers currently engaged in budget padding in Abuja and other parasitic politicians at the state and local council levels are ready to deny (Oluwajuyitan, 2016).

Ogu, (2018) submitted that budget padding like some of our other crises of nationhood as many well informed Nigerians have told us is closely tied to our unwieldy and unworkable structure. This however is a fact those who are benefitting from the current anarchy including our over 400 highly paid lawmakers currently engaged in budget padding in Abuja and other parasitic politicians at the state and local council levels are ready to deny. Sixty years after the collapse of the structure we inherited from our founding fathers, no Nigeria leader has been able to properly articulate our crisis of nationhood.

III. Conclusion

Budget padding involves conspiracy to act corruptly and illicit enrichment of public fund.

Diverted public funds or resources, undermines economic progress and impedes policy changes required for economic growth and development. It also deepens corruption in Nigeria thereby leading to high rate of poverty, inequality, unemployment, destitution, diseases, illiteracy and deteriorated living standard among the citizens.

The Nigerian experience in 2016 budget padding saga is quite unfortunate incident and the most disheartening, as the value of development assistance that flowed into the country for socio-economic development was squandered by our political leaders/elites. No doubt budget padding is nothing but corruption and corrupt practices in Nigeria which had resulted in undermining the growth and stability of Foreign Direct Investment (FDI) impede Nigeria's ability to attract oversea capital and investors. Undoubted Nigeria is one of the world and largest producer and exporter of crude oil, a country endowed with abundant natural and human resources unfortunately still has more than 60 percent of its population living below the poverty line. Conclusively budget padding could affect productivity, output, exports, and balance of payment, foreign exchange, Gross Domestic Product (GDP) and foreign reserve negatively.

IV. Recommendations

The following ways are recommended as measures to stem budget padding in Nigeria;

1. In line with the anti-corruption stand of the Nigerian current administration, all abuse of powers and privileges by public and elected officials should attract appropriate punitive measures.
2. The executive should adopt a yearly publication of the appropriation bills before sending it to the legislative arms.
3. The Presidency should engage a reputable consulting firm to guide and audit the appropriation bill process to ensure credibility of the budget.

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