

Forensic Investigation and Budget Implementation in Ekiti State Ministry of Budget and Planning

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Abstract. The study examined forensic investigation and budget implementation in Ekiti State ministry of budget and planning. The study adopted descriptive research design of a survey type. The population of the study consisted of all accounting staff in Ekiti state ministries. Out of the population, 73 was randomly selected and used as sample. Questionnaire titled “forensic investigation and budget implementation questionnaire” (FIBIQ) was used to collect data for the study. The validity of the instrument was ensured and the reliability coefficient of 0.83 was obtained using the Cronbach’s alpha coefficient, this indicated that the instrument was reliable to collect all the necessary data for the study. The study revealed that forensic accounting has positive significant impact on budget implementation in Ekiti state ministry of budget and planning. Also, it was revealed that forensic investigation improves budget implementation, reduced falsification of document on budget implementation, forensic investigation promote transparency and checkmates embezzlement of money allocated for budget implementation. The study concluded that forensic investigation could be used as a driving force of budget implementation. Based on the conclusion, it was recommended that forensic investigation should continuously be used as a measure to improve level of budget implementation in Ekiti state.

Keywords: Budget, Implementation, Forensic, Accountant, Investigation

JEL Classification: M41, M42 and K13

Introduction

A budget is an essential economic tool for mobilizing, allocating and managing national resources. It is a crucial economic tool of enabling and implementing the government’s goal within that particular fiscal year. A budget must be well designed, implemented in effective and efficient manner, properly monitored, and its performance appraised. A budget may be regarded as a blueprint for income and expenditure outlays over a set period of time, generally a year. It is a document that specifies policies and programs intended at achieving a government’s strategic goals (Olurankise, 2012). Budget implementation has been a source of concern to the public considering its importance on economic growth. The forensic accounting techniques can help in providing solutions to the problem of misappropriation, over budgeting, uncompleted projects, diversion of unutilized funds in government budget implementation.

Globally, the term forensic accounting has been widely used. Forensic accounting is perceived to have evolved rather inorganically in response to certain emerging fraud related challenges and has been precipitated by the surging number of white-collar crimes pressures. The scandals that rocked the corporate world with classical examples being the often cited Enron and WorldCom cases in USA and others countries have also brought the field of forensic accounting to the forefront. Forensic accounting is seen as encapsulating all the other areas in the use of accounting for investigative purposes. The forensic accounting has helped to achieved many things in the developed and developing countries especially in the area of budget implementation.

In its efforts to get rid of fraudulent practices especially in the public sector in Nigeria, the Economic and Financial Crimes Commission (EFCC) in 2013 introduced forensic accounting into its existing forensic unit. According to a report by Price water house coopers, a large sum of money (\$174 billion) was lost to corruption in 2015 in Nigeria (Akinmutimi, 2016) and corruption has continued to remain a pressing issue affecting public finances in Nigeria, Public Sector Organizations in Nigeria are claimed as having the highest level of Corruption (Fafowora, 2015). Similarly, the information minister, while campaigning against public sector corruption, revealed that just 55 Nigerians have stashed away the sum of ₦1.34 trillion (\$9 billion) from the public coffers between the years 2006 and 2013 (Winsor, 2016).

In Ekiti state, it appears that the objectives or purpose of budget have not been achieved, although Olomola (2009) was of the opinion that the budget process has always been fraught with monumental abuses. The most visible bottlenecks are associated with budget implementation. Frequently the complaint is about non-release, partial release and delay in releasing approved funds for budgeted expenditures. It has been well observed that a quarter to which funds are related may end before the related funds are made available. It is asserted by Edmonds in Olarewaju and Obisesan (2015) that budgeting promotes planning, coordination, enhance performance measurement and introduces corrective actions. Previous budgets help government to track the level of success and failure achieved over the years Even since Ekiti state have been budgeting the budget implementation of Ekiti-State's in the previous years and current year shows that they have not helped the state achieve or maintain a better economic climate despite the fact that it is a developing state. The poor budget implantation seem to contribute in worsening the socio-economic problems in Ekiti state. Some of the problems include high inflation, poverty, unemployment, income inequality, adverse balance of payments, low standard of living and so on. Effect of poor budget implementation in Ekiti state has eaten deep into the level of productivity, and this had resulted in the state being enlisted as one of the poorest state in the country (National Bureau of Statistics, 2012). It has also left most of the natural resources of the state unharnessed (Olowolaju, Ajibola, Ishola, & Falayi, 2014).

Hence, Okoye and Akamobi (2009), Ahmed (2010) and Ojo (2013) posited that Nigerian government needs to employ forensic accounting services to curb and reduce economic and financial crimes emanating from the budget of the nation. It is believed that one of such measures is the use of litigation services. Litigation support consists of business valuation, revenue analysis, expert witness testimony, documentary evidence, demonstrative evidence and the evaluation of future earnings. Onuba (2013) noted that budget implementation in Nigeria is pathetic and there is nothing to write home about despite the large sum of money budgeted to run the nation's economy.

In efforts to know the influence of forensic accounting on budget implementation, several studies have been conducted by different authors because Forensic studies apply wide range of investigation techniques such as physical matching, fingerprint matching, blood spatter analysis, DNA analysis, forensic pathology, forensic anthropology, forensic entomology, forensic engineering, criminal profiling, forensic data analysis, forensic document analysis etc. The study of Okoye, Ugochukwu, and Ukwuoma, (2020) examined the impact of litigation services on budget implementation in Imo State. The population of the study consisted of 53 (21 staff of Economic and Financial Crimes Commission (EFCC) and Independent Corrupt Practices and other Related Offences Commission (ICPC) and 32 accounting officers in Public Complaints Commission, Corporate Affairs Commission, Federal Character Commission, Consumer Protection Council and National Human Rights Commission in Imo State) were selected for the study. A structured questionnaire of five-point rating scale was used for data collection. Cronbach alpha co-efficient was used to establish the reliability of the instrument which yielded an overall coefficient of 0.86. Data related to the research questions were analyzed using mean and standard deviation while null hypotheses were analyzed using

Pearson Product Moment correlation analysis to test the degree of impact/relationship at 0.05 level of significance. The study revealed that business valuation, revenue analysis and documentary evidence have an impact on budget implementation in Imo State. Findings revealed that business valuation has no significant impact on budget implementation, while revenue analysis and documentary evidence has significant impact on budget implementation in Imo State

Onyiah, Ezeamama, Ugwu, and Mgbodile (2016) examined Nigerian budget implementation and control reforms: Tools for macroeconomic growth. The aim of the study was to examine the impact of budget implementation on resource management, level of productivity, efficiency and personnel overhead costs in Nigeria. Using ex-post factor descriptive research design, questionnaires distributed to a sample of 308 were analyzed using simple percentage. The study found out that poor project conceptualization design and planning practices by ministries, departments and agencies accounted for low resource management. The study recommended participatory monitoring and assessment of government project by host community members.

Festus, Olajide, Kehinde, and Trimisu (2020) evaluated the impact of applying forensic accounting techniques in curbing fraud in Nigeria budget implementation. The study employed survey cross-sectional research design. The population consisted of 195 staff of federal government establishments connected with budgetary system and fiscal policy. With the use of total enumeration, 195 copies of the questionnaire were administered with a retrieval rate of 150 copies (77%). The study adopted descriptive and inferential statistics to analyze the data. The findings showed that Investigative and Audit Support Service have strong impact on fraud and misappropriation of budgeted allocation funds $\beta=0.342$, $F(1,149)=10.587$, $p\text{-value}=0.002$. The result also showed that Investigative and Audit Support Service has significant impact on uncompleted capital and developmental projects. $\beta=0.745$, $F(1,149)=249.621$, $p\text{-value}=0.003$. The study concluded that the application of forensic accounting techniques have positive effect on curbing fraud in budget implementation.

Despite the several studies that have been conducted, there is still witnesses of poor implementation of budget in Nigeria. The issue of poor budget implementation led the apex government of start doing forensic investigation, although government could be bias in their investigation but it appears that the word "forensic investigation" have impact on the budget implantation this day because the level at which many governors are implementing their budget now seems to be on the increase since some of them are scared of being placed under forensic investigation. Ezeagba and Adigwe (2015) observed that there has been poor implementation of budget and diversion of unspent budget disbursement by government officials in Nigeria. It is against this background that this study examined the forensic investigation on budget implementation in Ekiti State.

Purpose of the Study

The broad purpose was to examine impact of forensic investigation on the budget implementation in Ekiti state ministry of budget and planning. Specifically, the study examined:

1. the impact of forensic investigation on the budget implementation in Ekiti state ministry of budget and planning;
2. whether forensic investigation has influence on budget implementation in Ekiti state ministry of budget and planning.

Research Questions

The following two research questions guided the study:

1. What are the impact of forensic investigation on the budget implementation in Ekiti state ministry of budget and planning?
2. Does forensic investigation have influence on budget implementation in Ekiti state ministry of budget and planning?

Hypothesis

The following hypotheses were formulated for the study:

H0₁: There is no significant impact of forensic investigation on budget implementation Ekiti state ministry of budget and planning.

Methodology

The descriptive research of a survey type was adopted. The population of the study comprises accounting staff in Ekiti state ministries. Out of the population 73 accounting staff was randomly selected and used as sample of the study. A well-structured questionnaire was the instrument used for the study and the face validity of the instrument was ensured by two experts in the accounting department. The reliability of the instrument was determined through a pilot-test that was conducted on the instrument, 20 accountants were selected in another ministry outside the sample. The reliability coefficient of 0.83 was obtained using the Cronbach’s alpha coefficient indicated that the instrument is reliable to collect all the necessary data for the study. Data was analyzed using mean and standard deviation to answered the research question while regression was used to test the hypotheses at 0.05 level of significance.

Results

Descriptive Analysis

Table 1: Mean scores and standard deviation of the impact of forensic investigation on the budget implementation in Ekiti state ministry of budget and planning

S/N	Item	N	Mean	St.D	Remarks
1	Forensic investigation improves budget implementation in Ekiti state	73	3.49	0.503	Agreed
2	Forensic investigation contributes to the level of development in Ekiti state	73	3.08	0.276	Agreed
3	Forensic investigation promotes transparency in the budget implementation of Ekiti state	73	3.36	0.634	Agreed
4	Forensic investigation checkmates embezzlement of money allocated for budget implementation in Ekiti state ministry of budget and planning	73	3.00	0.600	Agreed
5	Forensic investigation reduces falsification of document on budget implementation	73	2.90	0.531	Agreed
6	Forensic investigation reduces deliberate negligence of budget implementation	73	2.80	0.396	Agreed
7	Forensic investigation minimizes delay in budget implementation	73	3.41	0.495	Agreed
8	Forensic investigation increases quality of resources used and services during budget implementation	73	3.26	0.441	Agreed
	Weighted Mean		3.16	0.484	Agreed

The result shown in Table 1 revealed that all the items were rated above acceptable mean of 2.50, indicating agreement with the all the statement. The grand mean of 3.16 and standard deviation of 0.484 showed that there was a strong positive reaction of the respondents in the ministry of budget and planning. This result indicated that majority of the respondents agreed that forensic investigation have impact on budget implementation.

Table 2: Mean scores and standard deviation of the influence of forensic investigation on the budget implementation in Ekiti state ministry of budget and planning

S/N	Item	N	Mean	St.D	Remarks
1	Budget is implemented without delay whenever forensic investigation set in in the ministry	73	3.70	0.460	Agreed
2	There is adequate monitoring of budget implementation when forensic investigation is on going	73	3.42	0.497	Agreed
3	No budget oversight when there is forensic investigation in the ministry of budget and planning	73	3.28	0.518	Agreed
4	There is adequate control of quality in budget implementation	73	3.21	0.603	Agreed
5	Forensic investigation speeding budget implementation	73	3.26	0.672	Agreed
6	Forensic investigation reduced uncompleted projects	73	3.12	0.604	Agreed
7	It reduced diversion of unutilized funds of budget implementation	73	3.04	1.014	Agreed
	Weighted mean		3.29	0.622	Agreed

The results presented in Table 2 revealed that all the influence of forensic investigation on budget implementation were rated above acceptable mean score of 2.50, this showed that respondents are in agreement with the statement, with weighted mean of 3.29 and standard deviation of 0.622 indicated positive response. The result showed that respondents believe that forensic investigation influence budget implementation in Ekiti state ministry of budget and planning.

Test of Hypothesis

1. There is no significance impact of forensic investigation on budget implementation in Ekiti state ministry of budget and planning.

Table 3: Regression analysis model between predictor and criterion variables. Forensic investigation as criterion for budget implementation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.566 ^a	.320	.311	1.01696

a. Predictors: (Constant), Forensic Investigation

Table 4: Analysis of Variance for Forensic Investigation and Budget Implementation

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34.626	1	34.626	33.480	.000*
	Residual	73.429	71	1.034		
	Total	108.055	72			
a. Dependent Variable: Budget Implementation						
b. Predictors: (Constant), Forensic investigation						

Table 5: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.524	.488		7.227	.000*
	Forensic Investigation	.884	.153	.566	5.786	.000*
a. Dependent Variable: Budget Implementation						

Source: Author's Computation, 2021

Table 3 shows that correlation coefficient (R) given to be 0.566 implies that there is a high relationship between forensic investigation and Budget Implementation. The coefficient of determination R^2 value stood at 0,320. This indicates that 32% of the systematic variation on the budget implementation can be explained by forensic investigation. An explanation of the remaining 68% variation on budget implementation can be given by other variables not in this model. Table 5 revealed that Forensic investigation has a positive and significant impact on budget implementation to the tune of 0.884. Therefore, the null hypothesis is rejected while the alternative hypothesis is accepted. The size of the coefficient shows that 1% increase in forensic investigation will cause 88.4% increase in budget implementation. Table 4 further revealed that the F-statistic of 33.480 and the probability of 0.000 which shows that the regression result is statistically significant because this is less than 5%, the level of significance.

Discussion of Finding

Finding of the study revealed that forensic investigation improves budget implementation, contribute to the level of development, reduced falsification of document on budget implementation, forensic investigation promote transparency and checkmate embezzlement of money allocated for budget implementation. The finding support that of Festus, Olajide, Kehinde, and Trimisu, (2020) who revealed that the application of forensic accounting techniques has positive effect on curbing fraud in budget implementation.

Also, the finding revealed that with forensic investigation budget is implemented without delay, budget is adequately monitored, it reduced diversion of unutilized funds of budget implementation, adequate control of quality in budget implementation are achieved with forensic investigation. The study was similar to the finding of Okoye, Ugochukwu, and Ukwuoma (2020), who revealed that business valuation, revenue analysis and documentary evidence have an impact on budget implementation in Imo State.

Conclusion and Recommendations

The study evaluated the impact of forensic investigation on the budget implementation in Ekiti state ministry of budget and planning. Based on the finding of the study, it was concluded that forensic investigation could be used as a driving force of budget implementation since it helps in achieving budget implementation in state ministry of budget and planning. The study recommended that forensic investigation should continuously be used as a measure to improve level of budget implementation in Ekiti state. Also, in order to continuously see the

influence of forensic investigation in the ministry of budget and planning, competent and qualified forensic accountants should be employed to investigate budget of ministries of budget and planning.

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