



Effects of Dual Budgetary System on SUBEB Building Construction Management in Selected Local Education Authorities of Bauchi State

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ABSTRACT

The development of lower and upper basic education in Nigeria is of significant interest to every government, with the aim of achieving the sustainable development goals of the millennium. This study aimed to assess the effects of a dual budgetary system on the management of SUBEB building construction in selected local education authorities of Bauchi State. A survey research design was employed, and the study's population included all LEAs in Bauchi state. To sample five LEAs in the state, a simple random sampling technique was used. The primary instrument for data collection involved a documentary analysis of budgetary allocations in the state, which encompassed both recurrent and capital expenditures. Mean and percentages were employed to address the research questions. The study's findings revealed that recurrent expenditures outweighed capital expenditures, indicating that a significant portion of the budget was allocated to recurrent expenses, while capital expenditures received comparatively less funding. The researcher recommends an improvement in capital expenditures to adequately provide the essential teaching and learning resources, thus enhancing the effectiveness of the available teaching and non-teaching workforce within the education sector.

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INTRODUCTION

One of the primary aspirations of every nation is to significantly reduce illiteracy, particularly in modern societies. This is because education is a crucial benchmark used to assess and categorize nations as either developed or developing. The Universal Basic Education (UBE) Scheme was conceived to usher in a positive transformation in the educational system, aiming for quality, functional, and free education. However, this vision has encountered various challenges, such as high enrollment with insufficient classroom space, a lack of laboratories, deteriorating infrastructure, the employment of unqualified teachers, and a shortage of funds. These obstacles, among others, have hindered the effective implementation of the program (Ogunniran, 2018).

This situation signifies that the Federal Government of Nigeria has not only given its approval but has also demonstrated its commitment to implementing the decisions made at the Jomtien Conference in Thailand in

1990 regarding the right of children to education. In order to prevent the Universal Basic Education Commission (UBEC) from facing the same fate as the previous 1976 Universal Primary Education Scheme (UPE), the government introduced the Universal Basic Education (UBE) blueprint in 1999.

The UBE blueprint expects learners to acquire basic skills in reading, writing, and numeracy, ensure universal access to basic education, provide a conducive learning environment, deliver free and compulsory basic education to every child in Nigeria, including street children, and help reduce the dropout rate from the formal school system. The program covers the first nine years of schooling for all Nigerian children. This implies that primary education, spanning six years, is free for all Nigerian children of primary school age, while children who qualify for junior secondary school will enjoy free and compulsory junior secondary school education for three years.

To effectively organize, manage, and implement the primary objectives of universal,

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free, and compulsory primary and junior secondary school education in Nigeria and to address the need to reduce dropout rates and illiteracy in society, the Federal Government established a body to oversee the daily activities of the scheme. This body, known as the Universal Basic Education Commission (UBEC), is responsible for setting, maintaining, monitoring, funding, coordinating, mobilizing, and advising the government on the scheme's implementation, as stipulated in section 7 of the UBEC Act of 2004. To assist the scheme's operators and ensure strict adherence to the UBE Act of 2004, a management system manual was provided, covering aspects such as planning, financial management, staff development programs, physical facilities and equipment management, and instruction supervision, among other sections (Udensi, 2016).

To achieve the aforementioned managerial functions related to planning, financial management, state development, physical facilities, equipment, and instruction supervision in line with the Universal Basic Education (UBE) manual, boards in different states of the southern and eastern regions have worked diligently to realize these objectives (Ogbonnaya, 2000; Yorder, 2003).

There is a significant lack of information regarding state and local expenditures for education, making accurate estimates of total spending challenging. In general, the available data indicate a deficiency in education funding, especially at the state level. Excluding direct federal spending through the Universal Basic Education Commission (UBEC) and the Education Trust Fund, total state education expenditures in all but one of the nine states saw a significant decline between 2001 and 2004. According to Barro (2000), an increase in resources allocated to non-productive government services is associated with lower per capita growth. Therefore, government expenditure that fosters economic growth should be geared towards productive services.

As Grilli (2004) points out, government spending, or government expenditure, encompasses all government consumption and investment but excludes transfer payments made by the state.

Government expenditure can be for the acquisition of goods and services for current use to directly satisfy individual or collective needs of the community members, or it can be for the acquisition of goods and services intended to generate future benefits, such as infrastructure investment. These expenditures can represent transfers of money, such as social salaries and administrative costs.

Government expenditure, like expenditure by private sector firms, can be categorized as either recurrent or capital expenditure. Recurrent expenditure involves ongoing spending or, in other words, spending on items that are consumed and have a limited useful life. These are items that are depleted in the process of providing goods or services. In the case of the government, recurrent expenditure includes wages and salaries, as well as expenditures on consumables such as stationary supplies, drugs, and bandages (Pryor, 2007). Capital expenditure, on the other hand, refers to spending on assets – the purchase of items that will endure and be repeatedly used in the provision of goods or services (Covaleski, John, Evans, Joan & Michael, 2003).

Statement of the Research Problem

According to Ahmed (2020), one of the major issues faced by Bauchi State SUBEB in recent times, as highlighted by the state SUBEB chairman, includes the following problems: many primary school roofs were damaged by windstorms but have not been repaired, there is a need for renovation and construction of new toilets, and there is a shortage of learning and instructional materials.

The concept of compulsory, free, and universal basic education in Nigeria, both formal and non-formal, is critically important for the survival of any society. There is a high rate of illiteracy in the Northern part of Nigeria, especially in the North-East, of which Bauchi State is a part (Udensi, 2016). Records from UBEC (2014) reveal that budgetary allocations, accounting for an average of 82% per annum of the Federal Government's education spending, are mainly directed to the Federal Ministry of Education (FMOE) and its agencies. The budgeting process may provide different paths for capital (or developmental) expenditures and

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operating expenditures. Such dual budget systems have created problems in several developing countries because they tend to neglect the recurring funds required to operate developmental capital projects. This results from a lack of coordination between donor-financed (mostly developmental) and domestically financed (mostly operating) programs, leading to distorted priorities that do not align with local choices. Furthermore, development programs are often planned without considering resource constraints (Alms, 2002).

Lienert and Sarraf (2001) suggest that budget predictions are impacted when actual revenue received falls short of the initial estimates. External factors negatively affecting assumed revenue may include economic downturns (especially in capital budgeting). The main issue with budgeting is that it relies on past and present data, allowing for predictions and forecasts about the future. However, various pressures in the process can constrain managers and affect the quality of the information they collect. Many problems are associated with budgeting; there may be an excessive reliance on this technique as a substitute for good management. The budgetary system, possibly due to undue pressure or poor human relations, can lead to antagonism and reduced motivation. Variances in budgets often result from changing circumstances, poor forecasting, or general uncertainties arising from managerial performance (David, 1988).

Over the years, Nigerian states have made various attempts to improve their budgetary processes with the aim of imposing greater fiscal discipline on managing both private and public agencies. Nowadays, most companies proudly boast of having a well-detailed and properly structured budgeting process, and top executives use this tool to allocate revenue resources (Anderson, 1996). Budgeting is the process used by the management of manufacturing companies to formalize their plans (Horngren, Sutton & Teall, 2004). The budget allocation of SUBEB in Bauchi State has remained relatively static, despite the government declaring a state of emergency in education. This lack of an upward review of the SUBEB budget over the years has

made it challenging to align procurement of basic capital and recurrent expenditures with the educational demands.

Aim and Objectives of the Study

The main aim of this research work is to examine the impact of dual budgetary system on SUBEB Building construction Project Financial Management in six selected local governments in Bauchi State for efficient and effective budgeting process. The following are specific objectives:

1. To assess the Recurrent Expenditure on SUBEB Building construction Project Financial Management in Bauchi State.
2. To assess the Capital Expenditure on SUBEB Building construction Project Financial Management in Bauchi State

Research Questions

1. What is the Recurrent Expenditure on SUBEB Building construction Project Financial Management?
2. What is the Capital Expenditure on SUBEB Building construction Project Financial Management?
- 3.

LITERATURE REVIEW

The Recurrent and Capital Expenditure on SUBEB Building construction Project Financial Management on six local governments in Bauchi State (Toro, Dass, Bauchi, Alkaleri, Warji, and Ningi) will be considered but due to the financial constraint and logistic problems the study will be limited to the primary school buildings (New ones and maintenance) in some selected Local Governments in Bauchi State. The reason for choosing recurrent and capital expenditure is to access them in terms of construction and maintenance work in Primary Schools in Bauchi State.

Recurrent expenditure refers to expenditure on purchase of goods and services, wages and salaries, operations as well as current grants and subsidies (usually classified as transfer of payments). Recurrent expenditure, excluding transfer of payment is also referred to as government final consumption expenditure the annual budget spells out the direction of the expected



expenditure, as it contains details of the proposed expenditure for each year, though the actual expenditures may differ from budget figures due, for example, to extra budgetary expenditures or allocations during the course of fiscal year.

Government around the world may define “capital” in different ways. Capital spending is generally about physical assets with a useful life of more than one year. But it also includes capital improvement or the rehabilitation of physical assets that enhance or extend the useful life of the asset (as distinct from repair or maintenance which assures that the assets are functional for its planned life). Michael (2008) opined that capital spending is sometimes associated to investment or development spending, where expenditures have benefits extending years in to the future. Under this definition government may include physical assets; for government use (for the building of offices and classes), public good nature that also enhances private sector development (construction of road and water systems), and intangibles (provision of education and research centers). It can be quite difficult to distinguish between investment and non-investment expenditures and if investment spending receives preferred or special treatment in the annual budgeting process, many types of spending whether recurrent or not may end of being classified as investment.

The Nigerian budgetary system is indeed characterized by an immensity of fiscal recklessness. The national budgetary processes and their deficiencies are accordingly central to the central fiscal irresponsibility. But the budget should provide an effective strategy for the efficient financial management of any identifiable system or organization (Igbara, Tordee, Nwadike & Abuba, 2016). Budgeting is truly an important concept that is pertinent to any organization (Schadone, 2016).

Recurrent expenditure on the other hand refers to expenditure on purchase of goods and services, wages and salaries, operations as well as current grants and subsidies (usually classified as transfer payments). Recurrent expenditure, excluding transfer payments, is also referred to as government final consumption expenditure. The

annual budget spells out the direction of the expected expenditure, as it contains details of the proposed expenditure for each year, though the actual expenditures may differ from the budget figures due, for example, to extra-budgetary expenditures or allocations during the course of the fiscal year (Ekhatior & Chima, 2015). Governments around the world may define “capital” in different ways. Capital spending is generally about physical assets with a useful life of more than one year. But it also includes capital improvements or the rehabilitation of physical assets that enhance or extend the useful life of the asset as distinct from repair or maintenance, which assures that the asset is functional for its planned life (Yorder, 2003).

The Nigerian public sector is indeed characterized by an immensity of fiscal recklessness. The national budgetary processes and their deficiencies are accordingly central to the fiscal irresponsibility. But the budget should provide an effective strategy for the efficient financial management of any identifiable system or organization (Igbara, Tordee, Nwadike & Abuba, 2016). Budgeting is truly an important concept that is pertinent to any organization (Schadone, 2012).

The term finance is derived from the latin word ‘finis’ which means a contract involving money or monetary credit that has been concluded under the roman law. In modern terms however, finance has gone beyond mere contract. This definition is very comprehensive as it brings out clearly the salient features of finance.

In general terms, management involves planning, organizing, directing and controlling of resources to achieve organizational objectives. Planning is defined as an analytical process which involves an assessment of the future, determination of the desired objectives in the context of the future, the development of alternative courses of action to achieve such objectives, and the selection of a course or courses from among these alternatives (Scott & Enu-kwesi, 2018). Budgetary System can be used as tools for planning and controlling different budgetary paths for capital or (developmental) expenditures and recurrent or (operating) expenditures at the lower to the higher

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hierarchical budgetary performance. Records from UBEC (2014) shows the budgetary allocations account for an average of 82% per annum of FG education spending and are mainly to the Federal Ministry of Education (FMOE) and its agencies. Extra-budgetary funds (EBF) represent the remaining 18% and often accrue for education through certain dedicated funds outside FMOE's control (such as the Debt Relief Fund [DRF]/MDG and legislators' constituency projects).

METHODOLOGY

The chosen research design for this study was a survey research design, which was selected to facilitate broader coverage of SUBSB facilities within the study area. The study's population consisted of all the Local Education Authorities (LEAs) under SUBEB in Bauchi state. To ensure a representative sample, a simple random sampling technique

was employed, selecting twenty-five percent (25%) of the LEAs for generalization purposes. These selected LEAs included Toro, Bauchi, Ningi, Dass, and Warji.

The primary tool for data collection involved a Documentary Analysis of the SUBEB LEAs' Budgetary Allocations, encompassing both Recurrent and Capital Expenditures (SUBEB, BARCE), spanning from 2015 to 2019. Descriptive and inferential statistics were employed to analyze and address the research questions. For research objectives 1 and 2, descriptive statistics, specifically simple percentages, were used, and the data were presented through bar graphs. Meanwhile, research objectives 3 and 4 were examined using correlation and regression coefficients.

Research Question 1: What is the Recurrent Expenditure on SUBEB Building construction Project Financial Management?

Table 1: Summary of Local Education Authorities Recurrent Expenditures 2015-2019

SN	LEA	TOTAL	%
1	TORO	4,662,856,421.62	15.13
2	NINGI	4,497,830,956.67	14.59
3	BAUCHI	13,533,770,842.10	43.91
4	DASS	2,623,773,916.20	8.51
5	WARJI	5,500,417,583.25	17.85
	TOTAL	30,818,649,719.84	100%

Table revealed that Toro LEA utilized 15.13 %, Ningi 14.59%, Bauchi 43.91%, Dass 8.51% and Warji 17.85% this shows that was low compared to the level of manpower and the requirements of running the education sector.

Research question 2: What is the Capital Expenditure on SUBEB Building construction Project Financial Management?

Table 2: Capital Expedites of Selected Local Education Authorities in Bauchi from 2015-2019.

LEA	AMOUNT	PERCENTAGE
TORO	₦570,673,222.49	20.45%
NINGI	₦ 414,953,968.10	14.87%
BAUCHI	₦ 867,792,964.18	31.10%
WARJI	₦ 431,551,712.32	15.46%
DASS	₦ 506,193,788.42	18.14%
Total	₦ 2,791,165,655.51	100%

Table 2 revealed that the capital expenditures of the selected local education authorities from 2015-2019 is ₦ 2,791,165,655.51. base on the allocations, Toro LEA make an expenditure of ₦570,673,222.49 which is equivalent to 20.45%, Ningi, ₦

414,953,968.10, equivalent to 14.87%, Bauchi, ₦ 867,792,964.18 equivalent to 31.10%, Warji, ₦ 431,551,712.32 the same as 15.46%, and lastly Dass, ₦ 506,193,788.42 equivalent to 18.14% respectively. By illustration, figure 4.2 present the details allocation.

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DISCUSSION OF FINDINGS

This study aimed to assess the impact of a dual budgetary system on the management of SUBEB building construction in selected local education authorities within Bauchi State. The study's findings revealed a significant disparity in financial allocations between current expenditures, which amounted to N30, 818, 649, 719.84 from 2015 to 2019, and capital expenditures, which totaled N2, 791, 165, 655.51. This budgeting approach failed to effectively complement one another, with only 6.6% of the budget allocated to capital expenditures. This stark contrast in funding allocation was evident in the prevalence of dilapidated building structures, insufficient teaching and learning resources, classroom shortages, and the absence of modern teaching facilities within the study area (Igbara, Tordee, Nwadike & Abuba, 2016).

Consequently, the present government should prioritize efforts to revitalize the education sector, especially at the Local Education Authorities (LEAs). It is crucial to ensure that the quality of teaching and learning environments is not compromised. Without adequate provision of building facilities and learning materials, the presence of teachers may result in reduced effectiveness and productivity.

RECOMMENDATIONS

Base on the findings of the study, the researcher recommends the following:

1. More investment should be made on capital expenditures for standardization of building structures
2. Adequate provisions should be made on teaching and learning facilities
3. The allocation of capital expenditures should be improved for sustainable development of the LEAs.

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