Accounting Policy Choice and Budget Performances in Nigeria: A Case of Government Integrated Financial Management Information System (GIFMIS)

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Abstract: Despite the establishment of GIFMIS as one of the benchmarks for countries' requirement for achieving efficient administration of the budgetary performance, its efficiency in mitigating the challenges of accounting problems for the efficient utilization of public resources has not been properly investigated especially in developing countries. It is against this backdrop that this study investigated accounting policy choice and budget performances in Nigeria: A case of Government Integrated Financial Management Information System (GIFMIS). This objective was addressed using multinomial logistic regression, inter correlation coefficient matrix analysis and analysis of variance (ANOVA). The results found that proxies of GFMIS have positive and significant effect on budget performance in Nigeria. Based on this finding, the study recommended that government integrated financial management system (GIFMIS) can ensure sound budgetary performance via accountability, access to information, accurate costing, and fraud detection and therefore its adoption and sustainability should be encouraged.

Keywords: *Accounting Policies, Budget Performance, Fraud Detection, Accountabllity, GIFMIS.*

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I. INTRODUCTION

The Nigerian government for decades is very much disturbed over persistent poor total budget performance as evidenced by weak financial management positions of Ministries, Departments and Agencies. This poor financial management orchestrated mainly by multiple bank accounts totaling about 12,622 with various commercial banks by Ministries, Departments and Agencies is fundamental to paucity of fund for government to carry out its expenditure needs leading to wide revenue – expenditure gap (Hendriks, 2022). Furthermore, the fact that government does not have effective control over these financial positions at various commercial banks culminated into government out borrowing money that further stiff total budget performance.

Similarly, poor budgetary control, implementation and evaluation have been a serious concern in Nigeria. This is because despite hundreds and trillions of Naira expended in the various budgets, there was little to show in terms of crucial infrastructural development, employment prospects, alleviating poverty, and debt overhung among others. These deficiencies in financial, accounting and budget reporting, have constituted a great concern to accounting system in Nigeria Also, unavailability of dependable data on revenue and expenditure for planning as well as monitoring of budget has negative effect on total budget performance. This often results into poorly

controlled and management of government resources due to huge accumulation of arrears, hike in interest rate and crowding out of private-sector investment. This undermines the government's ability to provide citizens with services effectively and efficiently (Diamond & Khemani, 2021). All of these factors made it imperative to construct a strategic plan whose only goal is to improve the financial management systems, competencies, and abilities of the government's financial operational units. Additionally, it is believed that if financial data is presented in a reliable manner, it may be essential to enhancing budgetary control over spending (Phalama, 2020). In order to solve these issues and enhance budget performance, the Nigerian government implemented the Government Integrated Financial Management Information System (GIFMIS), which was prompted by the International Monetary Fund's 2019 study.

II. STATEMENT OF THE PROBLEM

If GFMIS is implemented, it is anticipated that the entire accounting and auditing system will be computerised in order to produce accurate and trustworthy financial statements, track the fiscal deficit, predict cash flow, manage public debt, and establish efficient financial controls that will improve the overall performance of the budget. By safeguarding public resources from the dangers of expropriation and corruption, it is expected that an efficient and functional GIFMIS will take the lead in guaranteeing that the money released through revenue generation, appropriation procedures, and debt forgiveness methods will be used effectively and transparently for overall budget performance and governance (Kanayo & Okafor, 2021).

But even though GIFMIS's creation has become a standard for nations' budget reform agendas because it is thought to be a prerequisite for attaining effective management of the budgetary performance, its effectiveness in reducing accounting issues for the effective use of public resources has not been thoroughly examined, particularly in developing nations like Nigeria. Given the foregoing, this study examined how Nigeria's budget performance was impacted by the Government Integrated Financial Management Information System (GIFMIS).

III. OBJECTIVE OF THE STUDY

- To investigate effect of GFMIS implementation on budget performance in Nigeria.
- To find out if a significant level of association exists between GFMIS implementation on budget performance in Nigeria.

IV. HYPOTHESIS

- $H0_1$: GFMIS implementation has no effect on budget performance in Nigeria.

- $H0_2$: There is no significant level of association between GFMIS implementation on budget performance in Nigeria

V. THEORETICAL LITERATURE

A. Theoretical discussions
Theoretical discussions of financial management information systems and overall budget performance abound in the body of existing finance literature. In order to achieve this, the paper's theoretical foundation was provided by Ajzen's 1991 theory of planned behaviour and Stein and Rosefielde's 2005 institutional-centric theory of finances.

B. Institutional-Centric Theory of Finances
In 2005, Stein and Rosefield developed an institutional-centric theory of finance to replace the flawed financial liberalisation paradigm that exacerbated instability in emerging nations during the 1990s. Stein and Rosefielde (2005) acknowledged the existence of incomplete information in both formal and informal organisations, which impedes the production of accurate accounting reports, based on the idea of market imperfections. As a result, having an integrated system that facilitates access to financial information in real time is essential. According to Stein and Rosefielde (2005), integrating financial data results in efficacy and effectiveness. This theory is relevant to this study since the goal of Nigeria's public financial management system reform is to improve information access in order to guarantee accountability and transparency, which will lead to efficient budget performance.

- Theory of planned behavior
There is a connection between beliefs and behaviour, according to Ajzen's 1991 theory of planned behaviour. Therefore, one of the theory's predictive abilities is its ability to persuade people to exercise perceived behavioural control, which is why it is used in research on the relationships between attitudes, beliefs, and intentions in a variety of sectors, particularly finance. Thus, according to the idea, a person's actions and intentions are shaped by their attitude towards behaviour, subjective norms, and perceived behavioural control taken together. Thus. Regarding this research, the theory is a useful tool for budgetary reforms because they include a variety of efforts to fortify the policies and procedures that support budgetary processes. Therefore, these well-defined guidelines, protocols, and budgeting processes will provide specific anticipated results in the administration of public monies.

- Empirical Literature
Extant empirical literatures show a link between financial management information system (GIFMIS) and budget performance. For instance, Mathiba (2021), Coompanthu (2020), Tilahun (2020), Birhanu (2021), Asegid (2022), Gichoya (2019), Ga kunu (2019), Munyambonera and Lwanga (2019), Felix and Rufus (2018) all agreed to the fact credibility of financial management influences financial performance of any economy and that there exists a positive connection between financial management information system and

financial reporting. However, most these reviewed extant studies are not carried out in Nigeria. Besides the paucity of extant studies on the subject matter in Nigeria, the few ones were limited to implementation of financial reforms without express linkage to budget performance that is core to improved welfare of the citizenry. More so, most of the existing studies in Nigeria were done at the early stages of the public financial management reforms necessitating the need to expand the study to incorporate recent events as reform is a process and varies with time and implementation. All these are the void this paper is out to fill.

VI. METHODOLOGY

➢ *Research Approach*

The paper utilized deductive approaches to examine the effects of Public Financial Management Reform on Federal

government budget performance, with a reference to the activities of GIFMIS. Therefore, quantitative (deductive) analyses were used in the process of data collection, data analysis and testing of hypothesis. The quantitative data used in this paper were sourced via the use of structured questionnaire. The structured questionnaire was crafted to containing simple closed-ended questions framed to address the specific objectives of the paper. The questionnaire was divided into two parts: Part I contained questions that chronicle the demographic profile of respondents while part II are questions carefully drafted to achieve the main concern of the paper.

➢ *Population of the Study*

The paper target population is 4,121 staff of GIFMIS role players serving in the following Six (6) MDAs in Nigeria. The population, therefore, is shown as follows:

Table 1 Population of the Study

SN	MDA	NO OF ROLE PLAYERS
1	BOF	438
2	OAGF	826
3	OAuGF	278
4	FMFBNP	886
5	FMA&RD	954
6	FMOH	739
	TOTAL	**4,121**

Source: Author's compilation, 2024

➢ *Sample Size*

For actual survey, a sample of 375 respondents was selected through random sampling for actual field study. Owing to the heterogeneity of the population of the study, multi-stage sampling technique was employed in reaching out to the participants. The sample size determination procedure is based on the Yamane's formulae (1967) for determining sample size when population of the study is known thus:

$\mathbf{n} = \frac{N}{1+N(e)2}$ Where n = sample size, N = Total population and e = level of significance $(0.05)^2$. $\mathbf{n} = \frac{4121}{1+4212(0.05)2} = \frac{4121}{11} = \frac{4121}{11} = 375.$

Table 2: Distribution of Determined Sample Size

Sn	MDA	Na	n	nNa/N
1	BOF	438	375	40
2	OAGF	826	375	75
3	OAuGF	278	375	25
4	FMFBNP	886	375	81
5	FMA&RD	954	375	87
6	FMOH	739	375	67
	Total	**4,121**		375

Source: Author's compilation, 2024

➢ *Method of Data Analysis*

Descriptive statistics that support nominal measurement were used to analyse the respondents' demographic traits that were measured on nominal scales. Although multinomial logistic regression and correlation analysis were employed to establish the paper's major credibility, the study's hypothesis was tested using analysis of variance. The rationale behind multinomial logistic regression is

that, although the coefficient's sign indicates the type of impact or effect, the coefficient's value indicates the extent to which the set of independent variables affected the dependent variable.

VII. PRESENTATION AND INTERPRETATIONS OF THE RESULTS

A. The Descriptive Characteristic of the Respondents

While 375 questionnaires were distributed, 343 questionnaires returned. This gives a response rate of 343 out of 375, representing 92%. Correspondingly, 32 out of 375 distributed questionnaires were not retrieved giving a non-response rate of 8%. Table 1 gives the result of descriptive statistics of.

Table 3: The Descriptive Characteristic of the Respondents

	QUESTION	Response	Frequency	Percentage	Cum freq
1	Age	18-27	2	1	1
		28-37	114	34	35
		38-47	154	45	80
		48-57	70	20	100
		58and above	0	0.0	100
		Total	**343**	**100**	**100**
2	Marital status	Divorced	19	6	5.5
		Married	234	68	73.7
		Single	50	15	88.3
		Widowed	40	12	100
		Total	**343**	**100**	**100**
3	Experience	1-5 years	92	27.96	27.96
		6-11 years	127	38.60	66.57
		12-17 years	65	19.76	86.32
		17 years and above	45	13.68	100
		Total	329	100	100
4	**Educational Qualification**	PhD	15	4.37	4.37
		MBA/MSc	125	36.44	40.81
		BSc/HND	130	37.90	78. 71
		Prof Cert.	31	9.04	87. 75
		SSCE	42	12.24	100
					100
		Total	**343**	**100**	**100**
3	**MDAs**	BOF	40	**12**	**12**
		OAGF	70	**20**	**32**
		OAuGF	20	**6**	**38**
		FMFBNP	71	**21**	59
		FMA&RD	80	**23**	82
		FMOH	62	**18**	100
		Total	343	**100**	

Source: Author's computation, 2024

The findings from table 3 revealed that for the age of the 343 respondents, 2 were between the age bracket of 18-27, 114 between age bracket of 28-37 years, 154 between the age bracket of 38-47 years , 70 between the age bracket of 48-57 years and none of the respondent falls within the age bracket of 58 and above. The age distribution of the respondents suggests that majority of the respondents have had a growth prospect in their respective organizations. In terms of the marital status, 50 were single, 234 were married,19 divorced and 40 widowed. Among the respondents, 92 have 1-5 years' experience, 127 have 6- 11 years' experience, 65 have 12- 17 years' experiences while 45 have 17 years and above experience. The implication of this to the study is that most of our respondents have re sounding years of experience in the job and this overtly add to the robustness of the findings. In terms of educational qualifications, the respondents with PhD were 15, 125 have MBA/ MSC, 130 have B.Sc/HND, 31 have professional certificate, while 42 have SSCE. This

suggests that the respondents possess the requisite certificate needed for the job. According to the MDAs 40were from BOF, 70 were from OAGF, 20 were from OAuGF, 71 were from FMFBNP, 80 were from FMA&RD and 62 were from FMOH. This finding is in line with rule of questionnaire distribution based on proportionality to population.

B. Inter Correlation Coefficient Matrix
The ascertain the degree of the association between GIFMIS and budgetary performance. inter – correlation coefficient was employed analysis. The result is presented on table helped in checking the level of autocorrelation between the indices of GIFMIS and proxies of budgetary performance. The results are shown in table 4 below.

Table 4: Mean, Standard Deviation and Inter – Correlation Between GFMIS and Budget Performance

MSMEs performance	Mean	Std	1	2	3	4
1. GIFMIS and accountability	4.18	0.82	1			
2. GIFMIS and information	4.43	0,68	0.88*	1		
3. GIFMIS and costing	4.61	0.46	0.86**	0.89**	1	
4. GIFMIS and fraud detection	4.82	0.64	0.68**	0. 76*	0. 96**	1

Source: Author's Computation 2024 *** p<0.01, ** p<0.05, * p<0.1

Result on table 4 suggests that there are significant correlations between budgetary performance and proxies of GIFMIS in Nigeria. The degrees of the relationship vary with some very high and some moderate. For instance, the relationship between GIFMIS and access to information and GIFMIS and ability to demonstrate accountability were very high (r=0.88,p<0.01 and r=0.86, p<0.01) while moderate relationship exists between GIFMIS and cost activity and GIFMIS and planning (r=0.68,p<0.05 and r=0.64, p<0.05). This shows that there is a high degree of relationship between the variables of interest to the study.

The main trust of the paper was achieved using multinomial logistic regression. This is so as the approach establishes structural impact of the proxies of independent variables on the dependent variable. The results is shown on table 5.

Table 5: Result of the Multinomial Logistic Regression on Impact of Government Integrated Financial Management System (GIFMIS) on Budget Performance in Nigeria

Budget implementation (dependent variable)		Coefficients	S.E.	Wald	Sig.	Exp(B)	prob
	GIFMIS and accountability	0.0310*	.034	17.994	.000	1.772	0.0003
	GIFMIS and information	0.0404**	.304	.107	.743	1.728	0.0040
	GIFMIS and costing	0.0261*	.068	.289	.591	1.289	0.0003
	GIFMIS and fraud detection	0.0800*	.162	.652	.419	1.420	0.0006
	Constant	.2.75	1.334	.272	.602	1.191	0.0001

Source: Author's Computation,2024 *** p<0.01, ** p<0.05, * p<0.1

From estimated results of proxies of GIFMIS and budget implementation on table 4.3.1, revealed a positive relationship between GIFMIS and accountability, GIFMIS and information, GIFMIS and costing, GIFMIS and fraud detection and budget performance in Nigeria. This shows that an increase in any of the proxies of GIFMIS will bring about increase in budget performance. In terms of the effect these variables determine budget performance as a 1% increase in GIFMIS and accountability, GIFMIS and information, GIFMIS and costing, GIFMIS and fraud detection will bring about 3.1%, 4.0%, 2.6% and 8.0% increase in budget performance in Nigeria. To assess how good are the independent variables in explaining the variations in the dependent variable, the study conducted likelihood ratio test on the indicators of GIFMIS and budget performance. The result is presented on table 6 below

Table .6. Result of the Likelihood Ratio				
	Model Fitting Criteria	Likelihood Ratio Tests		
Effect	-2 Log Likelihood of Reduced Model	Chi-Square	Df	Sig.
Intercept	73.325[a]	.000	0	.0.00
GIFMIS and accountability	73.432	.107	1	.744
GIFMIS and information	73.615	.290	1	.590
GIFMIS and costing	73.978	.653	1	.419
GIFMIS and fraud detection	73.599	.274	1	.601

Source: Author's Computation,2024 *** p<0.01, ** p<0.05, * p<0.1

The findings from table.3 revealed that for the sign of coefficient of the intercept to be positive and significant, it means that all the indicators of GFMIS are contributing meaningfully to budget performance in Nigeria. Above all, the result suggests that model is of good fit.

To test the hypothesis, Analysis of Variance (ANOVA) was employed and the result is presented on table 7 below.

Table 7 ANOVA Result for the Test of hypothesis					
Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	29537953187385.254	4	7384488296846.313	38.58	.010[b]
Residual	109012846389576.480	54	2018756414621.787		
Total	138550799576961.730	58			

By comparing the calculated F –statistics with the critical F- values at 0.05 (X^2 .95) level of significance and 4 and 54 degrees of freedom, the paper reject the null hypothesis and accept the alternative hypothesis that Government Integrated Financial Management System (GIFMIS) has effect on budget performance in Nigeria.

VIII. CONCLUSION AND RECOMMENDATIONS

The paper concludes that a positive relationship exists between GIFMIS implementations and proxies of budget performance in Nigeria. On that basis, the paper recommends that government integrated financial management system (GIFMIS) is capable of ensuring sound budgetary performance via accountability, access to information, accurate costing and fraud detection and therefore its adoption and sustainability should be encouraged.

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