

# Application of Budgeting Techniques in Fiscal Institutions in Nigeria

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## Abstract

The purpose of this study was to examine the Application of Budgeting Techniques in Fiscal Institutions in Nigeria. The study specifically examined the level at which efficient budgeting techniques improves the revenue of fiscal institutions. The relationship between the budgeted recurrent expenditure and the actual recurrent expenditure is statistically significant and the relationship between the budgeted capital expenditure and the actual capital expenditure is statistically significant. The ex-post facto research design was used in this study and the purposive sampling techniques were also employed. The statistical techniques adopted for this study was the regression analysis via the use of SPSS statistical technique, which was used to test the hypothesis, which led to the rejection of the three null ( $H_0$ ) hypotheses postulated and the acceptance of the alternate hypothesis. The research work revealed that budgeting has helped to control the differences between budgeted and actual revenue, recurrent expenditure and capital expenditure to ensure better economic performance. The data used in this study are basically secondary data, collected from the internet, past research on related topic, journals, and the CBN statistical bulletin. The results of the study generally indicate that the application of budgeting techniques in Fiscal Institutions will help to improve the revenue expenditure and capital expenditure of the economy when consistently used. Therefore for budgeting to remain effective the federal government and the other levels of government, such as the state and the local government must always consider the use of the budget if it must make effective plans and decisions for the economy.

## INTRODUCTION

In our world today, almost all business activities require the use of budget, both in the formulation and implementation of its financial decisions, so as to aid productivity and growth in the economy. In government, the need for a budget plan cannot be under-estimated, because a planned budget will aid government decisions and allocation of resources to the various sectors of the economy. The fiscal institutions in Nigeria are the federal, state and local government. The economic rationale for fiscal policy in Nigeria is one thing and the existing rationale is another. These institutions, like other aspects of political and social organizations are product of multiplicity of historical forces, not necessarily well to perform the formative functions such as the allocation, distribution, stabilization and coordination functions of government. Nigeria practices a capitalist economic system. The economic system can be viewed as either public or private, both involves a mix of both sectors. For the purpose of this study the focus is going to be on the Federal government of Nigeria. The term budget refers to a plan quantified in the monetary terms, prepared and approved by the appropriate authorities prior to a defined period of time. Usually showing planned income to be generated and or expenditures to be incurred to be employed to attain a given objective.

The crucial issues confronting the government is how to adequately control budgetary expenditure in order to have a sustained balance or surplus budget that will enhance economic development. Sanusi (2011) noted that there is the wrong perception of the role of the private sector which ought to be in the engine of growth as ‘unpatriotic outsiders’ rather than what they are partners with government in the task of development. While Shonekan (2009) sees lack of fiscal discipline as a bane for monetary gap. Akinyele (2008) comments on the faulty implementation of the budget, adding that Nigerians have never been short of ideas work. Brume (2010) listed corruptive system inefficiency arising from under utilization of trained manpower, long-term absence of democratic structure in governance as culprits.

## OBJECTIVES OF THE STUDY

The basic objectives of this study are outlined below;

- I. To ensure that efficient budgeting techniques improve the revenue of fiscal institutions
- II. To ensure that the relationship between the budgeted recurrent expenditure and the actual recurrent expenditure is statistically significant.
- III. To ensure that the relationship between the budgeted capital expenditure and the actual capital

expenditure is statistically significant.

### **BUDGETING TECHNIQUES**

Budgeting techniques are the management processes, which provide the framework for the acquisition, allocation and utilization of resources by presenting decisions rules and other operational criteria, which govern the entire allocative procedure. Budgeting techniques include the following:

- A. Incremental budgeting
- B. Zero-based budgeting
- C. Planning programming budgeting system

### **INCREMENTAL BUDGETING**

The incremental approach to budgeting combines the cost identified from the previous accounting period with percentage additions. These percentage additions are utilized to cover two key areas which include cost increases as a result of inflation or higher purchases cost and predictions associated with increases in cost and income as a result of business volume predictions. It is known as incremental budgeting because the process is mainly concerned with the incremental (or marginal) adjustments to the current budgeted allowance. According to the Chartered Institute for Public Finance and Accounting (CIPFA), a key characteristic of the approach is that budget preparation is a process of negotiation and compromise. "Incremental budgeting is therefore based on a fundamentally view of decision making than more rational approaches. This is because a negotiation settlement between interested parties requires willingness to compromise. If consensus breaks down, compromise cannot be reached and the incremental process becomes invalid. According to (CIPFA, 2009) use of this model therefore requires a relatively stable form of representative government. Collin Drury (2000) viewed incremental budgeting as a budgeting technique in which cost level as frequently determined by what was spent previously plus a certain percentage based on the level of inflation in the economy this means that existing operations and the current budgeted allowance for existing activities are taken as the starting point for preparing the next annual budget.

### **ZERO- BASED BUDGETING**

The clue is in the title here, as the zero-based budgeting system requires budgeting to commence with the assumptions that every cost has a zero- base. Next, each item relating to expenditure is worked through and decisions are made as to whether the purchase is completely essential. Then different purchased options associated with the specific items are explored as a means of ensuring the item obtained are cost- effectively as possible. Zero- based budgeting unlike the incremental approach, starts from the basis that no budget line should be carried forward one period to the next simply because they occurred previously. Instead, everything that is included in the budget must be considered and justified. Zero- based budgeting was first introduced in 1969 in united state and made popular by ex- president Jimmy Carter. According to him, a decision package is the foundation of zero- based budgeting. It is an innovative technique to guide against wastage in public expenditure. The technique ignores completely the previous year's allocation of fund to each unit and requires them to justify new budget proposals by starting new programmes/ projects and their relevance. Zero- based budgeting (ZBB) is a planning and budgeting technique, which requires every official responsible for major functions or activities of government or other organizations to justify his or her entire requests in detail. It a management process that provides for systematic consideration of all programmes and activities in conjunction with the formulation of budget and programme planning. Kayode, (2009) explains ZZB that it starts the budget from a zero situation and justifies each segment of the budget rather than merely adding to historical budgets or actual. By starting each programme budget from base zero, costs are calculated afresh, thus avoiding the common tendency in budgeting to lack only costs at changes from a previous period.

### **PLANNING PROGRAMMING BUDGETING SYSTEM (PPBS)**

This system is primarily associated with corporate management and identifies alternative policies, the implication of their adoption provides for their control. The key difference from traditional approaches is that it relates cost estimates to programmes using a cross- cutting method rather than attributing costs on a traditional departmental basis. Planning programming and budgeting system was introduced in Nigeria in 1980, before then we were using the traditional line item budgeting system which contains irrelevant details that had nothing to do with setting goals and achieving them. PPBS represent a systematic approach to budgetary planning management and resource allocation. PPBS focus on the output of programs where as traditional budgetary approach tends more or less to emphasize a size input. It assess as fully as possible the total cost and benefits both current and future of various alternatives in PPBS, types of expenditure or organizational entities. PPBS is designed to open up the debate on making choices in terms of what to do, how much to do it and when to do it. The problem with PPBS is not with its ideal, but practicability.

## **THEORITICAL FRAMEWORK**

### **NORMATIVE THEORY**

How successful has the normative theory and its specific off springs been? Evaluations of budget reforms, both specifically and generically, have often been negative. The reformers urged wide public participation in budgeting, with open hearings, advertisements, public presentation of budget exhibits, and budgets that were explanatory to the average person. Such participation were either short lived or did not materialize. Calls for a consolidated budget that explain to the public the range of programs and types of spending have dimmed in the face of continuing fragmentation, multi- year budgets, off- budget accounts, and different types of spending, specific reforms, such as Management by Objective (MBO), PPB, and ZBB have been evaluated and declared to be failures. More generally, the incrementalists argued that many reforms required comprehensive evaluation of programs and specific delineation of spending for specific purposes, which would have negative effects. A great number of programs could not be compared at one time, and the effect of making spending clearer would undoubtedly be more conflict. They disapproved of the idea of bringing the public more into the budgeting process for fear of increased and conflicting demands. They argued that budgeting should not be reformed.

### **DESCRIPTIVE THEORY**

If in normative theory, budgets were more successful than they were in descriptive theory, scholarly evaluation may have been overly optimistic. Incrementalism, which was intended not only as a normative theory but also as a descriptive theory, was dominant and in many ways inadequate. It prevented many budgeters from seeing the changing budget reality in front of them and theorizing about it. As a result, theory and practice grew unacceptable far apart. At the national level, Aaron Wildavsky's well known study, "The Politics of the Budgetary Process" emphasized the role of agencies in the budget process, assumed their desire for growth, and discussed their strategies in dealing with the congressional review process, especially the appropriations committees. That book came out in 1964 and was updated at intervals until 1984. The author gave up the framework and wrote a new book, "The New Politics of the Budgetary Process", published in 1988. Two years after Wildavsky's 1964 book, Richard Fenno's block-buster, the power of the purse: "Appropriation Politics in Congress", was published. This book is still treated as a classic, and together they framed the incrementalist assumptions about budgeting at the national level. They emphasized the centrality of legislatively dominated budget, the importance of the agencies in the process, the decentralization of the process, and the lack of comparison between alternatives for spending. The incrementalist model argued that no major changes in the budgets from year to year and hence that few choices of policy consequence were being made in the context of the budget. For example, incrementalism postulates a decentralized budget process, which focused attention away from the actual level of centralization and co-ordination of the budget process. Congressional budget reforms in 1974 eventually forced attention to the issue, but those focusing on it had to work outside the theory of incrementalism. It was not until 1980 that Allen Schick's (non- incrementalist) comprehensive description of the causes and functioning of the 1974 budget and impoundment control Act was published. That study brought home a fact that should have been obvious much sooner that the level of centralization of budget processes varies and that theory needs to describe and explain that variation.

### **EMPIRICAL FRAMEWORK**

Horngren et al, (2008), states that recent surveys show just how valuable budgets can be. They assert that, a study of more than 150 organizations in North America listed budgeting as the most frequently used cost management tools and it was also the tool with the highest value to the organization. Furthermore, they show that study after study has shown the budget to be one of the most widely used and highly rated cost management tools for cost reduction and control highlighting one of the usefulness of budgeting to the users, they maintain that, advocates of budgeting claim that the process of budgeting forces managers to become a better administrator and puts planning in the fore- front of managers mind. In the same book, Horngren et al (2008) also points out that the result of a survey carried out in the same place (North America) shows that most managers still agree that budgeting, correctly used has significant value to management. They reported that over 92% of the 150 companies in North America used budget and remark budgeting as the top among the top three cost management tools. In the same vein a round table discussion organized by CIMA and ICAEW in 2004 on "The traditional roles of budgeting remains widespread". Some claim that as many as 99% of European companies have a budget in place and intention to abandon it, carried out in India found out that the use of budget as a part of management control system is widespread. Precisely, 88.7% of the respondents in their study, prepared budgets. They assert that nearly all the companies in Chanhall & Lagfield, 1998 (all cited in Anand et al, 2012). On the contrary, research also shows that over 60% of companies' claim they are continuously trying to improve the budgeting process to meet the demands set for management in creating sustainable value (Ekholm & William, 2010, cited in CIMA- ICAEW, 2004). According to Bourne, (2009), Cranfield University in 2001 teamed up with accenture's finance and performance management service line to undertake a large worldwide

review of planning and budgeting. They focused on 15 companies in the US and Europe which had already made adjustments to their budgeting practice. In addition, the researchers reviewed over 100 academic and practitioner books on the subject. The result showed a widespread dissatisfaction with the budgeting process (Bourne, 2009). Contrary to this conclusion, Dugdale & Lyne, (2009) also argued that there is little or no evidence to support the view mentioned above that there is a widespread dissatisfaction with the budgeting process. They affirm that, there seems to be no widespread dissatisfaction with the traditional budgeting, instead managers generally see budget as important, especially for planning, control and evaluation. More so, one of the criticism held against the traditional budgeting is that, budgets are rarely strategically focused, but contrary to this opinion, Anand et al (2012) in an investigation carried out in India found out that the respondents as a matter of fact used more than one goal in formulating the master budget. Also, a study carried out in Nigeria by Agbogun & Fagbemi, (2011), they focused on eight manufacturing companies in Nigeria, the result of the research revealed that most companies in the country operate budget annually, thereby confirming the widespread use. Apart from its widespread use, budgeting is a veritable tool for planning, controlling, communicating, decision making and value creation.

### **RESEARCH DESIGN**

For the purpose of this study, the ex-post facto research design was adopted. This is because in ex-post facto research the effect and the alleged cause have already occurred, but both conditions and studied in retrospect. This type of research is one that takes place after the event or the fact had taken place. In this type of research the researcher does not have control over the variables of interest and therefore cannot manipulate them because the situation to be studied already exist or has already taken place.

### **POPULATION AND SAMPLE SIZE**

Because of the researchers interest to carry out a study on the Application of Budgeting Techniques in Fiscal Institutions in Nigeria; the population of this study shall consist of all departments in the Budget Office of the Federation, consisting of seven (7) departments. However, for the purpose of this study the sample population will be drawn from Revenue, Finance & accounts, and Expenditure department.

### **SAMPLE TECHNIQUES**

The sample techniques adopted for this research is the purposive sampling techniques. Here the researcher uses own judgment to determine which respondent to choose to suit the purpose of the study. It involves deliberate selection of the sample subjects considered as representative of the target population. The criteria to be used are usually a matter of the researchers' judgment. Therefore the representativeness of such samples is only assumed and guided by what the researcher considers as likely to provide him with the requisite information. Olannye, (2006).

### **METHODS OF DATA COLLECTION**

The data used for this study were secondary data, as represented by the "Annual Reports and Accounts of the Federal Government Budget of Nigeria, from the period of 2000- 2010. The Annual reports/ statistical data were gotten from the Federal Ministry of Finance & Central Bank of Nigeria (CBN) statistical bulletin. The use of the secondary data was necessary because of the quantifiable and verifiable nature of the variables involved; Budgeting and Fiscal institutions. Other secondary data used were gotten from textbooks, Journals, the internet, etc.

### **TECHNIQUES OF DATA COLLECTION**

The method of data analysis simple means the statistical tool or techniques utilized in processing the data collected, with a view to arriving at valid conclusions. (Ehiedu, 2012). The statistical techniques adopted for this study is "Regression and correlation analysis via the use of SPSS statistical techniques." The regression and correlation was chosen in order to determine whether efficient budgeting techniques improves the revenue of fiscal institutions, whether the relationship between the budgeted recurrent expenditure and the actual recurrent expenditure is statistically significant and whether the budgeted capital expenditure and the actual capital expenditure is statistically significant.

### **DESCRIPTION OF ANALYSIS OF RESEARCH VARIABLES**

The study utilized budgeted and actual data to measure the technique and performance of the budget of the Federal Government of Nigeria. In the aim to ascertain the efficiency and performance of the federal government budget. In functional notation we represent our equation as follows;

$$AB = a_0 + a_1AR + a_2ARE + a_3ACE + u_i$$

**Where:**

AB= Total Actual Expenditure  
 AR= Actual revenue  
 ARE= Actual Recurrent Expenditure  
 ACE= Actual Capital Expenditure  
 $a_0$  = Intercept  
 $a_1, a_2$  and  $a_3$  are parameters to be estimated.  
 $U_i$ = Random variable.

In the above model AB is the dependent variable that measures the performance of the federal government budget. While AR, ARE and ACE are our independent variable.

## DATA ANALYSIS

Table 1

### Descriptive Statistics

Mean	Std. Deviation	N
3980.1545	2251.40517	11
4510.4455	2181.09168	11
1166.3264	742.33999	11
1416.8727	860.58202	11
582.3582	299.25913	11
598.5182	334.34894	11

The collected data for the specified variables in the study were subjected to descriptive correlation and regression analysis. The descriptive analysis entails the analysis of data of both budgeted and actual. Table.1 below shows the mean and standard deviations of the various components of the budget. For the mean value budgeted revenue has 3980.1545 while actual revenue has 4510.4455, their standard deviation values are 2251.41 and 2181.09 respectively.

For the components of the expenditure budgeted recurrent expenditure has mean value of 1166.33 while actual recurrent expenditure has 1416.87, their standard deviation values of 742.34 and 860.58 respectively. The budgeted capital expenditure has a mean value of 582.36 and a standard deviation of 299.26 while actual capital expenditure has a mean value of 598.52 and a standard deviation of 334.35. This analysis establishes clear differences in the budgeted and actual components. The most important revelation from the analysis is the difference between budgeted revenue and actual revenue. The difference established here between these two components tends to suggest that there was actually improvement in budget performance. Since there was a remarkable increase in actual revenue over budgeted revenue

The correlation result as shown in Table 2 above helps to establish the degree and extent of inter-variable correlation among the study hypothesized variables which are, the budgeted and the actual revenue, the budgeted and actual recurrent expenditure and the budgeted and actual capital expenditure. The result reveals a strong correlation among the variables all highly significant at 99% confidence limit except for the relationship between the relationship between the budgeted capital expenditure and the actual revenue, though also significant but at 95% confidence level. The regression analysis was also conducted on the study variables in which case the regression analysis tends to the effect of budget performance and this invariably restricted the analysis to actual components of the budget. That is, total actual expenditure as dependent variable while actual revenue, actual recurrent expenditure and actual capital expenditure as independent variables. The result of the regression analysis is exhibited in Tables 3 and 4 below.



**Table 2**

		Correlations					
		budgeted rev	actual Rev	budgeted rec exp	actual rec exp	budgeted cap exp	actual capital exp
budgeted rev	Pearson Correlation	1	.912**	.857**	.820**	.767**	.826**
	Sig. (2-tailed)		.000	.001	.002	.006	.002
	N	11	11	11	11	11	11
actual Rev	Pearson Correlation	.912**	1	.839**	.811**	.676**	.781**
	Sig. (2-tailed)	.000		.001	.002	.022	.005
	N	11	11	11	11	11	11
budgeted rec exp	Pearson Correlation	.857**	.839**	1	.968**	.889**	.816**
	Sig. (2-tailed)	.001	.001		.000	.000	.002
	N	11	11	11	11	11	11
actual rec exp	Pearson Correlation	.820**	.811**	.968**	1	.865**	.824**
	Sig. (2-tailed)	.002	.002	.000		.001	.002
	N	11	11	11	11	11	11
budgeted cap exp	Pearson Correlation	.767**	.676**	.889**	.865**	1	.917**
	Sig. (2-tailed)	.006	.022	.000	.001		.000
	N	11	11	11	11	11	11
actual capital exp	Pearson Correlation	.826**	.781**	.816**	.824**	.917**	1
	Sig. (2-tailed)	.002	.005	.002	.002	.000	
	N	11	11	11	11	11	11

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

**Table 3**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	1.000 <sup>a</sup>	.999	.999	35.90899	2.693

a. Predictors: (Constant), actual capital exp, actual Rev, actual rec exp

b. Dependent Variable: total actual exp

Table 3 summarizes results for the  $r^2$  which was very impressive and has a value of 0.999 this indicates that the model is well fitted and that 99% of the variation in actual budget performance is purely accounted for by the dependent variable the Durbin- Watson value of 2.693 establish that there is no problem of auto or serial correlation.

Table 4

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1 (Constant)	.431	26.189			.016	.987
actual Rev	.025	.009	.048		2.668	.032
actual rec exp	.960	.026	.718		36.307	.000
actual capital exp	.953	.064	.277		14.939	.000

a. Dependent Variable: total actual exp

Table 4 above establishes that the results of the estimated parameters are shown and the value of the coefficients (actual revenue 0.025, actual recurrent expenditure 0.960 and actual capital expenditure 0.953) shows that the independent variables are positively related with the dependent variables. The parameter estimates shows that the variables were statistically significant as evidenced by the value t- Statistics. For actual revenue 2.668 ( $0.032 < 0.05$ , ) for actual recurrent expenditure 36.307 ( $0.000 > 0.01$ ) lastly for actual capital expenditure 14.939 ( $0.000 > 0.01$ ).

### TEST OF HYPOTHESIS I

$H_0$ : Efficient budgeting techniques does not improve the revenue of fiscal institutions

Given our result findings it was established that budget performance was reflected in the improvement of the actual component of the budget. This was evidenced by the impressive difference in mean value and standard

deviations of actual revenue over budgeted revenue in the analyzed data. The result shows that there was improvement in actual revenue. As evidenced in Table 1. The implication of the above was that the efficiency in budgeting tends to improve actual performance with respect to revenue. These were confirmed by a high correlation value of 91% at a significant level of 99%. Consequently in the light of the above the null ( $H_0$ ) hypothesis which state that efficient budgeting techniques does not improve the revenue of fiscal institutions will be rejected. We therefore conclude that efficient budgeting techniques improve the revenue of fiscal institutions.

### TEST OF HYPOTHESIS II

**H<sub>0</sub>:** The relationship between budgeted recurrent expenditure and the actual recurrent expenditure is not statistically significant

Given the researcher's result findings it was estimated that the relationship between budgeted recurrent expenditure and actual recurrent expenditure is statistically significant. This was evidenced in the mean value and standard deviations of actual recurrent expenditure over recurrent budgeted expenditure in the analyzed data. The result shows that there was a significant increase in actual recurrent expenditure as evidenced in Table 1. This was also confirmed by a high correlation value of 97% at a significant level of 99%. Consequently in the light of the above the null ( $H_0$ ) hypothesis will be rejected, stating that the relationship between the budgeted recurrent expenditure and the actual recurrent expenditure is not statistically significant and conclude that the relationship between the budgeted recurrent expenditure and the actual recurrent expenditure is statistically significant.

### TEST OF HYPOTHESIS III

**H<sub>0</sub>:** The relationship between budgeted capital expenditure and actual capital expenditure is not statistically significant

Given the researcher's research findings, it was established that the relationship between the budgeted capital expenditure and the actual capital expenditure is statistically significant. This was evidenced in the mean value and standard deviations of actual capital expenditure over budgeted capital expenditure in the analyzed data. The result shows that there was a significant increase in actual capital expenditure as evidenced in Table 1. This significant increase was also confirmed by a high correlation value of 92% at significant level of 99%. Consequently, in the light of the above we reject the null ( $H_0$ ) hypothesis that, the relationship between the budgeted capital expenditure and actual capital expenditure is not statistically significant and conclude that the relationship between the budgeted capital expenditure and the actual capital expenditure is statistically significant.

### DISCUSSION OF FINDINGS

This study offers insight into the "Application of Budgeting Techniques in Fiscal Institutions in Nigeria". The study focused on the relationship between budgeted revenue and actual revenue, budgeted recurrent expenditure and actual recurrent expenditure, budgeted capital expenditure and actual capital expenditure. In line with the result obtained from the testing of the three hypothesis postulated by the researcher, below are the researcher's findings;

- a. In the test for the first hypothesis, which was aimed at determining whether efficient budgeting techniques improves the revenues of fiscal institutions. From the analysis of the revenue data gathered in chapter 4, shows that the mean value of budgeted revenue has 3980.1545 while actual revenue has 4510.4455. While its standard deviation values are 2251.41 and 2181.09 respectively as can be seen in table 4.3.1. The difference established here between the budgeted and the actual revenue tends to suggest that there were actually improvement in budget performance. Since there was a remarkable increase in actual revenue over budgeted revenue. This led to the rejection of the null ( $h_0$ ) hypothesis which states that efficient budgeting techniques does not improve the revenues of fiscal institutions. At the end of the testing of the first hypothesis the researcher therefore state her findings that, efficient budgeting techniques improves the revenue of fiscal institutions.
- b. In the test for the second hypothesis which was aimed at determining whether the relationship between budgeted recurrent expenditure and actual recurrent expenditure is statistically significant. The budgeted recurrent expenditure has a mean values of 1166.33 while actual recurrent expenditure has 1416.87 for their standard deviation value they have 742.34 and 860.58 respectively. The result of the findings shows a clear difference in the budgeted and the actual component of the recurrent expenditure. The result shows that there was a significant increase in actual recurrent expenditure over budgeted recurrent expenditure. This was also confirmed by a high correlation value of 97% at a significant level of 99%. This led to the rejection of the null ( $H_0$ ) hypothesis which state that, the relationship between the budgeted recurrent expenditure is not statistically significant. The researcher therefore accepts the alternate ( $H_1$ ) hypothesis which state that the relationship between the budgeted recurrent expenditure

and the actual recurrent expenditure is statistically significant, based on the researcher's findings.

- c. In the test for the third hypothesis which was aimed at determining whether the relationship between the budgeted capital expenditure and the actual capital expenditure is statistically significant. Given the researcher's findings, it was established that the relationship between the budgeted capital expenditure and the actual capital expenditure is statistically significant. This was evidenced in the mean values of 582.36 and 598.52 for the budgeted and the actual a standard deviation of 299.26 and 334.35 respectively. This statistical significant increase was also shown by a high correlation value of 92% at significant level of 99%. At the end of the researcher's finding the null ( $H_0$ ) hypothesis which rejected which state that the relationship between the budgeted capital expenditure and the actual capital expenditure is not statistically significant. The researcher therefore accepts the alternate ( $H_1$ ) hypothesis that the relationship between the budgeted capital expenditure and the actual capital expenditure is statistically significant.

## RECOMMENDATIONS

Based on the findings by the researcher in the course of this research study, the researcher therefore made the following recommendations;

- a. In the first findings, this states that efficient budgeting techniques improve the revenue of fiscal institutions. Government should endeavor to be consistent in its application of budgeting in order to ensure increase or improvement in the revenue.
- b. In the second findings, which state that the relationship between budgeted recurrent expenditure and actual recurrent expenditure is statistically significant. The federal government should be mindful of the relationship that exist between budgeted recurrent expenditure and what becomes of the actual recurrent expenditure, but must be prudent when making recurrent expenditure estimates.
- c. In the third findings, which states that the relationship between the budgeted capital expenditure and the actual capital expenditure is statistically significant? Federal government be responsive of its capital projects and ensure and ensure careful estimates of the capital expenditure so as to avoid the situation whereby the actual capital expenditure will be higher than the budgeted capital expenditure resulting in a budget imbalance. Furthermore, in order for the Application of the Budgeting Techniques in Fiscal Institutions in Nigeria to be effective and produce efficient result, government should be consistent in its use of the budget. Government should also try to comply with the plan budget estimate in order to avoid the situation whereby expenditure will be higher than the revenue. Resulting to a budget deficit. In this regard proper care should be taken when planning the budget and the budget should be properly followed or adhered to, in order to avoid extra- budgetary situation of government.

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