

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Budgeting and budgetary control will continue to play a significant role in public organizations in Nigeria, considering the need to compete favorably with other organizations (both public and private) and make sure the organization is a going concern, most government agencies have adopted budgets and budgetary control techniques to effectively and efficiently allocate resources and achieve stated goals. Every Business oriented organization is aimed among other at making profits as high as possible. All efforts, therefore are diversified at effective planning process with a maximum cost involvement in its decision making drive towards achieving the desired objectives, management often provides basic guideline which are quantified in financial terms and its mineral values.

Budgeting is required to achieve many deferent aims within an organization, if not only aid in planning, co-ordinations and communicating the activities of the organization, but also as a control and motivating devices in the management of the management of the organization. Budgeting call for effective monitoring and controlled by the head of the organization since budget animates from different sections departments and all the branches of a company which no company is an exception so as to guarantee its reliability and also minimize deviation from plans. Budgeting starts with the setting out of the objectives of the organization by the management for the budget year according to government's fiscal and monetary guideline and policies. The top management staffs must communicate the policy affect the long term plan to those who are responsible for preparing the current year budget. The manager prepare the minimal budgets for those area for which they are responsible and submit it to their supervisory officer while the budget is examined and summarized into master budget which consists of budgeted profits and loss accounts, balance sheet and the cash statement. The approval of the master budget constitute authorities of the manager countered in carrying out the plants while are contained in each budget. For management to provide adequate control over the over the budget of an organization, It should co-ordinate all the various phrases of the firms activities and the collaboration of the responsible parties in achieving the actual results with budget to establish the variance. It should trace the variances to where it arose so as to control the various effectively.

1.2 STATEMENT OF THE PROBLEM

The decision as to how to distribute limited financial and non-financial resources, in an effective and efficient manner, is an important challenge in all organizations. In government agencies, this task would be nearly impossible without budgeting. Without effective budget analysis and feedback about budgetary problems, many organizations and

government agencies would become bankrupt. Some of the problems arise from inadequate data to formulate and implement a proper budget; and non existence of well defined structure, which leads to overlapping of duties. These deficiencies can therefore be addressed through the use of budgeting instrument. Therefore, this study traces the extent by which budgeting can used as a good planning and controlling tool in Ministry of Finance, Uyo.

1.3 OBJECTIVES OF THE STUDY

The main aim of the study is to examine budgeting as an instrument of administrative control of public agencies in Nigeria. Specific objectives of the study are:

To find out whether budgetary aid effective planning and control in Ministry of Finance, Uyo. To examine whether budgeting control is used as an instrument of enhancing organizational performance. To examine whether budgetary control affect the working performance of employees in Ministry of Finance, Uyo. To determine whether budgetary control has contributed to the success of Ministry of Finance, Uyo.

1.4 RESEARCH QUESTIONS

In-order to guide the study and achieve the stated objectives for the study, the following research questions was formulated:

Does budgeting aid effective planning and control in Ministry of Finance, Uyo? Does budgetary control used as an instrument of enhancing organizational performance? Has budgetary control contributed success of Ministry of Finance, Uyo? Does budgetary control affect the working performance of employees of Ministry of Finance, Uyo?

1.5 RESEARCH HYPOTHESES

HYPOTHESIS 1

H0: Budgetary does not aid effective planning and control in Nigeria in Ministry of Finance, Uyo.

HYPOTHESIS 2

H0: Budgetary control does not used as an instrument of enhancing organization.

1.6 SIGNIFICANCE OF THE STUDY

The addition of knowledge is basically the aim of every research and this research work seeks to achieve just that. More importantly, this research is necessary in understanding how the budgetary control is established, and also how it affects organizational performance. It is a tool which measures managerial performance of an organization and promotes good morale and harmony in the organization. It enable the organization verify whether or not the plans of the organization are understood by all members, and put into effect corrective measures where deviation or under

deviation is occurring. Since budget is a tool for planning, and financial planning is of almost significance to a business man, it enables the organization project the future consequences of present decisions in order to avoid surprises and understand the link between present and future decision.

1.7 SCOPE OF THE STUDY

The study examines budgeting as an instrument of administrative control of public agencies in Nigeria, using Ministry of Finance, Uyo as a study area.

1.8 LIMITATION OF THE STUDY

The study limitation was inability of management to divulge certain information which they consider sensitive and fear of publication which might be detrimental to their operation.

Distance and its attendant cost of travel in order to obtain information which to write this study was also a major limitation. Another limitation to the study is short time factor which did not give time for thorough research work, hence gathering adequate information becomes very difficult.

Finally, lack of materials on the topic; this is new in the area of budgeting as an instrument of administrative control of public agencies in Nigeria. Therefore, the researcher resolved to seek friendly approach in order to obtain the needed materials or information from the organization under study through the administration of questionnaire.

1.9 DEFINITION OF TERMS

BUDGET: The chartered institute of management Accountants (CIMA) defines budget as “a plan quantified in monetary terms, prepared and approved prior to a defined period usually one year, showing planned income to be generated and expenditure to be incurred during that period, and the capital to be employed to attain that objective. **BUDGETARY**

CONTROL: This is the establishment of a budget relating the responsibilities of executives to the requirements of a policy and the continuous comparison of actual with budgeted results either to secure the individual actions with the objective of that policy or to provide a basis for its revision. **PLANNING:** This is the establishment of objectives, and the formulation, evaluation and selection of the policies, strategies, tactics, and action required to achieve these objectives. **CONTROL:** This is the process of ensuring that a firm’s activities conform to its plans and that its objectives are achieved. **VARIANCE:** this is the difference between planned (budgeted) and actual results. **FAVOURABLE VARIANCE:** This is excess of the budgeted result over the actual result, in the case of cost. But in the case of revenue it is the excess of that result over the budgeted.

UNFAVOURABLE VARIANCE: this is the excess of actual result over the budgeted in terms of cost and vice-versa in terms of revenue. **BUSINESS:**

Any establishment which has profit motive or maximization as its major objectives. **ORGANIZATION:** All establishment whether government or privately owned

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