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EMPIRICAL ANALYSIS OF BUDGET VARIANCE IN THE NIGERIA'S FEDERAL PUBLIC SECTOR (2010 – 2024)

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Abstract

The paper examined budget variance in the Nigeria's Federal public sector for the period 2010 to 2024. The main objectives of the paper were to examine the budget trend in Nigeria's Federal public sector and to examine the significant of budget variance in the Nigeria's Federal public sector for the period 2010 to 2024. The paper utilized secondary data for appropriated budget and actual budget released for the period 2010 to 2024 obtained from the website of Budget Office of the Federation. Budget variance analysis and one sample Z-test were used to estimate the result Microsoft Excel version 2019.The paper established that budget variance in Nigeria's Federal public sector exhibits negative trend in the period 2010 to 2024. The paper also revealed that there is significant budget variance in the Nigeria's Federal public sector in the period 2010 to 2024. The paper therefore recommends that the Executive and the Legislature should ensure timely presentation and approval of budget to ensure minimum budget variance in Nigeria. Also, office of Accountant General for the federation should ensure timely disbursement of MDAs expenditure; while the institutions of financial control should ensure adequate and effective budget monitoring and evaluation by employing skill and qualified personnels as well as modern technology to minimize budget variance in Nigeria

Keywords: *Budget, Public, Variance*

Introduction

Prosperity of any nation is largely determined by the efficiency with which national resources are allocated and utilized. In fact, all countries and governments have to mobilize resources appropriately and sufficiently, to allocate and utilize their resources responsively and efficiently to meet the national goal (Ben-Caleb, 2015).The primary goal of government is the provision of essential goods and services to citizenry which are usually provided through Ministries, State

Corporations, Independent Commissions and Authorities. For a government to deliver, it has become a routine at all levels to prepare and approve into law a summary of a planned revenues and expenditures which are made in advance of government financial year concerning a document referred to as budget. (Kibunja, 2017).

Thus, budget is a central policy document of government, showing how it prioritizes and achieve its annual and multi-annual objectives. Apart from financing new and existing programmes, budget is the primary instrument for implementing fiscal policy, thereby influencing the economy as a whole. Alongside other instruments of government policy, budget aims to turn plans and aspirations into reality (OECD, 2014).Budgeting invariably provides the most rational, legal, and acceptable basis for resource mobilization and allocation to national strategic areas and priorities in order to meet the macroeconomic objectives (Omolehinwa, 2001). It is an economic tool for facilitating and realizing the vision of government in a given fiscal year (Faleti, Faleti, & Ojeleke, 2014).A well formulated and properly implemented budget has the capacity to promote socio-economic well-being of people, finance development projects and support public service administration.

However, this cannot be achieved without a good budgeting process (Adongo, 2013). Therefore, the process governing the entire budget circle, from its formulation and preparation, through legislative authorization, implementation, monitoring and evaluation, as well as the institutional framework on which the process is predicated are central in the discussion of public finances of any government organization. Therfore, the paper tends to examine the budget trends and budget variance in the Nigeria's Federal public budget from 2010 to 2024. The choice of this period was guided by the availability of data.

Problem Statement

Nigeria's public sector is plagued with a number of problems that hinders it from discharging its duties and responsibilities effectively and efficiently for the betterment of the citizens. One of such problem is that of budgetary control and accountability, budgetary control and accountability become a problem when there is no strict measure to ensure compliance with the laid down regulations guiding financial transaction and accountability in the public sector. This is especially so in view of the public belief that there is a lot of embezzlement and other forms of financial recklessness going on in government ministries and departments. The Executive arm of government which implements budgets is required to ensure that expenditures are properly covered in the relevant Appropriation Acts. Funds are supposed to be apportioned to spending MDAs in line with the approved budget.

However, it has been observed that public expenditures are frequently made on items not budgeted for, which of course means that such expenditure have no legislative approval. Once the budget has been approved, it is alleged that funds are shifted to purposes other than those for which they were meant for. The Federal capital budgets have been poorly implemented by the executive, hardly has capital budget implementation risen above 50% at the end of the fiscal year (Ehigiamusoe& Umar, 2013). Many analysts asserted that the rate of capital budget implementation over the past decades has varied widely; indeed, it was 46.8% in 2017, 48.6% in 2018 and 58.9% in 2019 (BOF, 2026). When this fact is juxtaposed against the background that the recurrent part of the budget has been consuming about 70% of the budget, then the implication is that Nigeria has been dedicating about 15% of the overall annual budget to capital expenditure (Onyekpere 2012). This has led to poor social indicators, infrastructural deficit, poverty, massive unemployment and underdevelopment (Ehigiamusoe& Umar, 2013). As a result, Nigeria’s budgetary process in the last three decades was always distorted by budget indiscipline as manifested in the forms of unsustainable extra budgetary expenditure, unfavourable budget variances and lack of budget integrity all of which translate into weak methods of delivering public goods to citizens among others (Aruwa, 2004).

Objective of the Study

The broad objective of the study is to examine the budget variance in the Nigeria’s Federal public sector while the specific objectives are to:

i. Examine the trend in budget variance between appropriated budget and actual budget releazed in Nigeria for a period 2010 to 2024

ii. Examine the significance of budget variance between appropriated budget and actual budget released in Nigeria for a period 2010 to 2024.

Hypothesis

To examine the significance of budget variance between appropriated budget and actual budget released in Nigeria for a period 2010 to 2024, the following hypothesis is formulated.

H_0: There is no significant budget variance in Nigeria’s Federal public sector

H_1: There is significant budget variance in Nigeria’s Federal public sector

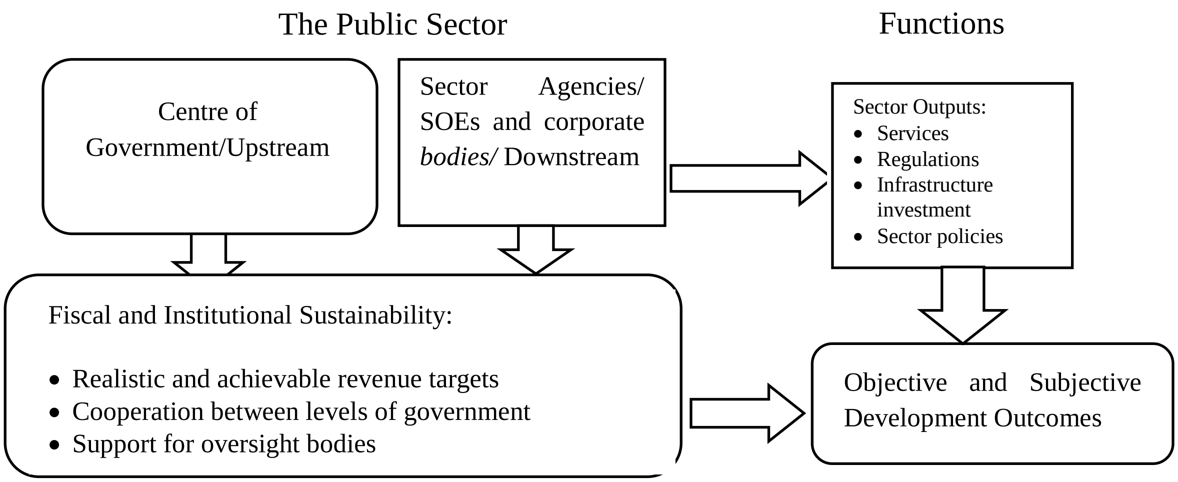
Literature Review

Concept of Public Sector

Public sector is that part of the economy that is owned and controlled by government, and provides basic services to the citizens. It is a means by which the government relates and delivers amenities to the public. Such amenities include, but not limited to welfare, infrastructure, security, social justice, education, healthcare and a means of regulating or deregulating the economy Thus, public sector is a part of the economy set up, operated and financed by government and its agencies distinguishable from the private sector and is organized on behalf of the whole people (Okekeocha, 2013), Akinwunmi & Akinola, 2019). Further, public sector plays an important role in economic development. It provides services which the private sector may not be willing or able to provide. Chan (1988) argues that public sector provides many essential services to society. It plays an essentially compensatory function; that is, it performs those functions that the market economy does not do efficiently or lacks the incentive to do at all. Musgrave and Musgrave (1976) classify these functions as; resource allocation - the provision of public goods and services; income distribution -the adjustment of the distribution of wealth or income in the society to conform to some principle of fairness, and stabilization -the use of fiscal policies to achieve high employment, price stability and economic growth.

In general terms, the public sector consists of governments and all publicly controlled or publicly funded agencies, enterprises, and other entities that deliver public programs, goods, or services as shown in figure 1. It comprises "Upstream" core ministries and central agencies such as the Ministry of Finance, "Downstream" bodies including sector ministries that deliver services under the direction of government, and non-executive state institutions such as the parliament and the Supreme Audit Institution (Sarr, 2015). In modern governance, the public sector is regarded as the nerve center of the machinery of government.

Figure 1: Public Sector and its Function



Source: Sarr, 2015

The "Upstream" public sector is responsible for some critical outcomes. It must encourage both fiscal and institutional sustainability, and provide systems and processes that enable governments to manage public revenues, expenditures and debt. It must also manage the allocation of fiscal, administrative and functional authorities across levels of government in a way that ensures cooperative and constructive engagement between them. Finally, the public sector must work with and support accountability and governance mechanisms to ensure that they provide transparency through credible arms-length oversight (Sarr, 2015).

The Nigerian public sector consists of the governments at the Federal, States, Federal Capital Territory, Local Governments and all government parastatals (Maimako, 2005). The regulatory frameworks of public sector include; the constitution of the Federal Republic of Nigeria, 1999 as amended, the Finance (Control and Management) Act of 1958, the Audit Ordinance Act of 1956, Financial Regulation and Revenue Allocation Laws and the International Public Sector Accounting Standards (IPSASs), 2011. This implies that all activities of public sector are regulated by government's pronouncements and the constitutions. These regulations help to effectively and efficiently monitor the public sector activities with a view to achieve certain set of objectives. Public activities include but not limited to national defense, homeland security, police protection, firefighting, urban planning corrections, taxation, provision of social amenities, infrastructural facilities and other various social programs (Amos, *et. al.*, n.d.). However, the focus of this study is on Government at the Federal level.

Concept of Government Budget and Budgeting

The concept of government budget from layman's perspective can be described as an estimate of income and expenditure for a given period of time. Therefore, government budget could be defined as a pre-determined statement of the government's prepositions as well as intentions within a specified period, generally expressed in financial terms. It may be thought of as a hypothesis which serves as a benchmark or standard for comparison with actual results that are attained (Aja, 1989). Government budget can also be seen "as a valuation of receipts and expenditures or a public balance sheet, and as a legislative act establishing and authorizing certain kinds and amounts of expenditure and taxation" (Maimako, 2005); "a financial plan describing proposed expenditures and the means of financing them" (Maimako, 2005)and "a map or blueprint for what political scientists refer to as the authoritative allocation of resources" (Pollack, 1999). In other words, budget can be understood to mean a projection of government's estimated revenue and proposed expenditure for any particular year (Smith, 2015).

While Suleiman (2015) sees government budget as a document from the government that sums up its revenue and expenditure for a fiscal year which runs from January 1 to December 31. It is a financial plan which spells out government's estimated revenue and proposed expenditure for a fiscal year. Bhattacharya (2000) further highlighted that a budget is more than estimates of revenues and expenditures, but encompasses reports regarding how government managed affairs in the previous year, the condition of public treasury, programme of work for years to come and how such work should be financed (Nwankpa & Okeke, 2017).

Budgeting as one of the key components of public financial management has been termed as the genesis of functional public administration (Scott & Enu-Kwesi, 2018). Budgeting in government is as old as governance itself (Olurankinse and Ibadin, 2008). According to Graham (2011), government is responsible for bringing together large amounts of resources to achieve public goods and these are monitored through mechanisms such as budgeting. Ljungman (2009) postulates that budgeting is a process that maximizes benefits from public expenditure with available resources. Suberu (2010) further notes that budgeting is one of the modern management tools that aids in the allocation of available resources of government to satisfy private and public needs. Faleti*et. al.,* (2014) states that some governments and non-profit organisations, whether big or small in any sector relies greatly on budgeting and budgetary systems to accomplish their goals and objective. According to Tanaka (2007) budgeting is one of the most problematic responsibilities of government, for example, lack of monitoring, analysis and execution of budgets.

Medium-Term Expenditure Framework

Medium Term Expenditure Framework (MTEF) is a central component of many public expenditures management reform programmes (Vian & Bicknell, 2014). While the exact structure of MTEF may vary, the framework generally includes three components: more realistic medium-term estimation of available resources, early identification and agreement on strategic priorities and performance-based estimation of resource needs (Vian & Bicknell, 2014).

In Nigeria, the Medium-Term Expenditure Framework (MTEF)is a document prepared by the Budget Office of the Federation (BOF). It contains detail of the total sum that the government plans to disburse within three years. It also shows payments that are shared across the key expenditure heads. In addition, it shows the difference between expected revenue and expenditure. After the entire sum of money to be spent is determined, the total expenditure is subtracted from the total income to determine if it is deficit/surplus budget. A deficit budget is when government expenses are higher than the revenue, while the surplus is when the government revenue is more than the expenditure (Smith, 2015).

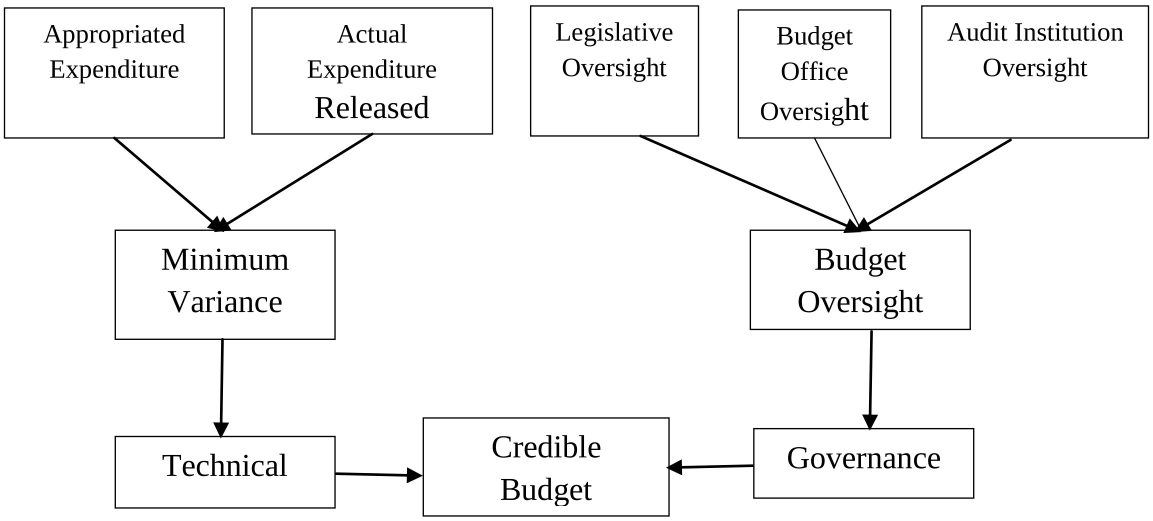
Fiscal Responsibility Act

Fiscal Responsibility Act (FRA) was signed into the law by President Musa Yar'Adua in 2007. It was meant to ensure prudent management of national resources, a mandate consistent with section 16 of the 1999 constitution, among others. Besides, the FRA was set to promote greater accountability and transparency in fiscal operations and processes within the Medium-Term fiscal policy framework (Egbide, *et., al.,* 2014). Indeed, the enactment of FRA formed the legal basis for the MTEF and serves as an impetus to other budget reforms as well.

Government Budget Credibility

A credible budget is a budget that has minimal variances in comparison to the actual outcomes, comprehensive in coverage, and affordable regarding the availability of funding (Conteh, 2016). A credible budget is a budget that fulfils the three budgetary objectives of fiscal discipline, allocative efficiency, and operational efficiency.

Figure 2: Conceptual Framework of Public Financial Control Institutions and Credible Budget



Source: The Author, 2026

Figure 2 shows that budget credibility can be considered from two separate but related perspectives, that is, technical and governance (Folcher, 2006; Whiteman, 2012: Conteh, 2016).From a technical point of view, a credible budget is one whose implementation goes as planned with insignificant variances. From the governance perspective, a credible budget is one that has strong internal governance, including adequate oversight by both the legislature and the political leadership (Conteh, 2016). On the governance perspective, a credible budget is achieved when a budget was adequately oversighted by the Budget Office of the Federation, Office of the Auditor -General for the Federation and the Legislature. However, the main focus of this study is on the technical aspect of budget credibility which talks about minimum variance between appropriated budget and actual budget released.

Classical Theory of Budgeting

The classic theorists in public budgeting include; Henry (1985), William (1918), Key (1940), and more recently, Wildavsky (1964). The most notable among the recent theorist were Fenno (1966), Lindblom (1961), Rubin (1990), Frank, Baumgartner, Bryan (2005), Caiden (1978), Savage (1988), Schick (2003), Ippolito (1996).

Wildavsky's contribution: The Politics of the Budgetary Process, published in 1964, seems to be a classical theoretical scaffold for analyzing public budgetary decisions in the United States (US) and anywhere in the world, although it was originally based on the norms and rules of budgeting in the US and it required the stable patterns of interactions amongst the actors involved. Wehner (2015) points out the fact that the questions to Wildavsky's 'budgetary incrementalism' theory grow in the global fiscal and economic crisis context.

Richard Fenno published "The Power of the Purse: Appropriations Politics in Congress" in 1966. Rubin in 1990 complimented Fenno's book as being a classic one. According to Rubin (1990), the attributes of Wildavsky's and Fenno's 'incrementalistic' assumptions in budgeting at the national level are: centrality of a legislatively dominated budget; the decentralisation of the process; and the importance of agencies in the process.

In 1988, Wildavsky changed the lens that he had portrayed in his 1964 book and published a new book titled "The New Politics of the Budgetary Process", with Naomi Caiden. Aaron Wildavsky and Naomi Caiden reveal how federal budget decisions were made and how formal budget institutions and processes were intertwined with political dynamics in key areas of the budgetary decision-making process: entitlements, deficit, surplus, defence and reforms (Wildavsky& Caiden 2003). The book was originally published in 1988, with the latest (fifth) edition published by Pearson on 18 July 2003. Rubin (1990) categorises budgeting theory in two kinds: 'descriptive and normative'.

According to Rubin (1990), descriptive theory is based on close observation or participation in public sector activities. Theorists describe trends, sequences of events, and infer causes, paying attention to local variations as well as uniformities across cases. While normative theory-advice may be based on a much narrower range of observations than descriptive theory and its proposed solutions may be based on values rather than observations. If the explanatory power of the descriptive theory is too weak, or if the advice of normative theory is not adopted by public officials or is adopted and abandoned because it does not work, the gap between theory and practice may become unacceptably wide (Talukdar, 2020).

The Classical economists favoured balanced budget annually. Among the Classical writers there were two opinions regarding the interpretation of the balanced budget. One view relates balanced budget with total expenditures and total revenues, and there should be no government borrowings at all. The second view held that the balanced budget relates only with the current or regular expenditures of the government, and they must be covered up only by the current revenues. But the capital expenditures like on the self-liquidating projects, and the emergency expenditures may be financed through borrowings.

The Classical approach of balanced budget was based on the assumption that full employment is the normal condition in the economy. They were of the view that a deficit budget is to be financed only by borrowings. Government borrowings in a situation of full employment withdraw resources from more productive and efficient uses in the private sector to most likely unproductive use in the public sector. The Classical writers were against the expansion of governmental activities, they were of the view that a deficit budget leads to devaluation of currency. So, they always emphasized on the small size of government and a balanced budget. They did not recognize the prevention of unemployment and control of economic fluctuations through the use of budgetary actions.

Modern Theory of Budgeting

After Second World War, the developed economies adopted balanced budget, while the developing countries started advocating for deficit budgets for development. Keynes (1978), a great protagonist of deficit financing finds it a useful tool of economic buoyancy and financial discipline. As a result, annual balanced budget as favored by the Classical theorist is irrelevant in a situation of unemployment and other economic instabilities as well as in context of the developing countries. Economists like Keynes (1964), Hansen (1966), Lerner (1943), Dalton (1941) and Beveridge (1944) argued that the budgetary policy should aim at attaining the optimum level of employment of resources and steady growth of the economy. For this, they advocate a managed approach in budgeting as per the need of the economy.

The Modern approach of budgetary theory developed with the contemporary interest in the problems of economic cycles. The modern approach held that government should not be worried to balance the budget annually. It may be balanced over the entire period of the business cycle. Thus, during the period of depression or recession a deficit budget is desirable. Taxes should be decreased and expenditure be increased mainly by borrowings to stimulate the economy by increasing effective demand. While in the situation of prosperity and boom, a moderate surplus budget is desirable. In such situation, taxes should be increased and expenditure be decreased as far as possible, and the debts are to be repaid with the surplus budget.

So far, as the budgeting in the developing countries is concerned, the modern approach relates it with the development objectives. Budget in the developing countries is preferred to be deficit to a considerable extent so as to promote financial resource mobilization and increase investments on greater and productive utilization of the productive resources. According to Tasneem (n.d.), poor countries cannot wait for long to have requisite investments from their meagre savings. The welfare agenda of developing countries including Nigeria can neither be cut short nor postponed in want of resources. So, in addition to taxation and savings, they have taken to public borrowings, external assistance and deficit financing to mobilize resources for funding of development projects and infrastructure building through public enterprises.

Review of Empirical Studies

In this section, the study empirically reviewed the works of other researchers related to budget variation between actual and proposed expenditure. These include the works of Conteh, (2016), Oladele and Olaoye (2016), Ogujiuba and Ehigiamusoe (2014), Hla et al. (2016), Mark (2016), and Samuel and Jason (2019).

Conteh, (2016) examined the credibility of government budget in Sierra Leone. The study utilized primary data using a sample of 20 respondents and secondary data for the period 2010 to 2014. Using thematic analysis and analysis of variance, the study established that government's budget exhibited a lack of credibility given the significant variances between the budget and the actual outcomes; and the ineffective role of the Legislature. Oladele and Olaoye(2016) examined the causal relationship between expenditure budgeted-actual variance, revenue budgeted-actual variance and government budget performance of South Western States of Nigeria for the period 2000 to 2014. The study employed Granger causality dynamic analysis and found that there is no significant dynamic relationship between finance control and government budget performance in South-Western Nigeria. Ogujiuba and Ehigiamusoe (2014) examined capital budget implementation in Nigeria by focusing on the 2012 Federal Government Budget. The study utilized secondary data and analyzed using descriptive statistics presented in simple percentage and chart. The study revealed that the total capital budget released as at December 2012 as a percentage of the total appropriated capital expenditure was only 75.6%, whereas the percentage of capital budget implementation was only 51%. Thus, 49% of the 2012 FGN capital budget had not been implemented as at December 31st, 2012, while 25% of capital budget expenditures had not been released.

Similarly, Hla et al. (2016) examined the relationship between changes in current budget and expenditure variances in Malaysia using panel data for forty-four government agencies/programs, covering the period 2010 to 2014. Using dynamic Panel regression, the study found significant positive association between changes in current budget with prior year overspending by agency/program; while the relationship between changes in current budget with prior year under-spending by agency/program is not significant. In his study Mark (2016) examine the relationship between budget variances and operating margin in the Washington State Department of Health (DOH) Hospital and Patient Data Section (HPDS) of the Center for Health Statistics (CHS) using longitudinal data for the period 1987 to 2013. The study employed multiple linear regression analysis. Findings of the study indicate greater accuracy in forecasting and/or tighter management to the budget, or favorably exceeding it, leads to improved profitability. More specifically, smaller unfavorable budget variances are associated with greater operating margins while greater favorable budget variances are associated with greater operating margins. A single standard deviation reduction in unfavorable revenue and expense increases operating margin by 5.2% and 6.3%, respectively. An equivalent favorable deviation in revenue and expense increases operating margin by 3.2% and 2.7%, respectively.

Further, Samuel and Jason (2019), examined deviations from the budget at multiple levels and the relationship between the variations. The study employed annual time series data covering the period 2009 to 2016 and analyzed using descriptive statistics. Major findings of the study revealed; that while oil revenue accounted for 60% of total revenue in Nigeria between 2009 and 2016, in only two of those years (2010 and 2011) was oil the majority factor in the under-collection of revenue: that ambitious revenue projections are a key factor explaining poor budget credibility, but aggressive expenditure projections also play a role; that Ambitious expenditure projections are rooted in both executive action and legislative amendment powers; that the biggest credibility problem in Nigeria is on the capital side of the budget. In each year from 2009 to 2016 most of the under spending was related to capital expenditure; and that both under spending on capital in Nigeria driven by unrealistic budget formulation and implementation challenges exist in Nigeria but unrealistic budgeting is the larger.

Methodology

The Data

The study utilized secondary data obtained from the website of Budget Office of the Federation for the period 2010 to 2024. These datainclude annual tine series data for the Appropriate Budget (AB) and Annual Budget released (AB) measured in billion Naira as shown in table 1.

Table 1: Variables, Measurement and Source of Data

Varia Variable	Measurement	Source
ApproAppropriated Budget (AB)	Mm Measured in Billion Naira	Budget Office of the Federation
ActuAActual BudgetReleased (ABR)	M Measured in Billion Naira	Budget Office of the Federation

Source: Budget Office of the Federation, 2026

Method of Data Analysis

Before estimating the result, it is imperative to check the time series property of the data. As such, study employed Philliph – Perron (1988) approach to test the null hypothesis that the data has unit root test. The Phillip – Perron unit root test is specified in equation

$$\Delta y_t = \alpha_0 + \alpha_1 t + \rho y_{t-1} + u_t$$

Where Δ is the first differenceoperator, α_0 is intercept, α_1 is a trend term, ρ is a lag order of the autoregressive process, and $\mathcal{E}_{t.}$ is the error term, yt is ta dependent varia, and u_t is an error term. Philliph – Perron unit root test was employed because is robust to general forms of heteroskedasticity in the error term u_t and the user does not have to specify lag length for the test regression.

To examine the trend of appropriated budget and actual budget realized in Nigeria for the period 2010 to 2024, trend percentage analysis was employed as specified in equation

$$\text{Budget Variance (\%)} = \frac{X_1 - X_0}{X_0} \text{ X } 100$$

Where X_1 represents Actual Budget Released and X_0 represents Appropriated Budget,

To test the null hypothesis that the variance between appropriated budget and actual budget released is not statistically significant, the study employed Z-test as specified in equation

$$Z = \frac{V_t - \mu_v}{\delta_v}$$

Where V_t represent current budget variance, μ_v represent average budget variance, δ_v represent standard deviation, and t represent current time period.

Analysis and Discussion of The Result

Stationarity Test Result

This section contained the analysis and discussion of the result to achieve the objectives of the study. However, before estimating the result, it is imperative to check the time series property of the data. As such, the study conducted stationarity test using Phillip – Perron approach to test the hypothesis that the data has unit root. The result in table 2 shows that both appropriated budget and actual budget released are not stationary at level but at their first difference.

Table 2: Stationarity Test Result

Variables	At Level		At First Difference		Inference
	PP Stat	P.Value	PP Stat	P.Value	
Appropriated Budget	0.435883	0.9767	-3.207315	0.0431**	I_1
Actual Budget Released	0.153348	0.9246	-3.650545	0.0202**	I_1

Source: Author's Computation, 2026

Note: ** represent 5% level of significance

Trend Analysis of Nigeria's Budget Variance

The annual budget in Nigeria reveals what the government plans to spend to run its affairs and to promote the welfare of the citizens. Since independence in 1960, the Federal government has been drawing up budgets to guide her expenditure against projected revenue. In fact, formulating budget is an obligation on the part of the executive as enshrined in Section 81 (1) of the 1999 Constitution, which states that "the President shall cause to be prepared and laid before each House of the National Assembly at any time in each financial year estimates of the revenues and expenditure of the Federation for the next following financial year" (Constitution of the Federal Republic of Nigeria, 1999). This implies that, the President must present the budget of the next fiscal year before 31st December of every year. Therefore, in this section, the study examined the trend in the Nigeria's budget variance between appropriated budget and actual budget released for the period 2010 to 2024 as shown in table 3.

Table 3: Trend Analysis of Nigeria's Budget Variance (2010 – 2024)

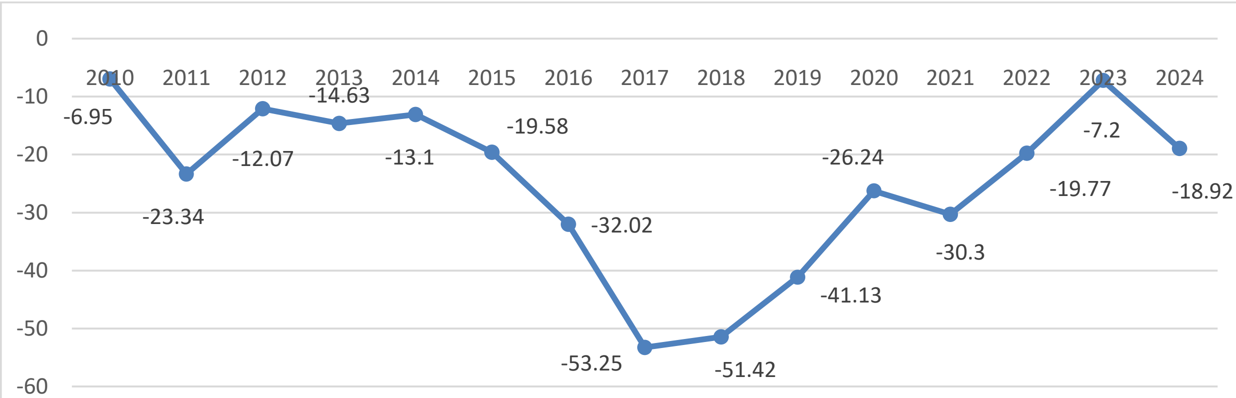
Year	Appropriated Budget (Billion Naira)	Actual Budget Released Billion Naira)	Budget Variance (%)
2010	3179.87	2958.72	-6.95
2011	3348.11	2566.67	- 23.34
2012	3561.02	3131.09	-12.07
2013	4100.43	3500.47	-14.63
2014	3731.00	3242.30	-13.10
2015	3452.36	2776.36	-19.58
2016	3855.74	2621.15	-32.02
2017	5084.40	2377.01	-53.25
2018	7165.87	3480.90	-51.42
2019	6998.49	4120.09	-41.13
2020	5365.67	3957.95	-26.24
2021	6637.58	4626.57	-30.30
2022	8240.78	6611.72	-19.77
2023	24823.52	23036.39	-7.20
2024	25876.60	20980.07	-18.92

Source: Budget Office of the Federation, 2026

The result shows that from 2010 to 2015 and 2022 to 2024, the budget variance between appropriate budget and actual budget released at Federal level was less than 25% which was minimal. However, in the period 2016 to 2021 there was a wider variance between appropriate budget and actual budget released at Federal level in Nigeria, representing more than 25%.

Similarly, figure 1 shows the trend of Nigeria's budget variance from 2010 to 2024. The result shows that the budget variance in Nigeria's exhibits negative trend in the period 2010 to 2024. The result shows that budget variance was the greatest in 2017 and 2018 representing more than 50% difference. The negative budget variance in Nigeria can be attributed to the phenomenon of COVID – 19 in the period 2020 to 2020, causing stagnation in economic activities across world. This causes serious declined in Nigeria's revenue and expenditure. Similarly, negative budget variance in Nigeria's Federal public sector can also be related to late presentation and approval of the budget by executive and the Legislature. This causes delay in disbursement of fund to various Ministries, Department and Agencies for the implementation of capital projects.

Figure 3: Trend Analysis of Nigeria's Budget Variance (2010 – 2024)



Source: Author's Computation, 2026

Hypothesis Testing

In this section, the study tested the null hypothesis that "There is no significant budget variance in Nigeria's Federal public sector". The result was estimated using one sample Z-test with the aid of Microsoft Excel version 2019 as presented in table 3. The result shows that the average budget variance in the Nigeria's Federal public sector in the period 2010 to 2024 was -24.66% with the standard deviation of 15.07%. Since the Z-statistics value is greater than the two tail critical Z-value in absoluter term, there is no enough evidence to conclude that there is no significant budget variance in the Nigeria's Federal public sector. This result is supported by the probability value which is less than 0.05 level of significance. Therefore, it can be concluded that there is significant budget variance in the Nigeria's Federal public sector in the period 2010 to 2024. This finding is consistent with Conteh, (2016) who established that government's budget exhibited a lack of credibility given the significant variances between the budget and the actual outcomesand the ineffective role of the Legislature in Sierra Leon.

Table 4: One Sample Z-Test

Mean	-24.6613
Known Variance	227.1962
Observations	15.0000
Hypothesized Mean	25.0714
Z - Statistics	-12.7787

P(Z ≤ z) one-tail	0.0000
z Critical one-tail	1.6449
P(Z ≤ z) two-tail	0.0000
Z- Critical two-tail	1.96

Source: Author's Computation, 2026

Conclusion and Recommendations

The study examined budget variancein the Nigeria's Federal public sector for the period 2010 – 2024). The key conclusion that can be drowned from the study is that Nigeria's experienced a sharp negative increase in budget variance in the period 2010 to 2024. The study established that there is a negative budget variance in Nigeria in the period 2010 to 2024. The study also revealed that there is a significant budget variance in the Nigeria's Federal public sector in the period 2010 to 2024.

Therefore, based on the findings of the study, the following recommendations are made:

i. To minimize the gap between appropriated budget and actual budget released, the both the executive and the legislature should ensure timely presentation and approval of budget This will go a long way in reducing budget variance in the Nigeria's Federal public sector.

ii. The executive through the office of Accountant General for the federation should ensure timely disbursement of MDAs expenditure. This will reduce delay in the implementation of capital projects and hence minimize budget variance in the Nigeria's Federal public sector.

iii. To ensure minimum budget variance, the formal institutions of financial control such as; the Executive, Legislature, National Planning Commission, Budget Office of the Federation, and the Ministry of Finance should ensure adequate and effective budget monitoring and evaluation by employing skill and qualified personnel as well as modern technology.

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