

Budgeting Techniques and Budgetary Control in Local Governments: Participatory Budgeting a Critical Instrument for Sustainable Development

ADEKOYA Adesanya Augustine

Department of Accounting, Babcock University, Ilesan-Remo, Ogun State, Nigeria.

ARTICLE INFO	ABSTRACT
Published Online: 22 November 2022	Local Governments (LGs) plays a vital role in Sustainable Development (SD) at the grassroots. Despite the enormous powers and responsibilities vested in LGs, they failed to function efficiently and effectively due to the failure and unethical nature of LGs budgeting. LGs budgeting process suffer from inappropriate planning leading to misallocation of public funds. This call for better understanding of Budgeting Techniques (BT), Budgetary Control (BC), and instruments for effective BT and BC in LGs. Based on this, the study examined BT and BC with Participatory Budgeting (PB) as a critical instrument for SD in LGs. The study adopts exploratory research design. The study concluded that budget process and its implementation should be fair, equitable and transparent in the allocation of scarce resources in order to avert corruption, wastages and inefficiency in service delivery. Furthermore, adoption of PB technique will aid transparency, accountability, and probity in the distribution of public resources. It also aids in communicating government policies, programs, and political direction among the citizens, thereby entrenched democratic system. The study recommends that stakeholders should be fully involved in budget preparation while LG should installed sound internal control mechanism and effective budget monitoring and implementation strategies for performance appraisal and decision making. LG should also ensure strict compliance to due process and laid down rules on budgeting to safeguard fraud and financial recklessness on procurement of goods and services. In addition, Public Account Committee of the legislative house should be alert to their responsibilities.
Corresponding Author: ADEKOYA Adesanya Augustine	
KEYWORDS: Accountability, Budgetary control, Budgeting techniques, Local government, Sustainable development, Transparency.	

1.0 INTRODUCTION

Local government is the most responsive form of government, as it plays a vital role in sustainable development at the grassroots in the area of health, education, agriculture, women development, security, and infrastructural development. Local governments are created by law enacted by either the central or state governments to function within a particular locality by regulating the affairs of the local citizens and achieving sustainable development (Mbieli, 2018). The word local government comes from two words "local" and "government". Local means the group of peoples within a particular jurisdiction having the same cultural, political and tribal setting while government means group of citizens with authority to govern a territory or community. However, a good sustainable development can be achieved in local governments, where participation of community stakeholders in budgeting process are considered critical. Budgeting is a political tools for sustainability of government in power and the wellbeing of the governed

citizens. However, government budgeting goes beyond the process of costing public goods and services but rather it cover building good governance, trust and citizens confidence. It is mandatory for local governments to prepare annual budget, although, budgeting process in local government has continued to have challenges of indiscipline and implementation bottleneck. According to Nwankpa and Okeke (2017), budget preparation, presentation and approval has been marked by lax tendencies, characterise with late preparation of budget, delayed passage of budget into law, late assent by the executive, and poor implementation on the release of funds for budget execution. Globally, local governments are created to provide goods and services for the rural communities as well as the citizens. Despite the enormous powers and responsibilities vested in local governments, these third tier of governments have failed to function efficiently and effectively.

“Budgeting Techniques and Budgetary Control in Local Governments: Participatory Budgeting a Critical Instrument for Sustainable Development”

Budgeting is a systematic and formalised techniques for achieving organisation objectives and accomplishment of the desired goals of management. Budget is a monetary statement prepared and approved prior to its usage, it highlight the quantitative and qualitative of what to be achieved within a defined period. It is economic and socio-political document which outlines predetermined policies of government, and also aims at promoting economic development (Hassan, 2011). Omolehinwa and Naiyeju (2015) defined budget as documents for securing accountability and control over the allocation and use of public funds. According to Igbara, Tordee, Nwadike and Abuba (2016) budget provides effective strategy for efficient financial management in organisations. Budget has two roles, firstly, it serves as a plan, showing the financial plans for a specific period and secondly, it serves as a controlling mechanism for measuring actual performance against the budgeted performance. In government, budget aims to assist in projecting, calculating and meeting the cost associated with public goods and services. Budget also serves as a social contract between the government and the citizens, it show how funds are generated and how such are expended on public goods and services (OECD, 2014).

Budgetary control is a management tool for keeping track of actual performances against budgeted projection. Budgetary control in public sector according to Venkatasami (2015) is an effective mechanism for coordinating all activities of government from financial goals setting to the level of its accomplishment within a defined period. Rising demand and expectation of good governance by citizens at the grassroots has necessitated the need to have a good budgeting process which capture the needs of the peoples and also allow citizens' participation in budgeting process using participatory budgeting technique. Participatory budgeting technique allow citizens 'participation in budget process through discuss, debate, and decision making on the allocation of public fund (Harrison & Enebong, 2022). It is a democratically approach to government budgeting as it gives citizens the opportunity to learn, interact, discuss, negotiate, and influence allocation of public funds, provide feedback on government policies, and also enhance the quality of democratic system. Good budget process drives good governance, transparency and accountability when citizens are involved in decision making. Participatory budgeting also leads to better informed decision and support for ethical decision making on the provision of public goods and services for better life.

Nigeria is a sovereign and democratic nation, it operates federally political systems of government with Central/Federal, 36 States and Federal Capital Territory (FCT), and 774 Local Governments. Local governments as third tier of government in a federal system of administration are the closest governments and most accessible to the

citizens. However, Ocheni, Atakpa and Nwankwo (2013) reported that poor performance of local governments in Nigeria squally centered on the politics of budgeting at the local government level. The failure and unethical nature of local governments budgeting has been a major concern to policy makers, political analyst, researchers, and citizens at large. Budgeting process in local government, suffer from inappropriate planning leading to misuse or misallocation of public funds. Also, budgetary formulation, implementation, and control from poor data base and tracking systems has led to high rate of corruption, embezzlement, wastages, and project abandonment. In addition, lack of accountability on budget spending, corruption, and political inducement has rob the citizens' standard of living, derailed economic growth and hinder sustainable development. Despite yearly passage of budget into law at the local governments level, the preparation, execution, and monitoring of these budgets are posed with various ineffective and inefficient manner of implementation. Besides, Olaoye and Ogunmakin (2014) from their study reported that budget accomplishment on yearly basis is far for from reality with a wide gap between actual performance and budgeted projection.

In some developing countries, infrastructural decay, poverty, stagnation, insecurity and high rate of unemployment are some of the challenges faced by citizens from unethical budgeting, this affects grassroots sustainable development and nation's economic growth. In most cases, local governments are faced with limited resources which required adequate plan for its allocation in an effective and efficient manner. Therefore, considering participatory budgeting, and adoption of effective budgetary control in local governments will achieve good sustainable development. Sustainable development means improvement to the economic, socio-cultural and standard of living of the citizens at the grassroots. This involves various development for better life, economic growth of the community as well as wellbeing of the citizens. It is the ability to conserve public resources for purpose of development while avoiding wastages and corruption.

Researchers had conducted various research on budget and budgetary control in Nigeria with focused on non-publicly accountable entities (Ojua, 2016), performance in public corporation (Olaoye & Ogunmakin, 2014), hospitalities firm (Egbunike & Unamma, 2017), public institutions of higher learning (Nyongesa, Odhiambo & Moses, 2016) but with less focused on participatory budgeting and budgetary control for sustainable development in local governments. The purpose of the study is to show how a good budgeting and budgetary control process in local governments using participatory budgeting can enhance sustainable development and achieve better standard of living of the citizens at the grassroots with focus on Nigeria local governments. The study has theoretical implication of its contribution to knowledge and literatures since participatory budgeting is an emerging budgetary

techniques for most local governments in developing countries. In addition, budgetary control also has a critical role to play for effective and efficient budget implementation for achieving sustainable development in local governments.

2.0 REVIEW OF EXTANT LITERATURE

2.1 Conceptual review

2.1.1 Local Government: Local governments are created as a form of democratisation and it serve as opportunity for citizens’ at the grassroots to be involved in decision making within their domain (Adekoya, 2020). It is a self-administrative ways of providing goods and services for the wellbeing of citizens and implementation of public policies at the grassroots. Local government as third tier, is a delineation of a state into a smaller units of rural communities and territories likes villages, districts, towns and cities for efficient and effective administration. Local governments are creation of the law (either Federal or State), in Nigeria, local governments are enlisted in the fourth schedule of 1979, 1989, and 1999 constitutions, they are created to enhance grassroots development and ensure participation of citizens in political, social and economic development decision making at the grassroots. In Nigeria, Local governments metamorphosed from pre-colonial era arrangement of kingdoms, empires, caliphates, cities or villages where appointed ruler such as Emir, Oba and Obi for the north, west and east respectively ruled over their subject based on each region traditional, cultural and religious believe. However, Gboyega cited in Adeola (2008) classified the development of local government system in Nigeria into four, these are (1) the colonial period between 1903 and 1950, during these periods local government administration was based on traditional administrative system (2) liberal and participatory method of local government system of 1950s (3) the military governance which replaced democratic rule by the coup of 1966 (4) the 1976 local government reform which introduced democratic rule in grassroots. In the same vein, Mbieli (2018) also classified the evolution stages of local government in Nigeria as (1) early times, ancient times of 1860 (2) colonial and indirect rule period (1861-1959), (3) independent and crisis period (1960-1969), (4) rehabilitation, reconstruction and reforms period (1970-1979), (5) reorganisation period (1980-1989) and (6) reformative period (1990-date).

The 1976 local government reforms in Nigeria introduced a unique and uniform system of administration. It recognises local government as a third tier of government for administrative purposes and also act as catalyst for grassroots sustainable development. The decentralisation of governance at the grassroots allowed citizens to participate in governance process and leadership training for future higher political appointment. The creation of local government is based on cultural background and geographical set up. Today, Nigeria has 774 local governments as enlisted in the fourth schedule

of 1999 constitution, although, some states have created more Local Council Development Areas (LCDAs) for purpose of administrative convenience and to further bring governance closer to the people. Furthermore, for purpose of developing grassroots and to ensure sustainable developments, various roles and responsibilities have been decentralized to local governments.

2.1.2 Budget and Budgetary controls:

Budgets are managerial tools to plan, control, and coordinate organisation resources and activities for effective and efficient decision making. Budget is a powerful tool for managerial control, and a critical document for evaluating managerial performance (Cardos, 2014). In government, budget is a critical economic policy document for exercising control and coordinating the relationship between the government revenues and expenditures. Government budget aids government fiscal policy, strengthen political presence, and enhance economic growth and developments. It represent plans for the future and brings order to uncertain world. It is a foremost documents to maintain financial transparency and accountability, thereby making officers accountable for all financial transactions or activities. The word “budget” originated from French word “bougette” meaning little bag (Perrin, 1958). According to Burkheard (1956), in Britain, the concept budget, means detail of government needs, plans, and finances in a leather bag which Chancellor of the Exchequer carried to parliament for approval. According to Henry Cater Adams in the science of finance (1898) cited in Hassan (2011), the word budget originally meant the money bag or public purse which served as a receptacle for the revenues and expenditures of the state. Budget and budgetary control involves target setting, monitoring and comparison of actual performance against the pre-determined estimates. Government budgeting goes beyond allocation of scarce resources but as a means of meeting the needs of the citizens within a particular set up (Wildavsky, 1961). Its purpose is to convert targets and plans into monetary values, which is measurable and understandable for management decision and implementation. Wildavsky (1975) defined budget as process of allocating financial resources through political consideration to service different human needs. In Nigeria, budget preparation and implementation are legally backed by section 75, 79 and 81 of 1979, 1989, and 1999 constitution respectively.

Furthermore, budgetary control is the continuous comparison of actual performance with the budgeted performance. Budgetary control is a form of costs and revenues control from budget preparations, implementation, to comparison of actual performance against budgeted activities in order to minimize variances, and achieved organization objectives. According to Jones *et al.*, (2009), budgetary control involves financial planning, control, evaluation, resources allocation, accountability and transparency. It encompasses

“Budgeting Techniques and Budgetary Control in Local Governments: Participatory Budgeting a Critical Instrument for Sustainable Development”

establishment of plan or target, comparison of actual performance against the planned activities, analysis of variances with their basic reasons, and taking steps or corrective measures, where necessary.

Purpose of Budgeting

Budget as a tool aids organisation goals and objectives in the area of planning, political, economics, legal, resources allocation and redistribution, and accountability and transparency.

1. Planning- budget as a tool is useful for quantifying plan of action. Planning ensure effective and efficient performance by translating objectives into actions. It aids appropriate coordination of limited resources for achieving organisation’s desired goals and objectives. Planning balance the strategic mechanism within an environment by taking political and administrative decision into consideration.
2. Political- budget as a tool is useful for communicating government policy and political philosophy for a defined period. It encompasses the needs and welfare of the citizens and also dictate political direction. It provides the basis for the realisation of socio-economic vision of government in all sectors of the economy. The political view of budget rest on its ability to allocate scarce resources among all competing and conflicting interest within the society. It also serve as accounting document of stewardship.
3. Economics- budget is a useful tool for building country’s economy, promotes sustainable development, creates opportunity for employment, drive economic growth and stability, influence redistribution of income, and enhance conducive environment for businesses to strive.
4. Legal- budget documents show level of compliance to constitutional provision, financial regulations, and other fiscal legislation on appropriation of government funds and its accountability. Budget documents serve as an approved legal documents to incurred expenditures, and control allocation of government resources for a defined period.
5. Resources allocation and redistribution- budget aid allocation of scarce resources based on social and political consideration by government into strategic priorities areas and other competing needs. This involves determination of prioritise course of action in a defined period where funds can be allocated in an equitable, efficient and effective manner.
6. Accountability and Transparency- budget as a document is for stewardship and account rendering on how taxpayers’ money had been used within a defined period. Accountability entails reporting and

accesses to budget documents by the citizens in order to appraise budget performance and make decision.

7. Legislative control- in a democratic setting, budget provides mechanism for legislative oversight function over the executives on utilisation of public funds. This promotes managerial efficiency, probity, and accountability on the management of government activities from time to time.
8. Administrative- Budget as administrative instruments gives direction on public and administrative policy. It assist management in performance appraisal, monitoring, and evaluation of activities for prompt decision.

Budget cycle in Local Governments

To ensure a system of check and balances between the executives and legislatives arms of government at the local governments’ level, budget cycle entails the executive’s arms proposing the budget figures and legislatives arms approving.

The four phase of budget cycle are:

1. Preparation phase- budget documents are prepared by the executive. This highlights the revenues and expenditures to be achieved within a defined period of time for onward submission for legislatives approval. This phase involves issuance of call circulars inviting departments, units and sections to submit their budget proposal for a defined period. These are collated and analysed for committee deliberation.
2. Committee Phase- proposal submitted by head of departments/units or from stakeholders are screen by the committee to ensure compliance with laid down rules, principles and objectives as highlighted in the budget call circular.
3. The executive council phase- this phase has the executive committee of the local government. The committee has the executive chairman as head, secretary to the local government, all supervisors and advisers, council manager, council treasurer, and legal officer. The executive committee deliberate on the estimates forwarded by the committee, agreed to its template and ensure it is in line with the expectation of government and policy direction.
4. Legislative arms approval phase- the legislators are the elected representatives of the citizens at the grassroots in council, they scrutinize the budget documents to ensure its compliance with government policy, citizens needs and expectations. Firstly, various committee of the house will deliberates and submit their report for legislative sitting approval. After this approval, the budget documents are then forwards to the executive arms

“Budgeting Techniques and Budgetary Control in Local Governments: Participatory Budgeting a Critical Instrument for Sustainable Development”

of government for executive chairman assent into law.

5. Assent phase- the chairman of the local government, as executive head will perform his executive role to assent to the approved budget as forwarded by the legislative arms. This makes the budget documents a legal documents (Appropriation Bye-Law), ready for appropriate compliance, implementation, and release of public funds.
6. Implementation phase- the executives arm and the management team will implement the budget documents as approved and assented. This is follow with funds generation, funds disbursement, monitoring, and reporting.
7. Accounting and Auditing- all transactions as highlighted in the approved budget will be tracked, collated and prepared into financial reports. These reports are audited at a specific period while opinions are rendered on its accuracy, fairness and transparency by office of Auditor General for local government.
8. Legislative oversight function- Public Account Committee (PAC) of the legislative assembly or council also has responsibilities or roles over Auditor General’s Report on the financial activities of local governments and make decision on the reports on whether to sanction, discharge or reprimand local government officers on budget implementation variances, misallocation, corruption or wastages of public resources.

Instrument for effective budget and budgetary control in Nigeria local governments

1. Financial Memoranda- this is the main financial instrument which guides all officers on all financial transactions and activities in local governments. It covers the financial duties and responsibilities of officers, budget preparation, expenditures and revenues accounting, treatment of inventories and other assets of local governments.
2. Annual Appropriation Bye-Laws- this is the legal documents of annual budget as approved and assents to by the Executive Chairman of local government. It provides guidelines on the implementation of annual budget by the executives and management with appropriate sanction for budget deviation or violation. The Bye-Laws also provide budget components for implementation and accounting structure for reference in local government. It contains recurrent/capital revenues, recurrent/special/capital expenditures, and others financial matters.
3. Value for money audit- this is also known as performance audit, or economy and efficiency audit.

It is undertaken to determine the economy, efficiency and effectiveness on the application of public resources. Value for money as a concept dictates application of scarce resources for better standard of living of the citizens. Value for money addresses the procedures employed in the execution of projects and programmes with the best financial management practices. It involves the economy, effectiveness and efficient utilisation of government resources. Economy is the acquisition of goods and services with the best quality, right quantities, and at the best cheapest price. Efficiency means achieving maximum outputs from the limited resources while effectiveness is the achievement of good output from input procedure. Prudent management of financial resources at the local government level is vital to social-economic development and well-being of the citizens. Value for money audit involves audit alarm system, time limit for response to queries, project monitoring, role of prepayment inspection committee, and that of public account committee.

4. Due process and Cost audit - this is a concept of control for improving resources utilisation and achieving the desired goals and objectives. This involve budget monitoring to affirm budget implementation are carried out according to laid down rules and regulations. It is an affirmation of strict compliance to lay down procedures, methods, and approach from budget preparation to its implementation. Cost audit is to ascertain the correctness of monetary figures in order to affirm cost objectivity, fairness and honest reporting.
5. Public Procurement Act (2007) - this was enacted in 2007 to ensure transparency, probity, accountability, competitiveness, efficiency and effectiveness in government procurement of goods, services, and works at budget implementation stage. The procurement Act is to address some challenges that arises in awards and execution of government contracts, and procurement of goods and services. Some of these challenges are arbitrary awards of contracts without due regard to budgetary appropriation, poor contract costing, cases of corruption, abuse on mobilisation payment, and inflated prices on goods and services rendered or those abandoned. According to Procurement Act, all procurement plans must be supported with a prior budgetary appropriations, furthermore, all contract awarded must follow due process of competitive bidding except where stated otherwise. Besides, procurement must achieves value for money, while contract above ₦50 million should obtained

certificate of No objection from bureau of public procurement.

6. Public Account Committee (PAC) – the committee is the creation of law in legislative assembly for oversight functions. The committee is responsible to look in details how public funds had been fairly expended based on Auditor General (AG) reports on local governments’ financial activities. The reports as submitted by AG will be examined by the committee for decision on whether to reprimand, surcharge, sanctions or discharge officers on financial impropriety. This entrenched probity, transparency and accountability on the application of public funds.
7. Fiscal Responsibility Act (FRA) (2007) - the Act was enacted in 2007 to promote transparency and accountability on budget preparation, execution and reporting, and also to ensure sound financial management in government activities. Its aim is to instil best practices in public sector financial management, ensure high standard of financial disclosure and prudent management of public resources. Section 19 of the Act requires that annual budget should be accompanied with certain documents and information for public consumption. These documents are, copies of underlying revenues and expenditures profile for the next two years, report of actual and budgeted revenues and expenditures for the preceding year, and fiscal target broken down into monthly target. However, the Act stipulated a budget deficit with a maximum of 3% of estimated GDP in a particular year. Although, this can be varied with approval of the legislative arms. At budget implementation stage, all contracts awarded should be in line with rules and regulations on procurement, award of contracts, and contracts certification. In addition, local government is expected to prepare financial statement not later than six months after the end of the financial year and submits such to Auditor General for local governments for auditing and opinion rendering according to section 13(1) of Audit Act (1956).
8. Financial accounting, reporting, and auditing – this is stewardship of account by the executives in respect of all revenues and expenditures as prepared and submitted by the council treasurer. Reporting ensures transparency and accountability, while it provides avenue for Auditor General (AG) for local governments to render opinion on the integrity and probity of financial statements. The role of AG on financial report of local governments is backed by 1999 constitution. The office serves as external auditor to local government for the control of public funds. The appointment, termination, and mode of

operations of AG are guided by the provision of Audit Act 1956, and section 85(6), 87(2), 84(4) of Nigeria 1999 constitution. AG has the power to conduct the audit of accounts of local governments, monitor budget execution and contract performance, impose sanctions and surcharge to any erring officer, head audit alarm committee, and report his activities to public account committee of the legislative assembly or local government council.

9. Anti-graft Agencies (ICPC, EFCC) – Independent Corrupt Practices and other related offences Commission (ICPC) was established to prosecute and prescribe punishments for corrupt practices and other related offences. Its mandate is to receive and investigate reports on corruption from budget implementation, to examine, review and enforce correction on corruption prone system in budget implementation. Furthermore, Economic and Financial Crimes Commission (EFCC) was also set up to investigate all financial crimes and fraudulent acts in all sectors. Its mandate includes adoption of measures for recovery of proceeds of financial crimes in public sector, especially emanating from fraudulent act on budget implementation and financial impropriety, determine the extent of financial losses by government and recommend steps to recover such funds or assets.
10. Freedom of Information Act (2011) – this Act was promulgated to enhance transparency and accountability, public monitoring public funds, and assets management. It gives individual, pressure groups and international bodies to have free access to all government records, especially budget documents and others that are of utmost importance to the citizens for analysis, investigation, opinion rendering and decision making.

Problems of Budgeting in Local Governments

1. Corruption and misappropriation- corruption has been a vital effect to effective budget implementation in local governments. Many collectable revenues are lost to corrupt officers, these revenues are not capture or harnessed into budget process resulting into limited resources available for execution of viable projects. In addition, contract scams, inflated contracts, projects abandonment are pertinent in local governments, thereby defeating the purpose of budgeting.
2. Shortage of skilled manpower- manpower shortage has remain the bane of budgeting in local governments. In most local governments, shortage of skilled personnel with professional competency on budget preparation, monitoring and implementation are pertinent and limited.

“Budgeting Techniques and Budgetary Control in Local Governments: Participatory Budgeting a Critical Instrument for Sustainable Development”

3. Finance- shortage of finance to execute projects due to inflation, erratic economy, and increasing expenditure outlay are major challenges to budgeting and its implementation. Shrinking revenues from overbearing control of state on local governments' collectable revenues is alarming. Some local governments are created based on political and cultural reason without recourse to ability to generate revenues to finance budget activities. This has been a cog to budget process and its implementation.
 4. Local government dependence – due non-independence of local governments and lack of autonomy, state government give directives and exercise controls which disrupt budget implementation. Many activities of local governments are tailored and controlled by the state governments. This arises from undue imposition of programmes and projects without recourse to local government budget or directive for pre inclusion into the annual budget at the preparation stage, this render the budget ineffective and distorted.
 5. Paucity of budget data- lack of quality data for planning purpose is a general phenomenon in public sector. Budget data required as reference and input purpose in most cases are not available. Local governments operates by rule of the thumb while making input for budgeting. In most times, this approach throw the budget into an unrealistic document at the point of implementation.
 6. Lack of effective monitoring- officers saddle with the responsibilities to supervise and monitor budget implementation at time lack exposure, focus and professional prerequisites for this tough assignment. Standards and competency are compromise due to lack of motivation and logistic support, this resulted into shoddy jobs, corruption and project abandonment.
2. **Zero Base Budgeting (ZBB) Technique-** this technique negate the incremental form of budgeting but rather, all activities are re-evaluated for allocation of funds each time the annual budget is formulated. It was developed by Pyhrr (1970) in response to perceived need for a more efficiently controlled and allocation of scarce resources in an organisation. It consider cost-benefit-analysis for resources allocation and also encourage cost efficiency and effectiveness, thereby eliminating the problems of incremental budgeting technique. It involves various steps, where organisation is divided into smaller units known as decision units, with a defined decision packages. The decision packages set out various cost, purpose, and performance management for ranking purpose and resources allocation based on priorities.
 3. **Planning, Programming, and Budgeting System (PPBS) Technique-** this approach is based on systems theory and also known as output budgeting. Its purpose is to increase effectiveness in government activities as it allocate resources based on sound economic analysis. It embraces several established concepts such as analytical techniques within the framework of systematic approach of decision making, planning, management and control. According to Phyr (1973), PPBS was designed to enhances policy issues analysis and provide mechanism for achieving a trade-off among similar projects and programmes.
 4. **Performance Budgeting-** this is a budgeting technique where budget documents are prepared in terms of functions, programme, and projects. Allocation of resources is based on priorities of items or activities highlighted in the budget. It is an output oriented budget and it categorised budget into a functional format.
 5. **Participatory Budgeting Techniques-** participatory budgeting is a process where citizens participate in budget process through stakeholders' meeting. This involves debate, deliberation and decision making on the allocation of scarce public resources (Shah, 2007). It is a model of equity and social inclusion in the distribution of public resources among communities based on their priority needs. Zhang and Yang (2009) defined participatory budgeting as democratic policy making process where government invite citizens for stakeholders meeting for their budget input and decision on allocation of public resources. It is a process where residents within a local government defined their needs, influence the allocation of limited resources, and monitor the public expenditures. The essence of participatory budgeting is to promote good governance, build trust, enhance accountability and transparency, and allow citizens' voice in budget decision making. According to United Nation (2022) participatory

Budgeting Techniques

1. **Traditional Budgeting Technique-** this also known as incremental budgeting techniques or traditional line item budgeting. This technique rely on past budgeted figures as a base for current year budget. Previous year figures are increase with a percentage arbitrarily fixed based on trends, inflation and available resources. It is often used because of its simplicity in terms of its operation and preparation. It is less costly but not efficient as it allows past errors to be carried forward into current year budget. The technique rely only on financial inputs rather than output of service which the inputs intends to finance.

“Budgeting Techniques and Budgetary Control in Local Governments: Participatory Budgeting a Critical Instrument for Sustainable Development”

budgeting is a technique which allow the general public to interact directly with government in budget process from the point of budget design to its implementation. It helps in disseminating fiscal policy, tax revenues generation, and aids sustainable development in cities, communities, municipals, districts and local governments. According to OECD (2001), there are three types of relationship in participatory budgeting, these are information- government use participatory budgeting for disseminating information about government policies, political programme, security matters, and projects execution in community. Secondly, consultation- this is a two way of information exchange between the government and the citizens where issues of utmost important are discussed and agreed upon. Lastly, active participation- acts as structure for citizens' participation in policy and decision making on the allocation of public resources. Furthermore, there are three forms of participatory budgeting, these are direct democracy through citizens' representative of councilors, indirect participation through social system such like neighborhood, trade association, labour group, and community development association, and thirdly single organisation model.

Participatory budgeting originated from Brazil in 1989 in Porto Alegre municipal, the capital of Rio Grande do Sul State. Porto Alegre is the capital of most state of Southern Brazil with a population of over one million citizens. Participatory budgeting was created through experimental process with about 8000 participants in 1989-1992. The evolution of participatory budgeting can be viewed in four phases. These are experimental period (1989-1997) in Porto Alegre, Brazil. The second phase tag Brazilian spread, participatory budgeting spread to more than 130 Brazilian municipals where it was adopted for implementation with little variances. The third phase known as expansion beyond Brazil, participatory budgeting spreads to other countries and continents likes Kerala State in India and municipals in Taiwan in 1990. In 2010, in the last phase of consolidations, participatory budgeting expands to all regions and cities globally for adoption and implementation. It has more than 6000 experiences in more than 40 countries in 2018 across Latin America, Arab countries, Africa, Europe and Asia. In China, Chengdu, the capital of Sichuan province, participatory budgeting has been in practice since 2008 and had funded more than 100,000 projects (Cabannes, 2019). However, the Brazilian model of participatory budgeting has been challenge because of different social, cultural, economic, political and administrative set up in different countries which has led to different or multiple variations of the model (Rocke, 2014). Although, the application of these models in many developing countries in their states and local governments depends on financial autonomy, political and cultural set up, size of local government and its prosperity, and its classification (rural or urban).

Participatory budgeting process

Participatory budgeting is a democratic process which allow citizens within a specific community directly deliberate and agreed on distribution of public resources. The process follow an organise system of stakeholder meeting of brainstorming on ideas for resources allocation. Participants at Participatory budgeting process are governments, civil society, Non-Governmental Organizations (NGOs), pressure groups, trade associations and artisans, international bodies or donors, and the general public at large. According to Friendly (2016), this process has four steps, these are:

1. Brainstorm ideas- this is where community members are invited to stakeholders meeting or conducted through online meeting for ideas and view on how public resources should be allocated and included in annual budget.
2. Develop proposals- the outcome of stakeholders meeting will be transformed into qualitative and quantitative statement or budget proposal. Budget proposal will includes top priority projects from each community which are identified and recommended for technical vetting, evaluation and costing.
3. Vote- voting for projects execution takes place because of scarce resources, all important projects from each community will be identified and presented for voice voting. Projects with highest vote will be considered and included in the annual budget for purpose of approval and implementation.
4. Implementation-projects and programme identified and approved through voice voting will be implemented by the government for the well-being of the citizens.

Benefit of participatory budgeting

1. It assists in achieving public ownership of projects.
2. It aids solution to social-cultural problems with attention and focus towards priorities matters or projects.
3. It ensure accountability and transparency in budget implementation.
4. It enhances improvement in service delivery using new innovation or technology.
5. It reduces corruption in governance and makes projects cost cheaper and better through competitive bidding and legislative oversight functions.
6. It strengthen decentralised and democratic governance through citizens' participation.
7. It broaden relationship between the government and citizens through political participation.

2.1.3 Sustainable development: Development create positive change which results in improving the standard of living of the citizens at the grassroots and the nation at large. According to Knight and Rosa (2011), sustainability is the

ability to sustain citizens' standard of living on long term basis. It makes citizens to pursue three core values of life such as sustenance, self-esteem and freedom. Sustainable development is a form of good governance which enhances the standard of living of the present generation without compromising the future needs of the citizens and economic development of a country. It is a form of development which at present meet the needs of the citizens without compromising their future needs (WCED, 1987). Sustainable development has three tripartite objectives, these are economic, social and environmental. Sustainable development involves the application of public resources (financial and human) to enhance the social-economic development of a state, and to improve the standard of living of the citizens. Sustainable development is achieved through poverty eradication, job creation, infrastructural development, provision of goods and services, peace and security, provision of qualitative health services and education services, and having a conducive environment.

2.2 Theoretical Review

The study anchored on three theories, these are theory of public expenditure, budgeting control model, and efficiency theory.

Theory of public expenditures – The theory was propounded in 1969 by Musgrave and later popularised by Rostow in 1973. The theory postulate development model of government expenditure growth through budgetary provision for public goods and services for the wellbeing of the citizens. Musgrave (1969) opined that it is the responsibility of government to invest in public goods and services for sustainable development and achieve economic growth within a nation.

Budgeting control model – The model was propounded in 1970 by Phyr. The model established budgetary control system for effective and efficient utilisation of scarce resources. Robinson and Last (2009) opined that organisation has a framework prepared at a specific period showing all expenditures and revenues. This framework is known as budgetary control model, it is used to manage organisation activities. Organisation should ensure that budget are well prepared, implemented and control in order to achieved expected objectives and efficient allocation of scarce resources. A well planned resources will drives revenues, reduce cost and increase the quality of goods and services provided.

Efficiency Theory: Efficiency theory in budgeting process is based on application of public resources in an efficient and effectives manner for social, economic and infrastructural development. A good budgeting and budgetary control process leads to fiscal probity, good governance and local democracy, efficiency and financial discipline, citizens' trust and confidence, and increase in revenue generation at the grassroots. Efficiency means the ratio of budget input to

budget output (budget performance). The theory posit a good budgetary control system where actual performances are compared with the budgeted performances, in order to show performance efficiency level on budget implementation. Good budgeting and budgetary control process in local governments will ensure a good sustainable development and economic growth. In Nigeria local governments, Nigeria Constitution (1999), Financial Memoranda (1990), Audit Act (1956) and Fiscal Responsibility Act (2007) highlighted the modalities for budgeting process, budgetary control and fiscal efficiency. Ezeani (2012) cited in Izueke, Anyadike and Nzekwe (2013) from his studies viewed efficiency theory as the basis for the existence of local governments to allocate public resources in an efficient and effective manner for the wellbeing of grassroots peoples. Therefore, efficient application of public resources using participatory budgeting and budgetary control mechanism will improves local government's sustainable development and enhance local government democracy. However, community members' participation in budget process is the foundation of democracy, besides, democracy is the government of the people, by the people and for the people.

2.3 Empirical Review

Ibrahim (2018) studied the impact of budgeting and budgetary controls on accountability of government parastatals. The study revealed a great degree of relationship between budget and actual performance. The study recommends educating management on budget roles for effective and efficient performance. Oyebode (2018) examined budget and budgetary control, a pragmatic approach to Nigeria infrastructure dilemma. The study revealed that budget is a useful tool for organisation in evaluating goals and objectives. Furthermore, Isaac, Lawal and Okoli (2015) investigated budgeting and budgetary control in government owned organizations. The study revealed that to achieve effectives and efficient budget and budgetary control in public sector, organisation should involve relevant stakeholders in budget process. Onho, Iortyer and Zayol (2017) studied critical appraisal of budgeting and budgetary control in public sector. The study revealed that budgeting and budgetary control is weak in public sector because of corruption, non-adherence to lay down rules and regulations, inflation, and unconducive political environment. The study recommends a good budget culture, efficient implementation and monitoring, accountability and transparency for a realistic budget. In the same vein, Etale and Idumesaro (2019) investigated the link between budgetary control and performance in Bayelsa state, Nigeria. The study revealed a link between budgetary control and performance. The study recommends citizens participation in budget process, and enhancement of budgetary control mechanism.

“Budgeting Techniques and Budgetary Control in Local Governments: Participatory Budgeting a Critical Instrument for Sustainable Development”

Lawyer ((2013) studied budget preparation and implementations in Nigeria public sector. The study revealed that the concept of value for money audit, due process and cost audit are strong legal, and professional framework for making budget implementation robust and effective in Nigeria public sector. The study recommends professionalism, performance measurement, value for money audit as basis of enhancing budget performance. In addition, Cabannes (2014) investigated the contribution of participatory budgeting to provision of basic goods and services. The study revealed that projects undertaken from participatory budgeting are better and cheaper, when it is initiated and monitor by citizens. In the same vein, Harrison and Enebong (2022) looked at participatory budgeting in Nigerian Local governments as panacea for rural development. The study revealed that citizens had little knowledge of budgetary process and modalities for resources allocation. The study recommends that citizens should be allowed to play critical role in budgeting and allocation of public funds. Besides, Galukande-Kiganda and Boitumelo (2020) studied Participatory budgeting in local governments of Uganda. The study revealed that Participatory budgeting increase citizens awareness and level of responsive to issue and problems confronting communities.

On sustainable development of Nigeria local governments, Nwankwo and Mbamalu (2021) studied financial management for sustainable development. The outcome of the study showed a significant relationship between corporate governance in financial management and sustainable development. However, financial recklessness and impunity in financial resources is responsible for high rate of corruption that undermined sustainable development in grassroots. The study recommends sound corporate governance for the management of local government financial resources, this will promote transparency, accountability, probity and sanity. In the same vein, Adekoya (2020) in his study, financial management in local government, the challenges and prospects of the 21st century, reported that a poor financial management in local government contributes to failure and inefficiency of sustainable development at grassroots level. The study recommends that local government administrators should adopts financial management practices similar with that of private sector to achieve efficiency, probity, accountability and transparency in service delivery. Nwambuko and Ozuomba (2019), and Fagbohun and Akanmu (2015) studied local government administration and sustainable development in Nigeria. The studies revealed some of the challenges faced by local government in achieving a good sustainable development, this has made the citizens to lose faith and trust in local government administration as an institution. The studies recommends local government autonomy, good financial management, and skilled staff as

strategy for efficient and effective local government administration. Furthermore, Abdullahi and Ahmad (2018) investigated good governance and local administration in Nigeria, as an imperative for sustainable development. From the study, it was reported that problems of local governments in Nigeria emanate from poor financial management, lack of autonomy and skilled leadership. The study recommends good governance, constructive policy, accountability and engagement of skillful personnel. In addition, Adeyemi (2019) examined local government administration in Nigeria and infrastructural developments. The outcome of the study revealed that Local government administration is characterized with too much interference and control by state government. This call for constitutional review which will enhance autonomy for local government in terms of in fiscal power and responsibilities.

3.0 METHODOLOGY

Exploratory research design was adopted for the study. Relevant books, journals and other literatures on public sector accounting, local government administration and finance, constitution and financial regulations were reviewed. Thereafter, conclusion was drawn with appropriate recommendations for increasing the frontiers of knowledge.

4.0 CONCLUSION AND RECOMMENDATIONS

4.1 Conclusion

Budget and budgetary controls is an effective management tools for achieving effective and efficient developmental projects and programmes in local governments. Budgeting is a critical role of government and a contractual agreement between the citizens and government for exchange of private resources for public goods and services. Therefore, budget preparation and implementation in an efficient and effective manner is critical to local government sustainable development. Budget motivates good governance as it aid accountability, transparency and quality service delivery. However, budget preparation and its implementation should be fair, equitable and transparent for the allocation of scarce resources in order to avert corruption, wastages and inefficiency in service delivery.

Budgeting and budgetary control reform in local government should anchored on sound policies, good institutional structures, and functional governance which enhances a good sustainable development at grassroots. Therefore, Participatory budgeting is the answer to hosts of budgetary problems encountered in Nigeria local governments. Participatory budgeting would solved problems of social and political exclusion and enhance fairness in resources allocation among competing wards, communities, programmes, and projects. It will also promote social justice and economic development across local governments. Effective and efficient utilisation of scarce resources in local

“Budgeting Techniques and Budgetary Control in Local Governments: Participatory Budgeting a Critical Instrument for Sustainable Development”

governments would propel infrastructural development, economic growth, and better life of the citizens. Furthermore, adoption of participatory budgeting technique in local government will aid transparency, accountability, and probity in the distribution of public resources and assets. This will curb corruption, wastages and mismanagement of public funds. Budget will also acts as a means of communicating government policies, programs, and political direction among the citizens, thereby entrenched democratic system.

4.2 Recommendations

1. Stakeholders should be fully involved in budget preparation process, this enhances effective allocation of scarce resources and selection of prioritize projects for budget implementation.
2. Local government should ensure good budget monitoring and implementation strategy for effective performance appraisal and instant decision making.
3. Local government autonomy is paramount for effective budgeting. Right from preparation, monitoring, and to reporting stage, local governments should be free from unnecessary overbearing control of the state.
4. Public Account Committee (PAC) of the legislative house should be alert to debate on Auditor general’s reports for purpose of sanctions, reprimand, charges or discharge on matters that bother on financial indiscipline, wastages and corruption.
5. Oversight function of agencies saddle with the responsibilities to curb corruption should be seen effective and efficient in budgeting, monitoring and reporting.
6. A sound internal control mechanism should be installed to safeguard or reduce the incident of fraud, financial recklessness, and wastages of public funds.
7. Local government should ensure strict compliance to due process and laid down rules on budgeting, award of contracts, and procurement of goods and services.
8. Mechanism for citizens’ feedback and method of reporting to the public on budget execution should be established.

REFERENCES

1. Abdullahi, A., & Ahmad, S. (2018). Good governance and local government administration in Nigeria. An imperative for sustainable development. *International Journal of Development and Sustainability*, 7(4), 1522-1532.
2. Adekoya, A. A. (2020). Financial management in local governments: The challenges and prospects of the 21st century. *Journal of Economics, Commerce and Management*, 8(8), 339-357.

3. Adeola, G. L. (2008). From nature authority to local government in Nigeria. Implication for flexibility and dynamism in local governance. *Journal of Constitutional Development*, 8(3), 1-10.
4. Adeyemi, O. (2019). Local government administration in Nigeria: A historical perspectives. *Journal of Public Administration and Governance*, 9(2), 161-179.
5. Burkhead, J. (1956). *Government Budgeting*. New York: John Wiley & Sons, Inc.
6. Cabannes, Y. (2014). Contribution of participatory budgeting to provision and management of basic services. *Municipal practices and evidence from the field*. IIEDs Working Paper. London, United Kingdom: International Institute for Environmental and Development (IIED) Human Settlement Group.
7. Cabannes, Y. (2019). Participatory budgeting. A powerful and expanding contribution to the achievement of SDGs and primary SDG 16.7. *United Cities and Local Government (UCLG)*. London, United Kingdom: United Cities and Local Government (UCLG). Gold Policy Series 02.
8. Cardos, I. R. (2014). New trends in budgeting - A literature review. *SEA- Practical Application of Science*, 2(4), 483-490.
9. Egbunike, P. A., & Unamma, A. N. (2017). Budgeting and Budgetary control and performance evaluation: Evidence from hospitality firms in Nigeria. *Studies and Scientific Researches, Economics Edition*, 26, 23-31.
10. Etale, L. M., & Idumesaro, J. (2019). Analysing the link between budgetary control and performance: A case study of Bayelsa State of Nigeria. *European Journal of Training and Development Studies*, 6(4), 1-13.
11. Fagbohun, F. O., & Akanmu, O. E. (2015). Good local governance and sustainable development in Nigeria. *Humanities and Social Science Review*, 4(1), 249-256.
12. Federal Republic Of Nigeria. (1999). *Constitution of the Federal Republic of Nigeria, 1999*. Lagos, Nigeria: Federal Government Press.
13. Friendly, A. (2016). Participatory budgeting: The practice and the potential. *Institute of Municipal Finance and Governance (IMFG) Forum No. 6*. Ontario, Canada: Munk School of Global Affairs, University of Toronto.
14. Galukande-Kiganda, M., & Boitumelo, L. (2020). Participatory budgeting in local governments in Uganda: Challenges of responsiveness and localism. *Direct Research Journal of Social Science and Educational Studies*, 7(6), 168-174.
15. Harrison, O. A., & Enebong, M. T. (2022). Participatory budgeting in Nigerian local

“Budgeting Techniques and Budgetary Control in Local Governments: Participatory Budgeting a Critical Instrument for Sustainable Development”

- government administration: A panacea for rural development in Nigeria. *Global Journal of Human-Social Science: F Political Science*, 22(2), 14-22.
16. Hassan, M. M. (2011). *Financial management in Nigeria local governments*. (Revised ed.). Ibadan, Nigeria: University Press Plc.
 17. Ibrahim, U. A. (2018). Impact of budgeting and budgetary controls on the accountability of government parastatals. *Nile Journal of Business and Economics*, 8(1), 13-22.
 18. Igbara, F. N., Tordee, B., Nwadike, G., & Abuba, S. (2016). Budget and budgeting in the third tier of government: Problems and prospects. *Equatorial Journal of Finance and Management Sciences*, 1(1), 1-9.
 19. Isaac, L., Lawal, M., & Okoli, T. (2015). A Systematic reviews of budgeting and Budgetary control in government owned organisations. *Research Journal of Finance and Accounting*, 6(6), 1-10.
 20. Izueke, E. M., Anyadike, N. O., & Nzekwe, F. I. (2013). Management of local government finance in Nigeria: Challenges and prospects. *International Journal of Research in Arts and Social Sciences.*, 5(1), 148-160.
 21. Jones, B. D., Baumgartner, F. R., Breunig, C., Wlezien, C., Soroka, S., Faycault, M., & Mortensen, P. B. (2009). A general empirical law of public budgets: A comprehensive analysis. *American Journal of Political Science*, 53(4), 855-873.
 22. Knight, K. W., & Rosa, E. A. (2011). The enviromental efficiency of wellbeing: A cross national analysis. *Social Science Research*, 40, 931-949.
 23. Lawyer, C. O. (2013). Budget preparation and implememntation in the Nigerian public sector. *Research Journal of Finance and Accounting*, 4(16), 50-54.
 24. Mbieli, P. (2018). *Local government foundations of democracy* (Revised ed.). Lagos, Nigeria: Mirop Mav (Associates Publication).
 25. Musgrave, R. A. (1969). Theories of fiscal federalism. *Public Finance*, 24(4), 521-536.
 26. Nwambuko, T. C., & Ozuomba, C. O. (2019). Local government administration and sustainable national development of Nigeria: The way forward. *Journal of the Chartered Institute of Local Government and Public Administration of Nigeria*, 7(1), 10-23.
 27. Nwankpa, L. O., & Okeke, R. C. (2017). Budgeting for change in the Nigeria public sector: A quantitative research. *African Research Review*, 11(4), 7-16.
 28. Nwankwo, B. C., & Mbamalu, K. U. (2021). *Financial management for sustainable development in local governmnet administration in Nigeria*. *International Journal of Management, Social Science, Peace and Conflict Studies*, 4(1), 35-48.
 29. Nyongesa, A. S., Odhiambo, A., Moses, N. (2016). Budgetary control and financial performance in public institution of higher learning in Western Kenya. *International Journal of Business and Management Invention*, 5(8), 18-22.
 30. Ocheni, S., Atakpa, M., & Nwankwo, B. C. (2013). Analysis of the politics of local governments budgeting in Nigeria (1995-2011). *Academic Journal of Interdisciplinary Studies*, 2(2), 497-508.
 31. OECD. (2001). *Citizens as a partner: Information, consultation and public participation in policy making*. Paris, France: OECD.
 32. OECD. (2014). *Principles of budgetary governance. Public governance and territorial development*. Paris, France: OECD.
 33. Ojua, M. O. (2016). The importance of budget and budgetary process among on non-publicly accountable entities (NPAEs): A survey of micro sized firms in Nigeria. *The International Journal of Business and Management*, 4(7), 305-312.
 34. Olaoye, F. O., & Ogumakin, A. A. (2014). Budgetary control and performance in public corporation in Ogun state. *IOSR Journal of humanities and social science*, 19(7), 59-62.
 35. Omolehinwa, E. O., & Naiyeju, J. K. (2015). *Government accounting in Nigeria: An IPSAS approach* (1st ed.). Lagos, Nigeria: Pumark Nigeria Limited.
 36. Onho, S. I., Iortyer, D. B., & Zayol, P. I. (2017). A critical appraisal of budgeting and budgetary control in public sector. *International Journal of Scientific and Engineering Research*, 8(1), 1720-1745.
 37. Oyebode, O. J. (2018). Budget and Budgetary control. A pragmatic approach to the Nigerian infrastructural dilemma. *World Journal of Research and Review*, 7(3), 1-8.
 38. Perrin, J. R. (1958). Differentiating financial accountability and managemnt in government public services and charities. *Financial Accountability and Managemnt*, 1(1), 11-32.
 39. Phyr, A. (1970). Zero base budgeting. *Harvard Business Review*, 111-118.
 40. Phyr, A. (1973). *Zero Base Budgeting*. New York: Wiley.
 41. Robinson, M., & Last, D. (2009). Budgetary control model: The process of translation. *Accounting, Organisation and Society*, 16(5/6), 547-570.
 42. Rocke, A. (2014). *Framing citizen participation: Participatory budgeting in France, Germany and the United Kingdom*. London: Palgrave McMillian.

“Budgeting Techniques and Budgetary Control in Local Governments: Participatory Budgeting a Critical Instrument for Sustainable Development”

43. Shah, A. (2007). Participating Budgeting. Washington, D.C, United States of America: World Bank.
44. United Nation. (2022). Participatory budgeting. CEPA strategic guidance note on participatory budgeting. New York, United States of America: Department of Economics and Social Affairs (CEPA).
45. Venkatasani, A. V. (2015). A study on budgetary control with special refrence to Coimbatore district cooperative milk producers union limited, Coimbatore. *Journal of Business and Financial Affairs*, 16(1), 14-18.
46. WCED. (1987). *Our Common Future*. The world commission on Enviroment and Development. Oxford University Press.
47. Wildavsky, A. (1961). Political implications of budgeting reform. *Public Administrative Review*, 21, 183-190.
48. Wildavsky, A. (1975). *Budgeting: A comparative theory of budgetary process*. Boston: Little Brown.
49. Zhang, Y., & Yang, K. (2009). Citizen participation in budget process: The effect of city managers. *Journal of Public Budgeting, Accounting and Financial Management*, 21(2), 289-317.