Impact of Accounting System on Public Expenditure Control in Nigeria

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Abstract

The study aims to examine the impact of accounting system on public expenditure control in Nigeria. Public expenditure is spending made by the government of a country on collective needs such as provision of infrastructure, pension, and other developmental needs of the country. The Public expenditure here refers to Government expenditures, and government expenditures in Nigeria like most other countries include capital and recurrent expenditures. The main objective of this study is to find out how government accounting system helps to control and regulate public expenditure in Nigeria and also to find out the extent to which the treasury department serves as a custodian of all other public expenditure. The primary source of data collection that was used is gathering data from respondents. Due to the findings, it was discovered that actual expenditure does not always conform to budgeted expenditure and it was found that no limit is exercised over public expenditure by the control. The study concludes that accountant tries as much as possible to keep expenditure which has been decided and planned within the limit set by management and the limits of available funds. Major recommendations I have pointed out includes but not limited to the suggestion that the country should introduce more of the electronic means in curbing and reducing the human factor and tendencies for fraud and error like the Integrated Payroll and Personnel information system (IPPIS), Treasury Single Accounts and others and make them very effective. It was also recommended that professional accountants should be employed to head the accounts department thus, he will help improve on the system of accounting control over public expenditure already in operation. Government and other public institution should instil good accounting and internal control system to check embezzlement of project funds. Adequate government budget can regulate public expenditure, and an efficient and effective accounting system can ensure transparency and accountability during public expenditure execution.

Keywords: Accounting system, public expenditure, Control, Economy

1. INTRODUCTION

Public expenditure is the spending made by the government of a country on the collective needs and wants of her citizenries such as spending on; the provision of infrastructures, pension provision etc. Until the 19th century, Public expenditure was limited as Laissez faire philosophies which believed that money left in private could bring better returns. In the 20th Century John Maynard Keynes argued the role of Public Expenditure in determining levels of income and distribution in the economy. Since then government expenditures has shown an increasing trend. In the 17th and the 18th Century Public Expenditure was considered as wastage of money. Thinkers are of the view that Government should stay with their traditional functions of spending on defence and maintaining law and other.Public Expenditure, therefore is expenditure incurred by government in order to build infrastructure, pay salaries and do other things which will benefit her citizens. In the past, public expenditure was an area of study relatively unexplored despite the significant increase that have been recorded over time, this field has still not gained a prominent position in our national economy nor has the focal point been a well-balanced one. Easily, economist who was actually concerned with the economics of public spending was more engaged with the taxation aspects rather than with the expenditure of public monies.The circumstance surrounding the law spread of development in this field of human Endeavour could perhaps be ascribed to many factors such as lack of readily accessible information about the composition and incident of expenditure and also the structure of institution which surround public expenditure decisions.However, of recent, there has been rapid increase in public expenditure in West African countries, particularly in Nigeria due to the fact that the functions of the various levels of government have equally increased both intensively and extensively. In modern times the application of public expenditure by the government as a variable tool for development is a clear manifestation of its overriding importance.

Though public expenditure in a developing nation like Nigeria cannot overemphasized, a properly planned and executed public expenditure promotes social and economic overheads facilitates balanced regional growth, rapid development of agricultural and industrial sector and an efficient exploitation and spectacular development of mineral resource of any nation thus it can be safely concluded that the role of public expenditure as a pivot of economic development in any nation is both tremendous and fascinating. The control of public expenditure is important to an individual in particular and the public generally as these controls contributes to theattainment of the objectives of the public expenditure. It is also necessary to control the expenditure of public funds to ensure that members of the public will benefit from such expenditure by ensuring that funds are applied directly to those projects they are meant for. It is necessary because, it involves determining the best approach and techniques in achieving the effects of expenditure control on the effective management of public sector in Nigeria in order to achieve the desired control of public sector in Nigeria.A good accounting system will be very helpful in achieving all the yearnings stated above and serve as a watchdog or effective check and balance to ensure public expenditure is controlled.

2. LITERATURE REVIEW

2. 1 Conceptual Framework

2.1.1 Concept of Accounting System

An Accounting system is a system that is employed in an organisation to organise financial information, it can either be manual or computerised, and the main reason why you should be using an accounting system is to keep track of expense, income and other activities. According to Akpan, (2009) accounting is the practice and body of knowledge concerned primarily with methods for recording transactions, keeping financial records, performing internal audits, reporting and analysing financial information to the management, and advising on taxation matters. It is a systematic process of identifying, recording, measuring, classifying, verifying, summarizing, interpreting and communicating financial information. It reveals profit or loss for a given period, and the value and nature of a firm's assets, liabilities and owners' equity (American Institute of Certified Public Accountants 2009). Accounting provides information on the resources available to a firm, the means employed to finance those resources, and the results achieved through their use. Accounting can be divided into several fields including financial accounting, management accounting, auditing, and tax accounting. Financial accounting focuses on the reporting of an organization's financial information, including the preparation of financial statements, to external users of the information, such as investors, regulators and suppliers; and management accounting focuses on the measurement, analysis and reporting of information for internal use by management (American Institute of Certified Public Accountants, 2009).

The recording of financial transactions, so that summaries of the financials may be presented in financial reports, is known as bookkeeping, of which double entry bookkeeping is the most common system. Accounting is facilitated by accounting organizations such as standard-setters, accounting firms and professional bodies. Financial statements are usually audited by accounting firms, and are prepared in accordance with generally accepted accounting principles (GAAP). GAAP is set by various standard-setting organizations such as the Financial Accounting Standards Board (FASB) in the United States and the Financial Reporting Council in the United Kingdom. As of 2012, "all major economies" have plans to converge towards or adopt the International Financial Reporting Standards (IFRS) (Australian Accounting Research Foundation (2010). Baird (2013) defined accounting as the systematic and comprehensive recording of financial transactions pertaining to a business. In my views accounting system is the whole system of organizing transaction covering all aspect of accounting policies, procedures, it generally relates to an organized set of manual and computerized accounting methods, procedures and controls established to gather, record, classify, analyse, summarize, interpret and present accurate and timely financial data for management decisions.

2.1.2 Concept of Government Accounting

The primary purpose of a private sector organization is to make profit. As a result of this, the focus of accounting in private sector is to enable the business to determine the profit of the business over a given period. However, because government ministries are not run for the purpose of profit making, many factors influence government accounting such as the role of government in the different fields like health and education and the methods set by government to achieve its set objectives (Jones, and Bendiebury, 2013:89). The focus of accounting in government is the determination of how much money was received and the sources of such receipts, how much money was spent and for what purposes and what remains after meeting the financial obligations. This then means that government accounting is more concerned with information gathering that will enable government to prepare Receipts and Payments accounts as it is the case with Clubs and Societies rather than the profit and loss account of a private sector business (Kam, 2013). This point is reinforced by the fact that the Accountant-General of the Federation is referred to as the “Chief Accounting Officer for the receipts and payments of the government of the federation. As a result of more interest in receipts and payments account, the government accounting practice that evolved over the years focused on cash receipts and disbursements on the basis of budgetary headings to reveal the balances available at a given time under various heads and sub-heads of votes. This therefore means that the basis of accounting in government is normally the cash basis (or modified cash) rather than the accrual basis of the private sector.

Meigs and Meigs, (2011) stated that under the cash basis, the government revenue is recorded and accounted for when cash is received and expenditure is incurred when cash is paid irrespective of the accounting period in which the benefit is received or the service rendered. This therefore means that the amount incurred by the government to purchase official car will be treated the same way as salaries paid to the workers in that both will be written off as part of expenditure for the period the costs were incurred. Since the payments made for the acquisition of fixed assets by the government are written off in the year of acquisition irrespective of the useful life of the fixed assets, it follows that fixed assets like buildings and motor vehicles which will normally be seen on the balance sheet of a private sector business will beabsent in the case of government. This explains why, for example, the Accountant-General's Statement which is a statement of assets and liabilities of government does not indicate anything on the fixed assets of the government (Matthews, and Perrera, 2011). Since fixed assets are not capitalized, it follows that there is no room for depreciation in government accounting system that uses cash basis of accounting. It should also be pointed out that since revenue is recognized only when cash is received, debtors as it is known in the private sector will be absent from government financial statements (but will, of course, be recorded). In the private sector, accrued expenses are recognized as current liabilities and taken into consideration in determining the total debt of the organization. Government departments do not recognize current liabilities thereby giving a wrong impression of total government debt (if the liabilities are significant).

One other point to discuss on the topic is the role of fund accounting in government. McGregor, (2009) stated that in the case of a private sector business, the whole of the business is treated as an accounting entity. This implies that accounting measures and reporting are carried out in the name of one single entity. As a result, unless an asset is set aside for a specific purpose (such as replacement of a fixed asset) the organization's resources are available as a pool which can be used in any area of its operation to achieve the main goal of profit making. Thus, the pool of resources can be used to acquire fixed assets, pay wages or pay debt. However, in the case of the government that has diversity of goals and functions to carry out, the resources are not available as a pool to be spent on just any area of government operation at the discretion of the officials. There are often restrictions on how available resources may be utilized on individual areas of government operation. The mechanism for carrying out the restriction is the fund accounting (Nweze, 2015). Under this arrangement, separate funds are provided for carrying out different specific functions of government. A fund is the total amount of money set aside for a specific purpose. Each fund is then accounted for separately, so that the fund is the accounting entity on which accounting reports are based. Thus fund accounting can be defined as a method of accounting, which treats a fund as the accounting entity on which accounting reports are based rather than the organization as a whole (Nwoha, 2010:31). Oti, (2012:88) stated that the purpose of fund accounting is to ensure that the government organization uses the resources provided for each fund only for the purposes designated for the fund. Thus, the fund of motor vehicle advances can only be used to advance vehicle loans to the civil servants and money for other funds cannot be used by them as vehicle loans. In the private sector, the technique of flexible budgeting has been developed to set standard for cost in the light of output achieved.The absence of output measure in the delivery of public goods means that such technique cannot be used in a typical government department.

2.1.3 Concept of Public Financial Management

Public financial management is concerned with the planning, organizing, procurement and utilization of government financial resources as well as the formulation of appropriate policies in order to achieve the aspirations of members of that society. Udoayang, Akpan, and Asuquo, (2009:115) sees public financial management as the link between the community's aspirations with resources, and the present with future. It lies at the very heart of the operations and fiscal policy of government. The stages of public financial management include:

2.1.3.1 Policy formulation

Policy formulation is one of the most important stages in public financial management structure. According to Akpan, (2009), the transformation of the society's aspirations into feasible policies with well-recognized financial implications is at the heart of financial management. Issues not addressed during policy formulation tend to grow in magnitude during implementation and may frequently contribute to major reversals. Financial management should be designed to achieve certainmicro and macro- economic policies. It entails a clearly defined structured and articulated system that moves to promote cost-consciousness in the use of resources. The government needs to have an estimate of revenue and expenditure to achieve the policy objective of government.

2.1.3.2 Budget formulation

The budget formulation is the step that involves the allocation of resources before the submission to the legislature for review and final approval. According to American Institute of Certified Public Accountants (2009:108), in Nigeria the budget formulation involves the articulation of the fiscal, monetary, political, economic, social and welfare objectives of the government by the President; based on these, (i) the department issues policies and guidelines which form the basis of circulars to Ministries/Departments requesting for inputs and their needs for the ensuring fiscal periods; (ii) accounting officers of responsibility units are required to obtain and collate the needs of their units; and (iii) accounting officers of ministries, in this case the Permanent Secretaries, are required to collate these proposals which would be defended by unit heads before the supervising minister.

2.1.3.3 Budget structures

According to Australian Accounting Research Foundation (2010), budget structure addresses the question of how the budget is or should be composed. In Nigeria, budgets have revenues and expenditure sides. According to Baird (2013), many governments have yet to put in place cash management systems, which would pave way for coordinated domestic management. The practice of limiting outlays to collected revenues has exacerbated this problem. He, further argued that there is a massive underfunding of programs and projects provided for in the budget.

2.1.3.4 Payments system

This involves the operational procedures for receiving monies for the public and for making payments to them. In Nigeria, governments make payments using a variety of procedures. These include book adjustments, issue of cheques, and payment authorities and electronic payment systems.

2.1.3.5 Government accounting and financial reporting

Government accounting and financial reporting is a very important component of the public sector financial management process in Nigeria. As Burton, (2011:201) noted that government accounting entails the recording, communicating, summarizing, analysing and interpreting financial statement in aggregate and in details. In the same vein, Chambers, (2006:142) argues that government accounts have the dual purpose of meeting internal management requirements while providing the public with a window on government operations. Government financial reports should be prepared with the objective in mind of providing full disclosure on a timely basis of all material facts relating to government financial position and operations(Ezejelue, (2012:207). Financial reports on their own do not mean accountability but they arean indispensable part of accountability.

2.1.3.6 Audit

One of the fundamental aspects of public sector financial management in Nigeria is the issue of audit of government financial reports. Audit is the process carried out by suitably qualified Auditors during the accounting records and the financial statements of enterprises are subjected to examination by the independent Auditors with the main purpose of expressing an opinion in accordance with the terms of appointment (Glautier and Underdown, (2009:177). The high level of corruption in the public sector of Nigeria is basically as a result of the failure of auditing. As Gorelik, (2011) puts it "many audit agencies are legally prevented from reviewing policies. Most of them cannot follow the trail of money, as they do not have the right to look into books of contractors, and autonomous agencies". One fundamental failure of audit is the absence of value for money in the Nigerian public sector.

2.1.3.7 Legislative control: The legislature (House of Representative and Senate) in Nigeria is expected to perform this very important task of controlling and regulating the revenue and expenditure estimates in any fiscal year. It is the responsibility of the members of the National Assembly to ensure that the budget estimates are properly scrutinized to ensure accuracy, effectiveness and efficiency of government revenue and expenditure.

2.2 Empirical Framework

Baird (2013) carried out a study on the impact of accounting in controlling fraud in the public sector. His objectives were; to determine the extent of fraud in the public sector in Nigeria and to examine the effect of accounting in control and prevention of fraud in the public sector. He used sample survey for this study and found out that; the accounting process involves a detailed correction and reporting of the expenditures and revenues involved in a business or company operation. Accounting tracks the financial details of the firm including the funds taken in and money spent by the company and the staff. Akpan, (2009) studied the impact of an accountant in the control of public expenditure. His objectives were; to ascertain the roles of an accountant in the control of government expenditure, to identify the challenges militating against accountants' role in the control of public expenditure. He used regression for his analysis and found out that; the role of accountants in budgeting relates more in the area of forecasting and control. Professional budgeting and accounting require the service of a trained accountant, but the processes include different essential services.

2.3 Theoretical Framework

2.3.1 Business Entity Assumptions (BEA)

This theory contends that business can be separated from its owners and the environment in which it operates is necessary in order to set a boundary to the accounts. Only the transactions directly affecting the entity are recorded in financial statement. Udoayang, Akpan, and Asuquo, (2009:207) also observed that the separate legal personality is assumed as business has a right to acquire assets and incurs liabilities as distinct from its owners. The business has right to sue and be sued like any other person. Both agreed that it can sometimes be somewhat arbitrary, particularly for small and medium enterprises where the affairs of the owners and the businesses are often inextricably interwoven. This process would however give rise to distortion in real income determination, especially where information are not readily available about private expenses of the owners as distinct from the firms. Early advice and proper accounting records will however eliminate the pending danger of not separating private expenses from business expenses. However, he did not recognize was the inability of the court to imprison the entity as individual can be sentenced and imprisoned, except those who acting in that capacity.

2.3.2 Going Concern Assumption (GCA)

This means that in drawing up financial statements; the entity will continue to exist in its present form into the indefinite future (perpetuity) (Onah,2010:204). It is further stressed that the organization will continue to exist for life as far as the firm can meet its immediate and long term financial obligations. GCA, however ensure that assets should also be valued based on their economic useful life, cost, degree of usage and residual value for purpose of real income determination. The controversy to going concern assumption is that a firm could be compelled to go into liquidation if it cannot meet its short term and long term financial obligations as they fall due

3. METHODOLOGY

The research design is ecploratory in nature and the entire data used for this research was collected or obtained from both primary and secondary sources. Nonetheless the criteria for data collection depended strictly on its relevance to the study. The major instruments used for primary data collection are; Interview and observation. The secondary data were gotten during the review of related literature. Most of text books, magazines and journals used for this were gotten from libraries. The internet served also as a source of secondary data. Many articles which provided more insight on the research topic were sourced online.

4. RESULTS AND DISCUSSION

In the course of this research effort, he researcher made a number of discoveries. Public revenues and expenditures constitute an integral constituent of government budget, the duty to prepare government budget is that of the financial analyst, who are mostly accounting professionals who make effective and efficient financial forecasts. Also, effective and efficient forecasting during budget preparation ensures that a realizable budget is prepared. Furthermore, the execution of public projects by government entails incurring public expenditures and an adequate and effective accounting system ensures accountability and transparency by the executor of public expenditure (project). The accountability and transparency occasioned by adequate and effective accounting system attenuate possible embezzlement of funds meant for such project by the executor. Also an adequate and effective accounting system will thwart accountability and transparency by the executor of public expenditure (project), this will consequently give rise to embezzlement of funds meant for the project by the executor, while standard costing involves setting future cost level for a transaction prior to the time of the transaction. It also involves cost variance analysis and the adequate application of standard costing when setting out fund for public expenditure will minimize the incidence of adverse public expenditure cost variance that is insufficiency in the amount set aside for executing public project. Consequently, engagement of professional and qualified accountants is pertinent for effective application of standard costing when standard costing is effectively applied the productivity of the expenditure will be adequately enhanced. viii. Finally, it was also discovered that standard costing s an effective accounting technique for cost control which can be applied in public expenditure.

5. CONCLUSION AND RECOMMENDATIONS

With particular reference to the results obtained in the course of this research, it can be concluded without any iota of doubt about the following. An adequate government budgeting can regulate public expenditures and improve the productivity of public expenditures. An effective and efficient accounting system in public institutions can ensure transparency and accountability in the execution of public expenditures and consequently avoid possible Embezzlement and misappropriation of funds meant for public expenditure execution. The application of standard costing in the management of public institutions will enable the regulation of public expenditure and its productivity. Accounting system has tremendous impact in the control of public expenditures. Based on the findings of this study, the followings are the recommendations preferred by the researcher to ensure that the findings which are positive are sustained and those that are negative are addressed adequately.

i. Government and other public enterprises should seek the services of professional accountant when preparing their annual budget. The service of the accountant will be very useful in the area of forecasting or estimating the amount to be set aside or budgeted for public expenditure based on the anticipated public revenue, this will go a long way to avoid budget deficit.

ii. Public institutions should instil strong accounting system and effective internal control system in their general operations, but most especially in the award of contracts which entail incurring public expenditure. This will consequently ensure transparency and accountability by the executor of the contract, this will certainly eliminate possible embezzlement and misappropriate of funds meant for the contract.

iii. Government and other public institutions that award contracts for the execution of public projects should always set up a monitoring group that will supervise the activities of the executor, especially in relation to the executor's use of the funds meant for the execution of the projects.

iv. Government and other public institutions that award contracts that take long period for completion for example a project that takes four years. The government or public institution should demand an annual contract account from the executor of the project, in addition they should demand quarterly and monthly updates on the appropriation of the funds entrusted to the project executor.

v. Government and public institutions to track how the executor makes use of the project funds. v. Accounting bodies such as Institute of Chartered Accountant of Nigeria (ICAN) should organize workshops and seminars aimed at sensitizing those entities that incur public expenditure on the need for them to appreciate the enormous roles accounting plays in the regulation and control of public expenditures.

vi. Government should also introduce more of the current emerging e-platformslike Integrated Payroll and personnel information System (IPPIS), Treasury Single Account (TSA) and ensure they are working effectively.

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Effect of Value for Money Audit on Fraud Prevention in the Nigerian Public Sector

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Abstract

Increasing concern and awareness of government activities by its citizens brought about the widening of the scope of governmental auditing over the years by the demand for independent verification of information to the extent that it can no longer be limited to the audit of financial operation, but value for money audit which ensures that the activities and programs are carried out at low cost and high standard. The study examined the effect of value for money audit on fraud prevention in the Nigeria public sector. Lack of fraud preventive measuresput in place in the public sector affect the overall achievement of goals by the managers in the public sector brought the need of this paper. The specific objectives were the aim was to ascertain whether government auditing achieves the purposes for which programs are authorizes and funds released economically and efficiently in accordance with applicable law and regulations and to find out whether in the process if value for money audit have any effect on fraud prevention in the Nigeria public sector. A study and survey of previous works was carried out, it was found that value for money audit play a vital role in promoting the effectiveness and efficiency of activities in the public sector, therefore helps in fraud prevention. There is a significant effect of the value for money audit in fraud Prevention, detection and control in public sector. Value for money audit plays a vital role in promoting the effectiveness and efficiency of activities in the public sectors. Fraud in the public sector is reduced drastically through efficient operation of audit roles. The study recommends that value for money audit should be mandatory requirement under statutes in all public sector organisations because of its effect in fraud prevention. It also recommend that government should support the implementation of policies formulated to enhance value for money audit in the public sector.

Keywords: Value for Money, Audit, Fraud Prevention, Public Sector

1. INTRODUCTION

Strong internal controls, including maintaining a robust internal control environment, are the best way public sector organizations can mitigate fraud. However, even a strong internal control environment cannot guarantee that no frauds will take place within organizations. Implementation of further lines of defence, such as an efficient and effective internal audit function, is important. Large corporate scandals and frauds have shaken both the private and public sectors over recent decades. The negative effects of these frauds are significant but difficult to quantify and measure. Their impact is often damaging both financially and reputationally to organizations and is therefore not widely publicized. Frauds are often very difficult to uncover. Despite increased fraud prevention and detection methods, many frauds still are only accidentally discovered after going on for prolonged periods. Governments and organizations have increased their efforts to address fraud risks, driven by the global growth of fraud occurrence; the demands of a burgeoning regulatory environment; citizen increasing dissatisfaction with the scale of the fraud and corruption as well as amplified requirements from external and internal auditors. More than ever organizations are focused on establishing appropriate risk assessment processes and plans, and implementing fraud awareness programs, together with prevention and detection measures. This study examines the effect of value for money audit on fraud prevention in the public sector. It describes the technique and procedures in conducting value for money audit and it effect in fraud prevention in the public sector.

Fraud Prevention has become increasingly important to managers of various governments in an organization. In general, fraud has always weakened investors' confidence in both private and public sector investment. This is because fraud against an organization reduces the net income and services to be provided to people in the case of public sector. However, conducting value for money audit which is concerned with the economy and efficiency of an organization and the effectiveness of achieving its desired objective, although,its main objective is not fraud prevention, but in the process of conducting the audit, fraud prevention measures are put in place within the organisation. Auditing is seen to play an intermediary function in between management and the resources of the organization. It is also fundamental to any business either the public or private sector. In the early 1970s, the role of the state auditors began to change dramatically. Changes began in USA, Canada, and in several European countries. The representative of the people started demanding information on the efficiency and effectiveness of public expenditure. In Nigeria no specific legislation has been put in place to empower auditors to carryout value for money audit. However, the 1999 constitution section 88 (2) empowered both the two federal house and the state house of assembly to conduct investigation to expose corruption, inefficiency or waste on the execution or administration of law within the legislative competence and in the disbursement or administration of fraud appropriated by it.

2. LITERATURE REVIEW

2.1 Conceptual Framework

2.1.1 Concept of Value for Money Audit

The term value for money audit is a new entrant in public sector auditing literature, though the various aspects of the concept have been relatively observed in the process of accountability in the public sector. Johnson (1996) noted that the concept is currently the subject of much discussion in the public sector, some taking the view that it presents a new concept aimed at checkmating the public office holders. As public sector officers became more conscious of the need to ascertain the actual utilization of resources, the concept of value for money started to emerge. Ene (2000) indicated that value for money involves the appraisal of pursuit of the economy's efficiency and effectiveness in utilization of organizational resources. In Nigeria, the concept became very pronounced because of the economic depression experienced since the 1980s. Government's emphasis shifted from expenditure control towards value for money as the need for effective utilization of economic resources became imminent (Ene, 2000). However, Okwoli (2004) stated that the concept of value for money audit has not gained the required level of recognition in Nigeria, though it lies within the jurisdiction of internal control, which is a management device for effective operation of the organization. Consequently, the framework of value for money encompasses; Economy, Efficiency and Effectiveness.

2.1.2 Value for Money Audit Framework

According to Okonkwo (2001), economy is the organization study of the process by which scarce resources are allocated among alternative and competing wants with the objective of obtaining a maximum satisfaction of these wants. Nnamocha (2002), economy is an organized scientific study of the process by which scarce resources which has alternative uses are allocated among competing wants with the objective of maximizing welfare. Auditors try to determine whether the resources have been acquired in the right amount, right place at the right time, of the right kind and at the right cast. These presume that there are standards available to judge whether consideration of economy were kept in view in acquiring resources. With respect to efficiency, Alugbuo (2004), opined that efficiency is all about minimizing waste in the process of transforming inputs into outputs and in delivering them to customers. Efficiency is important because it helps keep down the cast of producing outputs. The guidelines of efficiency are usually spelt out through various policy instruments such as budgets. It's often necessary for auditors to develop such standards or criteria if they do not exist. Therefore, auditors often have to work with the auditee management and other specialist, to identify or develop efficiency standards or criteria. Furthermore, Norbert (1999) refers to effectiveness as the degree to which the resulting outputs satisfied predetermined organizational objectives. Effectiveness is also the end results of the total management process for an organization are being effective. By being effective, an organization should be able to provide outputs that customers and the publics in the external environment will desire value and accept and afford. Effectiveness includes being able to meet budgeted targets. The type of interrelationship between among these three elements is that all of them should be in place before the assessment of value for money can be said to be complete. Right things should be done using the right method at the minimum cast. Also the application of value for money concept to auditing leads to the concept of value for money (VFM) audit. It is applicable to both the private and public sector, but more emphasis has been placed on its application to the public sector. Value for money audit recognizes that the primary responsibility for securing value for money lies with the management of the spending agency or establishment. Developed countries have given legislative backing to value for money audit while such backing is found to be lacking in developing countries. In seeking if the 1999 constitution has made any legislative commitment to the concept of value for money audit, Afemike (2004) concluded that: in spite of the poor state of legislative commitment to the value for money audit, it has been observed that the auditor- general of the federation has included it in his scope of responsibilities. Johnson (1999) opined that value for money auditing is a blend of both conventional auditing, that is, as far as economy and efficiency are concerned and management consulting (in the area of effectiveness audit). In countries where there are specific statutory provisions, on the functions of the government auditor, the responsibilities of the auditor general are well stated to include value for money, whereas in the absence of such provisions, the auditor general will at best be doing what he understands to be his responsibilities. Consequently the audit queries issues to the accounting officers may be misconstrued and not treated in the most appropriate manner.

According to Johnson1999 concept of value for money in public sector should be put to the best possible use and that those who conduct public business should be accountable for the economical, efficient and effective management of the resources entrusted to them. Public sector managers have an obligation to demonstrate that resources such as people, goods and money are used as productively as possible, which is, with due regard for value for money, in achieving the intended results. Although there may be no reason to believe that problems exist, an objective review and resulting recommendation can be of benefit to the organization being reviewed. A value for money audit has a broader scope than a financial statement audit. It calls for a variety of techniques in examining both financial and management controls and could well require a multidisciplinary audit team. The more obvious areas covered by value for money auditing are the following: Financial planning, budgeting and controlling, Human resource management (that is, planning, development, and appraisal), Planning, acquisition and utilization of physical assets such as properties, plant and equipment and the development of management information systems necessary to plan, operate and control an organization. A value for money audit may be conducted by internal auditors reporting to management or by external auditors providing an independent report to those to whom management is recognized as being accountable. These may be legislators, elected representatives, senior administrators and the general public. This statement is directed to the external auditor and the term “value for money audit” in the rest of this statement as defined in tone with the recommendation of the public account committee.

2.1.3 Concept of fraud

According to Zimbelman and Albrecht (2012), fraud can be defined as a generic term, and embraces all the multi-furious means which human ingenuity can devise, which are resorted to by one individual, to get an advantage over another by false representations. This includes surprise, trickery, cunning and unfair ways by which another is cheated. Similarly, Singleton and singleton (2010) also reveal that entities or government needs to define fraud and make it part of ethics or fraud policy, and ensure all employees have to sign their acknowledgment of understanding and accepting to abide by it. Oyadonghan (2008) sees fraud as the use of deception for unlawful gain and unjust advantage. Association of Certified Fraud Examiners (2008) classifies fraud as occupational fraud and abuse, financial statement fraud. Occupational fraud and abuses (employee frauds) are act of use of employee’s occupation for personal gain via the deliberate theft or misuse of the employer’s resources or assets; while financial statements fraud is the deliberate act of misrepresentation of the financial reports through the intentional misstatement or omission of amounts or disclosure in financial statements so as to deceive the users. Based on various definitions of fraud above, we can conclude that fraudulent activities involve deception in any form to gain advantages of the victim who suffers financial damage. The definition of The Association of Certified Fraud Examiners (ACFE) addresses fraudulent activities that are prevalent in most public sectors.

2.2 Empirical Discussion

Alwardat and Benamraoui (2014) found out that value for money auditing has become key in oversight over public sector services with emphasize on accountability; and has influence on management styles used in public sector organisations, though there is a contrary view that it constrains management of public sector services.Chezue (2013), focusing on the National Audit Office of Tanzania to find out the cause andeffects of misuse of resources that led to negative impact to communities, and undermineddevelopment projects of the country. He collected primary and secondary data throughobservation, participation, interviews, examination of documents, and inspection. He found out that value for money auditing is not a popular approach among public officials, value for money auditors were few with no universal criteria for evaluating the 3e's and auditees' fear of victimisation. Kristin (2013), focused on the Auditor General in Norway and studied accountability and usefulness of Value for Money auditing. She probed the influence of VFMA by analysing data from a survey of 353 civil servants who had experienced value for money audits. Her findings discounted the assumption of accountability paradox (assertion that enhanced accountability can erode organizational performance), and rejected the assumption that accountability enhances performance as the two variables are dissociated. She also concluded that civil servants perceive that value for money auditing hold ministries to account to some extent, which is not the case. By exploring the dilemmas between accountability and organizational learning, she contributes to the impact of value for money auditing relevant to evaluations with an accountability approach. In addition, Kristin's (2013) observed that little evidence exist that VFMA has an effect or contributes to effectiveness, the efficiency, and accountability of public sector. She also offered that state administrations contest VFMA mandate on effectiveness; creating room for management failure that undermine public accountability in various countries. Nasstrom and Persson (2016), studied value for money audits – factors affecting audit impact in Sweden with a focus on human perception; through a cross sectional comparative qualitative study involving 23 interviews spread across three value for money audits, examination of public documents, benchmarked with earlier studies and theories. They concluded that audit impact is complex and mainly affected by usefulness and quality of value for money audits. Eze and

Ibrahim (2015), examined value for money auditing as a veritable tool for expenditure management using a desktop analytical approach and arrived at two contradictory conclusions, that is; that lack of value for money auditing processes affect the smooth running and growth of an entity, and also that determining how economical, efficient and the extent of objectives realisation is still a subject of debate in most jurisdictions. Bawole and Ibrahim (2015) are of the view that VFMA has failed to attain economy, efficiency, and effectiveness in the few developed countries where it has achieved improved aspects of public sector performance; with instances of anti - innovation, expectation gaps, and unnecessary systems being attributed to it. According to Eze (2015), as VFMA enhance service quality accountability to taxpayers so does it also weaken accountability in the short term due to its long term orientation; creating a gap of variations between what is measured and what is actually done. Sarmento (2010), is of the view that audits impose accountability demands on government appointed officials at the expense of public accountability; besides dimming transparency via their recommendations of complex administrative apparatus (Padia & Vuuran; 2012). Gideon and Tawanda (2012), in their study on Zimbabwe government auditing institutions found out that VFMA reports' recommendations do not stimulate corrective measures from the accounting officers. This could be because as Justesen and Skaerbaek (2010) note, such reports model and present possibilities of improvements and the need for change.

Agbo and Aruomoaghe (2014) examined performance audit as a tool for fighting corruption in the Nigerian public sector administration: A study of government ministries and local government councils in Edo and Delta States. The objectives of the study were to determine if the resources are being managed with due regard to economy, efficiency and effectiveness and whether accountability requirements are being met reasonably. The data for the study were collected with the aid of questionnaire while Pearson's correlation co-efficient was used for data analysis. The findings showed that performance audit could be an effective tool in curbing corruption. The recommendation was that performance audit report should be made public and stringent punishment should be melted on offenders to serve as deterrent to others. Olurankinse (2012) empirically examined measures and strategies aimed at checking wasteful expenditure and keeping budget in line with global practice. Data were collected using structured questionnaires administered to 500 budget officers and accounting officers in various units of government in Ondo State, Nigeria. Analysis of data was done using descriptive statistics with the aid of SPSS version 20.0. The result of the analysis revealed that people who are concerned with budget formulation are not fully carried along and this accounted for the inadequacy of budget formulation. Besides, there is lack and disrespect for due process because of low level of compliance with budget provisions. In terms of monitoring and implementation, result showed that budgets are not well monitored and not fully implemented and this is evident in so many uncompleted and abandoned projects. In another study Tanko *et al.* (2010) examine value for money audit in Nigeria local government councils. The objective of the study was to evaluate whether taxpayers funds are being utilized economically efficiently and effectively. The data for the study were collected with instrumentality of questionnaire while Chi-square was used for analysis data. The findings indicate that the managements of the local government areas do not follow due process in contract award and this has negative impact on the concept of value for money audit. The recommendation was that due process must be followed strictly in both contract award and implementation.

2.3 Theoretical Framework

2.3.1 Public Interest Theory

This study is anchored on public interest theory propounded by Iyoha, Gberevbie, Iruonagbe and Egharevba in the year, 2015 during their research work titled Cost of Governance: In Whose Interest? The theory is of the view that government is seen to be made up of individuals whose desire it is to serve the public by doing what is “right’. In this context, the government becomes an instrument that will or should improve the welfare of the society. The assumptions of this theory are that the society does not expect any unintended and unexpected consequences of government actions to arise in the course of the discharge of responsibilities. Hence, individuals in government being rational should be able to provide answers to a number of questions such as: what is the right cost of governance? Does current output correlate with level of spending, could more be achieved to improved capital projects. Recurrent expenditure is minimized with current spending, and could the same output be achieved with less spending? The theory is applicable to this study considering the fact that government is expected to provide for the welfare of members of the general public in all ramifications. Government is expected to be proactive, to put in place measures to prevent fraud in the public sector.

3. METHODOLOGY

The research design is exploratory in nature and the method employed in this study is the secondary source of data collection. Secondary data refers to data that have already been collected for some other purpose. Yet, such data is very useful for the research purpose. The data were generated from journals, texts books, seminar reports, library, government audit reports and recommendations.

4. RESULT AND DISCUSSION

Public sectors according to Adams (2014) are all organizations that are not privately established and operated but which are owned, run as well as financed by the government on behalf of the public. This implies that all the activities of public sectors are governed by government’s pronouncements and constitutions. Adams (2014) lists out regulatory framework of Public sector which includes the constitution of the Federal Republic of Nigeria, the 1979 as amended 1989 and 1999, the Finance (control and management) Act of 1958, the Audit Ordinance of 1956 and the Financial Regulation and Revenue Allocation Laws. With many policies made by government, frauds of different degrees and forms still persist in various public sectors. Government should aim at fraud prevention not just detection. Fraud prevention saves government from huge investigation cost. According to Zimbelman and Albrecht (2012), an environment where fraud is prevented, there would not be detection and investigation costs. Some of the result of value for money audit, is fraud prevention in the public sector.

Public Sector Audit: Institutional and Statutory Arrangements

The office of theAuditor-General for the Federation was created by Section 85 of the 1999 Constitution of Federal Republic of Nigeria, with that, the importance of government auditing was clearly seen. The Auditor General office is saddled with the responsibility of ensuring that there is accountability by the executive arm to the legislative arm for the proper administration of the activities, functions, operations and programmes of the government and its various agencies. The Accountant General of the Federation isrequired by the Audit Act of 1958 to furnish the Auditor-General for the Federation with the nation's financial statements not later than seven months after the close of each financial year. Theinstitutional arrangement further requires the Public Accounts Committee of the Federal legislativeHouse to deliberate on the Auditor-General’s report and make comprehensive reports andrecommendations to the whole House. At the state level, a similar arrangement is put in placewith the Commissioner for Finance, Accountant-General of the State, Auditor-General for the State, and the Public Accounts Committee of the State House of Assembly performing similar roles as their counter parts at the Federal level. The essence is to extract accountability from the executive to the legislative arm.These institutional arrangements appear not to have sufficient legal backing for Value-for-Money Audit; hence the concept is at its embryonic stage in Nigeria when compared with situations in advanced economies of Canada, United Kingdom, Norway, France and the Netherlands. Although Section 88(2) (b) of the 1999 Constitution of the Federal Republic of Nigeria empowers each Legislative House (the National Assembly and the House of Representatives) to conduct investigations, the powers enable the Houses to exercise oversight function on the Executive arm and expose corruption, inefficiency or waste in execution or administration of laws within each Houses' legislative competence and in the disbursement or administration of funds appropriated by it. Similar powers of investigation are conferred on the State House of assembly by Section *128(2) (b).* These constitutional provisions have been considered to be too narrow to constitute sufficient statutory commitment to Value for Money Audit. Highlighting this point, Afemikhe (2003) testifies that the 1999 Constitution did not expressly empower the Auditor-General to carry out Value-for-Money Audits although the later had defined his responsibility to include carrying out financial, regulatory and Value-for-Money Audit.

Audit, Internal Auditing and Internal Auditor

The idea of audit/auditing emanated from the ancient civilization of Romans and Egyptians. The term "audit" was carried from a Latin word "audore" meaning "to hear" (Anosike, 2009). The idea and origin of stewardship accounting came from ancient times, where wealthy men, business promoters or owners employed ''stewards" to manage their properties and account for them. The account of an estate or domain, were checked over by those in authority. "Such practice brings a lot of suspicion amongst stewards and the estate owners. This in fact gives rise to modern auditing. In the early days of auditing the prime qualification for the position of auditor was "reputation", a man known for this integrity and independence of mind would be sought for this honoured position. The matter of technical skill, ability is entirely secondary. The word auditor soon acquired a secondary meaning i.e. section 358, sub section 1.6 of companies and allied matters decree (C A M D) of (1990); defines an auditor as an accountant who has undergone training and a member of recognized accountancy bodies resident in Nigeria, established from time to time by act or decree and who is carrying on professional practice.According to Azubuike (2005: 84) internal audit is the function of records, appraising the producers and organization of a business and review effectiveness of the system of internal check. Okereke (2000: 24) defines internal auditing as a control function aimed at evaluating the adequacy and effectiveness of other control. In an organization, the internal audit function is carried out specially the assigned staff called the internal auditors. The power and authority of the internal auditor depends to a large extent on management and level of incumbent in the management structure. According to Okereke (2000:24) internal constitute, the evaluation of the internal control system of an organization which include internal checks (that is checking of the day to day transaction) it operates continuously as part of the routine system where the work of one person is proved to be independent to the work of another, the objective being easily prevention and detection of fraud.

Procedures For value for Money

Value for money is the concept that seeks the maximization of the use of scares resources for the welfare of the public by ensuring that activities and programs are carried out at low cost and high standards. In other to achieve this phenomenon, three elements are usually covered and these are: economy efficiency and effectiveness. These were the key elements of the view expressed by both the United States comptroller- general and the United Kingdom comptroller- general and auditor- general about three decades ago. The value for money audit suggest those procedures designed to assist management establish necessary control to ensure that the desired objectives are met at the desired level of efficiency and effectiveness. Though this emphasis cost saving but that may not be the overriding objectives. Value for money may not be applied to both private and public enterprise, but it is particularly relevant in the public sector. Its application in the public sector is designed to provide to the oversight bodies an assessment of the performance of the operating arm with information, observation and recommendations designed to promote answerable, honest and productive government. It encourages accountability and best practices. The procedure for value for money is to access the economy, efficiency and effectiveness with which government acquires and applies the resources to benefit the wellbeing of the citizens. Economy does not necessarily imply the cheapest price while the measure of effectiveness is subjective, often involving the perception of the recipient of government services. The value for money audit may not be sensitive to certain political realities such as labour agitation. For instance, where the value for money review clearly reveals over-staffing in public services, some other non-financial consideration may shape government reaction to a recommendation to downsize staff strength. However, a value for money review will certainly focus on the areas of: Corporate structure, Information systems, Management style, Authorization procedures, Segregation of duties, Resource utilization and Effective supervision.

Value for money audit as a tool of fraud Prevention

Fraud is an intentional act by one or more individuals among management, changed with governance, employees, or third parties involving the use of deception to obtain an unjust or illegal advantage Anosike (2009). Government and Management responsibility towards fraud prevention is to design and put in place measures that will work towards prevention rather thangovernment spendingpublic resources in detection and investigation. Value for money audit is one of such measures. The variety of techniques, procedures and the multidisciplinary audit team involve in carrying out value for money audit covers some steps to take in fraud prevention in the public sector. Is not every fraud committed that can be detected by an auditor. But, an auditor can put measures in place to prevent fraud from taking place.Because value for money review focus on the areas of: Corporate structure, Information systems, Management style, Authorization procedures, Segregation of duties, Resource utilization and Effective supervision. However, when the auditor encounters evidence that material fraud may exist, it is discussed with the appropriate management level. The auditor attempt to obtain sufficient evidence as to the existence is effects of this abnormally by extending his auditing procedure. It would be seen that audit gives reasonable assurance in value for money audit as way of fraud prevention.

Preventive Measures of fraud in the public sector

Fraud Prevention involves creation of a culture of honesty, openness and assistance, and eliminating opportunities for fraud to occur (Zimbelman & Albrecht, 2012). Singleton andSingleton (2010) are in agreement with statement by saying: one key to successful fraud prevention is to focus on organization's culture and make free or low fraud environment. Thiscan be achieved through positive modelling and labelling of tone at the top and if other elements of fraud can be dealt with. Below are some measures to prevent fraud;

i. Understand your organization and industry: Explore key drivers of revenue and related benchmarks, be active in the budget process and evaluate historical trends.
ii. Brainstorm with department heads, key members of management, external and internal auditors to identify fraud risks: Review material weaknesses, compliance findings, and control deficiencies related to the financial and single audits. Also consider decentralized operations. Examples of control weaknesses that contribute to fraud include: lack of internal controls, lack of management review, override of existing controls, poor tone at the top, and lack of competent personnel.
iii. Assess the tone at the top and the entity's culture: It is imperative that organizations set an appropriate tone at the top, one that demonstrates a commitment to honesty and ethical behaviour.
iv. Create a whistle-blower policy: Establishing a whistle-blower hotline and/or policy is critical. History has shown that the initial detection of fraud most often occurs through a tip followed by management review, internal audit, or by accident.
v. Understand the objective of a financial audit and a forensic audit: The Association of Certified Fraud Examiners reports that less than 10% of frauds are discovered as a result of a financial audit conducted by an independent accounting firm. That is because a financial auditor is required to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error. There is a risk that, even though an audit is properly planned, material misstatements may not be detected. Whereas, the objective of a forensic audit is to determine whether fraud has/is occurring and to determine who is responsible.

According to carl and Richard (2005), internal audit professional should play an integral role in the organization fraud fighting effort, reports also indicates that fraud scheme was identified by internal auditors at more than twice the rate of external auditors. These proactive measures can serve as an integral part of the internal auditor's regime in fraud prevention, detection control and reporting.

5. CONCLUSION AND RECOMMENDATIONS

This study was carried out to examine the effect of value for money audit on fraud prevention in the public sector. Having, done with a careful examination of available secondary materials, the following points were obvious. From the findings it was discovered that value for money audit in the public sector plays a vital role on fraud prevention, although the aim of value for money audit is not to prevent fraud but its ripple effect helps in fraud prevention. The technique and procedures involve in conducting value for money audit helps to put in place preventive measures against fraud in the public sector. Value for money audit involves checking the internal control system put in place in an organisation and one of the ways for fraud prevention in an organisation is putting up a good internal control system. In carrying out value for money audit, auditors identify areas where performance need to be improved, where controls are weak, suggest solutions and then help to implement the suggested solutions. The result is fraud prevention in such areas. Value for money audit also plays a vital role in promoting the effectiveness and efficiency of activities in the public sectors. Fraud in the public sector could be prevented through efficient operation of audit roles. Value for money audit report helps to provide new ideas for management in public sector organisation to plan and put in place fraud preventive measures in areas that are needed. Value for money audit helps to save resources for an organisation, it is economical put fraud prevention measures in place that spending hard resources to pay dictation and investigations. Given the foregoing, the study recommends that value for money audit should be mandatory requirement under statutes in all public sector organisations because of its effect in fraud prevention. Public auditors should have audit policy memorandum that would contain standing matters that could help to achieve value for money audit objective, because of the role it plays on fraud prevention.Also, that government should support the implementation of policies formulated to enhance value for money audit in the public sector.

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Nexus between Oil Economy and Digital Economy: The Case Study of Nigeria

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Abstract

In the wake of Nigeria's independence and rise to economic stability, one of the most striving sources of income for the country has been the oil economy. With a maximum crude oil production capacity of 2.5 million barrels per day, Nigeria ranks as Africa's largest producer of oil and the 6th largest oil producing country in the world. However, in the advent of the later years of the 21st century, the digital economy had an impressive growth and has been termed by many as "The New Oil". The Digital Economy is based on digital computing technologies and is perceived as a means of conducting business through markets based on internet and the World Wide Web. The Nexus between the two economies can be perceived in light of Nigeria exploring ways to expand production to meet the growing demand as application of digitalisation and emerging new technologies will make way for expansion of production in the oil economy and also serve as a source of revenue generation for the digital economy. The research work depicts the relationship between the two economies, using Nigeria as a case study. Primary sources and Secondary sources such as textbooks, journals, articles and relevant internet materials are reliable source of materials in this work with the researcher employing the use of the exploratory method as it is recognised that the digital economy can complement the oil economy if its mechanism are put to good use which would in turn boost the overall growth of the economy of the country.

Keywords: Digital Economy, Oil Economy, Digitalisation, New Oil, Key Enabler

1. INTRODUCTION

As the world's 7th most populous country, Nigeria is home to about 200 million people and is Africa's largest market with a young growing and vibrant population. Oil is undoubtedly one of the most important commodities in the world. In its transformation stage, it can be turned into petroleum which is used in vehicles and can serve as a source of electricity amongst its other uses. The researcher has only given examples of petroleum in the aspect of being an energy source but however, petroleum is also used in plastics, paints, chemicals, tapes and a host of other thing. It is imperative to state at this juncture, that it is hard to imagine a world without oil. The over-dependence on oil has created vulnerability to the vagaries of the international market, as observed in the preceding section that show the contribution of oil to some macro-economic variables. In particular, the place of oil in the psyche of the average Nigerian has become more profound since the "imperfect" deregulation of the downstream segment of the Nigerian oil industry in 2003. The contradiction is more glaring now with the recent rise in crude oil prices at the global markets, which meant more external earnings for Nigeria, but also increased the expense burden on imported refined petroleum products! It is such contradictions (perhaps aberrations) that make the Nigerian economy appear strange at times, as policies seem to ignore what appears obvious to do. As such, developments in technologies such as the cloud, social media and analytics are driving trends that have immense potential for the Nigeria oil economy. This study is therefore set out with the objective to ascertain the nexus between the Oil Economy and Digital Economy in Nigeria.

The digital economy is a platform for growth for the entire Nigerian economy. Industries, old and new are moving online and finding new ways to do business. The digital economy connects Nigeria to the global movement online and is specifically valuable to the country's economy as it allows Nigeria to confront the challenges of discount by connecting us to the rest of the world at a quicker pace. In 2016, the global digital economy was worth about $11.5 trillion which is equivalent to 15.5 percent of the world GDP. The digital economy is expected to reach 25% in less than a decade. According to the Nigeria Digital Economy Diagnostic Report conducted by the World Bank Group (28th Nov 2019), Nigeria has a population of about 200 million people and accounts for 47% of West Africa's population. Therefore with improved digital connectivity combined with digital skills and literacy, Nigeria will be able to harness its digital economy and partake in the 25% GDP increase in few years' time. The National Digital Economy policy and Strategy (NDEPS) unveiled by

President Muhammadu Buhari on 28th November 2019 was based on objectives that will boost development of digital in both private and public sectors in Nigeria. In Nigeria, the digital economy is a key priority as the Diagnostic report noted that Nigeria has made some strides to strengthen its digital space. Nigeria's Economic Recovery and Growth Plan (ERGP) 2017-2020 recognises the need for a digitalised strategy to make the Nigerian economy more competitive in the 21st century global economy.

2. LITERATURE REVIEW

2.1 Conceptual Framework

2.1.1 Concept of Oil Economy

The term oil economy has several different meanings. A country in which oil revenues fund a significant proportion of the economy is an oil economy. 'Oil economy' may also refer to one that relies on oil for its energy requirements, as well as transportation (Market Business News, 2019). Oil Economy may also refer to a portion of the overall economy, specifically, that portion that is connected to the production, refinement, and sale of petroleum and In other words, the oil sector, oil industry, petroleum sector, or petroleum industry (Market Business News, 2019). It is 'the portion of the overall economy connected to or depending on the production, refinement, sales or use of petroleum'. Another Author defined Oil economy thus; 'As an economy that relies on oil for its energy requirements as well as transportation.

2.1.2 Digital Economy Conceptualized

The term 'Digital Economy' was first coined by Don Tapscott, an author in his book titled 'The Digital Economy. Promise and Peril in the Age of Networked Intelligence. Tapscott did not give a direct definition of digital economy even though he coined the term; he rather called it the 'Age of Networked Intelligence' where it is 'not only about the networking of technology; smart machines but also the networking of humans through technology that 'combine intelligence, knowledge in the creation of wealth and social development'. Lane in his book 'Advancing the Dgital Economy into the 21st century defined Digital Economy as 'the convergence of computing and communication technologies in the internet and the resulting flow of information and technology that it is stimulating all of electronic commerce and vast organisational changes'. All the above definitions of Digital economy covers all digitally enabled economic activity. The Researcher therefore defines oil economy to exist in a country in which the major source of revenue is generated from the oil sector and a decline in the overall productivity of the oil sector would affect the Country's economic status while a digital economy is defined as the use of digital technologies and program for the overall growth of a nation's economy, both in the public and private sector. The overall growth and increase in technology shows an inherent and adverse capacity for a more defined economy.

2.2 The Empirical Framework

Dahlman in his 2016 work "Harnessing the Digital Economy for Developing Countries (OEDC)" defined Digital Economy as the amalgamation of several general purpose technologies (GPTS) and the range of economic and social activities carried out by people over the internet and related technologies. It encompasses the physical infrastructure that digital technologies are based on (broad band lines, routers), the devices that are used for access (computers, smartphones), the applications they power (google, sales force) and the functionality they provide (IOT, Data analytics, cloud computing).This definition emphasizes on the potential of digital economies to deliver inclusive and substantial growth but only if key enablers are put in place. Mesenbourg in 'Measuring the Digital Economy (US Bureau of Census) defined Digital Economy as having three primary components; E-business infrastructure is the share of total economic infrastructure is the share of total economic infrastructure used to support electronic commerce. Electronic Business (e-business) is any process that a business organisation conducts over computer mediated networks. Electronic Commerce (e-commerce) is the value of goods and services conducted over computer-mediated networks. Another definition is that of the British Computer Society in their 2014 work tittled "The Digital Economy". Digital Economy was defined as an economy based on digital technologies, although e increasingly perceive this as conducting business through markets based on the interest and the world wide web. Mosenbourg's definition focused solely on how to measure the emerging phenomenon of r-commerce and e-business. This research conforms with this view, this is because the Nigeria digital economy has boomed and can be trailed to the emergence of e-commerce, e-business and e-business infrastructure. The reasons for this assertion may be connected to recent reports on the digital economy in Nigeria. According to reports on export.gov, Nigeria's economy is gradually becoming cashless. At present, the adoption of electronic transactions is continuously increasing, with Automated Teller Machine (ATM) transactions dominating the volume of electronic transactions and the Nigerian Inter-Bank Settlement System (NIBSS) Instant Payment dominating in value. The cashless policy has resulted in increasing demand for ATM services deployed in major cities and commercial centers across Nigeria to facilitate electronic banking and financial services. In recent times, according to streettolz, more than 32.88 per cent of the Nigerian population already has access to the internet and the rate of mobile phone usage increased to 87 million representing an attractive market for mobile commerce. Nigeria's e-commerce market was recently valued at N225 billion or $1.3 billion due to the 25 per cent in e-commerce growth. As technology has advanced and costs of ICT have continued to fall, ICT has proven to be general-purpose technology that has become embedded in and central to the oil sector operating across the economy. The oil sectors are now able to design and build their operating models around technological capabilities, in order to improve flexibility and efficiency and extend their services into global markets.

2.3 Theoretical Framework

2.3.1 Technological Determinism Theory

This study adopts the technological determinism theory which assumes that a society's technology determines the development of its social structure and cultural values. The term is believed to have originated from Thorstein Veblen an American sociologist and Economist. Technological determinism seeks to show technical developments, modern or technology as a whole, as the key moves in history and social change. It is a theory which claims that as a consequence of the wide availability of technology, accelerated globalization is inevitable. Therefore, technological development and innovation became the principle motor of social, economic or political change. The theory is essential to this research as it clearly creates a nexus between the oil economy and digital economy by establishing that maximization of technology serves as a gearing force in boosting the overall growth of an economy by infusing technological key enablers. Put in other words, it buttresses the fact that the digital economy serves a means of complementing and fast tracking a more rapid growth of the oil economy.

2.3.2 The Benign Perspective (Natural Resource Abundance Beneficial to Growth)

The conventional wisdom before the late 80s was that natural resources had positive effect on development. This view was shared by many development theorists and neoliberal economists until the resurgence of new view in the 80s that claimed that natural resource abundant was not a blessing to the developing countries. The basic argument of the benign perspective is that natural resource endowments would assist the developing countries to transit from the stage of underdevelopment to that of industrial 'take-off', as obtained in such countries as Britain, the United States and Australia. Essentially, the various channels through which abundance of natural resources like oil sector could contribute to the economies of the oil producers have been identified in the literature. One, the huge revenues from oil enables the governments of the oil producing countries to spend and invest massively without recourse to taxation. Revenues from oil, if properly utilized, could serve as a "big push" for development. This channel is especially important for developing countries where paucity of capital often constitutes a major hindrance to growth and development.

Moreover, the huge foreign exchange earnings from oil exports, apart from being used for importing raw material, intermediate and capital goods for production in the non-oil sector, could equally assist in boosting the foreign reserves of the oil exporting countries. The accumulation of foreign reserves can be seen as collateral which the oil producing economies can use in attracting foreign investment. Moreover, such holding can be seen as a costly self-insurance strategy to smoothen vulnerability impacts of domestic and foreign shocks and to intervene in the foreign exchange market. Oil sector can also contribute to development in the oil rich economies through provision of intermediate inputs to the rest of the economy. These intermediate inputs include crude oil, gas and liquid feed stocks, as well as oil and gas into the refining, petrochemical and electricity and energy intensive industries respectively. This channel is critical to growth and development in the developing countries. For instance, many outputs of the petrochemical industries are crucial to the development of the manufacturing industries. Likewise, provision of electricity and other basic utilities at favourable prices is of considerable importance in the process of growing and nurturing the service and manufacturing sub sectors. Growth and development in the oil rich economies could be enhanced through the market contribution from oil. The market contribution relates to the demand by oil sector for various inputs of goods and services provided by local sources. Generally, as a result of oil production, refining and distribution, there is tendency for oil sector-related services to spring up. These oil sector-related services will not only provide opportunity for employment but also serve as sources of earnings for the operators.

3. METHODOLOGY

This research utilizes an exploratory assessment method by reviewing research work and articles done by other writers in related field to explain the nexus between the oil economy and the digital economy, using Nigeria as a case study. The methods attempted to unveil the relationship between the two economies and how they can serve as a complement to each other and achieve overall economic growth of a country. In using these methods, the various laws, policies and widespread advocacy for digitalization in the oil economy could be appreciated. However, it is imperative to state that within the limited scope of this paper, all the principles, laws and relevant discourse on the oil and digital economy may not be fully captured and explored, but these can help in the analysis and explanation of the nexus between the oil economy and the digital economy especially as it relates to Nigeria.

4. RESULTS AND DISCUSSION

In consonance with the methodology method adopted, there is a need to address the results and observations obtained from it and proffer a viable discussion on it. For the objectives of this study to be achieved, the following results from the observation should be considered.

i. That there exists a connection between both economies.
ii. The digital economy can serve as a complement to the oil economy through the use of its
iii. Wide range of tools and mechanisms for the overall growth of a nation's economy.
iv. That the digital economy in years to come will generate more revenue for the country and take the current place of the oil economy. Thereby buttressing the phrase "digital is the new oil".

The oil economy in Nigeria is gradually turning to the digital economy as innovative ideas andnew emerging technologies would help increase efficiency and ultimately reduce cost borne in the oil economy. What this means is that the digital economy through technological breakthroughs have now made it possible for the oil economy to operate efficiently, improve gains and reduce cost. The nexus between these two economies was widely encapsulated in 2017 at the 37th annual international conference of the Nigerian Association of Petroleum Explorationists (NAPE) with the theme "expanding Nigeria's petroleum landscape: Digitalization, innovation and emerging new technologies". It has been proven that the digital economy has assisted in the way and speed with which businesses are thriving in the digital era (i.e. Apple, Amazon, Google, etc.). Research has shown that the high success rate in sectors driving on digital precision has now shifted the perspective in the oil industry to view digitalization as a critical component of core business in Nigeria. The digital economy is a key enabler in the oil economy as it lessens costs, make faster and better decisions and to increase workforce productivity. Although, the digital economy can be a source of positive change and improvement, there are a number of challenges that need to be overcome for the digital economy to achieve its full potential in Nigeria. It is therefore safe to posit that Nigeria's oil economy needs the digital economy with a strong cyber security intelligence in order to achieve sustainable results.

5. CONCLUSION AND RECOMMENDATIONS

This paper started by x-raying the history and genesis of the oil economy and the digital economy by highlighting their revenue contributions to the Nigeria economy. The researcher has highlighted the nexus between both economies by evidencing the important roles they both play in Nigeria's economy. The paper has exhibited that the digital economy is an hallmark for the overall growth of Nigeria's economy through the oil economy which at the moment serves as a major source of revenue for the Country. The researcher therefore makes the following recommendations;

i. There should be proper sensitization, seminars and workshops to educate individuals on the use of digitalization to achieve desired aims and goals.
ii. The key players in the oil economy promote the use of digitalization.
iii. The oil economy should employ the use of the digital economy for the creation of products and tools that will assist the growth of Nigeria's economy.
iv. There be enactment of laws that would envisage the integration of the oil and digital economy for a greater and better Nigeria economy

Consequently, the finding that the three components of digital economy are cointegrated is an indication that increased digitalised activity could impact on the other oil economy However, to ensure that oil continues to foster better growth and development there is the need to focus on digitalisation.

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Impact of e-Payment Systems on the Management of Public Funds in Nigeria

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Abstract

The study examines the impact of e-payment in management of public fund in Nigeria. E-payment system was articulated and designed as a means of fast tracking the implementation of government policies thereby eliminating the bottlenecks in payment system and reducing artificial interactions between government officers and contractors who perpetuate corrupt practices. This is with the view of achieving economic and efficient transactions in government finances and improves quality of reporting system in the Nigerian Public Sector. Though the e-payment system is fixed with challenges, like public accountability, lack of uniform platform being operated by the banks, lack of adequate infrastructures and issues of security, with the proper use of the e-Payment system, corruption which is a cancer in the public sector will be adequately addressed. The survey research design will be adopted and questionnaires will be administered randomly among selected practicing economists, public sector analysts, IT expert, financial analysts and seasoned academies'. Data obtained shall be analyzed using a five-point liker scale. Other hypothesis at 5% significant level will be tested while correlation and Pearson product moment will be used to measure the degree of relationship e-payment and effective fund management in public sector. This will enable the researcher to ascertain the impact of e-payment on fund management in Nigeria.

Keywords: e-Payment Systems, Public Funds, Management System, Nigerian Public Sector

1. INTRODUCTION

The Nigerian Government is faced with a lot of responsibilities and challenges in delivering its campaign promises, among which are; Roads construction, provision of stable electricity, expansion of the Railway System, provision of adequate security for all, food security, payment of Federal Workers salaries among others, and so needs a lot of funds to execute them. But management of public funds in Nigeria has been bedeviled with a lot of frauds and irregularities, this is mainly because of the manual approach that have been in place for a long time now, and as a result the government has been losing large percentage of its revenue to fraudsters due to the loop holes created by the old system. It was in pursuance of this that the President of the Federal Republic of Nigeria during the presentation of the 2009 Budget to the National Assembly introduced a number of measures for ensuring transparency and accountability. One of the measures was the unveiling of e-Payment regime directing that all financial transactions of the Federal Government be made electronically with effect from 1st January, 2009. The aim of this paper is to appraise the technological and processes involved in the operation of e-Payment system in the Nigerian Public Sector Fund Management. The study is significant as it will enable Chief Accounting Officers of Ministries, Departments and Agencies of Government, Researchers, Readers, Accountants, most especially Public Sector Accountants to have up to date information about technology and processes involved in the application of e-Payment system on the management of public fund in Nigeria. It will also make it possible to unravel any problem associated with its applications and as well proffer solution for any problem identified.

2. LITERATURE REVIEW

2.1 Conceptual Framework

2.1.1 Concept of E-Payments

E-Payment is an acronym for electronic payment system. It is a payment system that gets rid of human interface associated with payment for goods and services in public sector. There are three pivotal roles for the payment system identified by Ozuru, Chikwe and Idika (2010), are monetary policy role, financial stability role and overall economic role. Furthermore, they opined that payment systems play a very crucial role in any economy, "being the channel through which financial resources flow from one segment of the economy to the other". Okoye and Owa (2009), refer to e-payment as "a paperless system of payment that offers an alternative to the traditional system of payment which involves the use of cash and Cheque". They opined that it involves the provision of payment services and transfers through devices such as; Computers, Internet, Telephones, Automated Teller Machine (ATM) and Smartcards. Similarly, Chikwe and Idika, (2010) describes e-payment as a payment system consisting of electronic mechanisms made over the internet or a network of computers.

Meanwhile, Nwankwo (2009) argues e-payment system involves the use of web –based technologies and electronic communication networks for payment of goods and services. He further, opined that e – payment system is any kind of non – cash payments that does not involve paper Cheque. Such non payments he identified are: Debit Cards, Credit Cards, Automated Clearing House Network, Online payment via Internet, Mobile payment via Mobile Phones, Financial Services Kiosks, Biometric payments (Fingerprints), e – payments Networks, Person –to –Person Payment (P2P). From the foregoing, it is deduced that e-Payment System serve as a means of transferring funds using electronic means. Therefore, its introduction implies that all forms of payments from government funds are to be made through the banks without the use of Cheque or Cash while all bank accounts for government funds should become non-chequing accounts.

2.1.2 Public Sector Conceptualized

Public Sector is the part of the economy concerned with providing basic government services. In other words, it is an establishment, institution or agency that is being controlled fully by government of a Nation. It serves as the mechanism used by government to deliver basic amenities and infrastructural facilities such as education, health, food, clothing and shelter which any government that should be regarded as legitimate must guarantee for all citizens as recorded by Etanmibi (2005) that: government exists primarily to guarantee safety of life, security of property legitimately acquired by citizen, to protect citizens from want of food, shelter and clothing; recognizes and protects the life and freedoms of citizens, ensures that citizens are guaranteed access to justice, education, health care as well as transportation and communication. A government that fails to discharge these responsibilities lack legitimacy and constitutes what Saint Augustine calls a "band of robbers". In Nigeria, public sectors are Ministries, Departments and Agencies (MDAs) established and controlled by the government to ensure creation of enabling environment for the private sector to thrive and as well provide essential goods and services to the citizenry at no cost or at subsidized cost. Having established that Public Sector were set up to provide goods and services to the citizenry at no or at subsidized cost, its system of accounting differs from the private sectors which are established to provide goods and services with the primary aim of making profit.

2.2 Empirical Clarification

Remarkably, nature of accounting in public sector is adequately documented in Omolehinwa (2005). The study posits that the focus of accounting in government is the determination of how much money was received, the sources of such money, how much money was spent and for what purposes and also, what remains after meeting up with financial obligations. This then means that government accounting is more concerned with information gathering that will enable government to prepare Receipts and Payments accounts, rather than the profits or loss account of the private sector business. This point is reinforced by the fact that the Accountant General of the Federation is referred to as the "Chief Accounting Officer" of the Receipts and Payments of the Government of the Federation. From the foregoing, it is deduced that accounting practice in the public sector is to enable government to prepare receipts and payments accounts on actual cash received and cash disbursements within a fiscal year and hence, its accounting system is termed "fund accounting method" which Omolehinwa (2005) defined "as a method of accounting which treats a fund as the accounting entity on which accounting reports are based rather than the organization as a whole. In a more elaborate detail, Adelaja, (2004) documented that fund is an independent fiscal and accounting entity with a self-balancing set of accounts used for recording cash and other resources and related liabilities and obligations which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations and restrictions. The scholars upheld funds in an entity; its accounts should be prepared differently rather than the organization as a whole.

Public Sector Accounting in Nigeria is rooted in the 1990 Constitution of the Federal Republic of Nigeria and number of legal instruments (see Table1, below) which constitute the bedrock upon which the Public Sector Accounting Manuals, Treasury Circulars, Financial Instructions and regulations are founded.

2.3 Theoretical Framework

2.3.1 Theory of e-Government

E-governance entered into the Nigerian administrative lexicon in the year 2000, when the then Obasanjo administration announced the National Policy on Information Technology. This move was to set the stage for the public sector to "plan, develop and promote the use of information technology" in the endless quest of trying to improve on their problematic service delivery. E-government in Nigeria has, therefore, been implemented in Nigeria for quite some time now. In spite of this, the benefits of e-governance on service delivery are yet to be fully felt by the citizenry. Based on this, the federal government declared ICT as a main concern of National Sustainable Development, leading to a policy for Information Technology been formulated in 2001. The Nigerian government took some noticeable steps to put the country on track in the area of ICT development and utilization in governance. The adoption of the National Policy on Information Technology paved the way for e-governance in Nigeria.

2.3.2 Public Financial Management (PFM) Reform System

Thereafter, thePublic Financial Management (PFM) Reform System, which is a system by which financial resources are planned, directed and controlled in a transparent manner for the purpose of efficient and effective utilization of resources for service delivery. Modern PFM comprises a set of increasing complex processes, rules, systems and norms that are intrinsically linked to each other.
The objectives of PFM include the maintenance of sustainable fiscal position, efficient delivery of public goods and services, promote transparency, and facilitate responsive governance and judicious allocation of available fund. Towards the realization of these laudable goals, all the efforts being made by the Office of the Accountant General of the Federation (OAGF) under the PFM reforms including IPPIS, TSA, GIFMIS, IPSAS, etc. should be sustained and improved upon.

3. METHODOLOGY

This study applied exploratory research designed data obtained were analyzed using a five –point likert scale ranking of strongly disagree with one [1] mark to strongly agreed with five [5] mark. Sample sizes of 100 were distributed to all staff and services providers of Federal Ministries, Departments and Agencies randomly. The research instrument used was structured questionnaires. In order to aid analysis and ensure effective application of statistical tools, the strongly agree and agree responses were merged together as agree while the strongly disagree and disagree responses were merged together as disagree. The undecided responses were ignored since it indicated that the respondents had no clear understanding of the phenomenon being addressed subsequently, chi-square statistical technique was used to test the below two null hypotheses formulated to govern the study.
Null Hypotheses:

H01: There is no significant relationship between e-payment system effective management of public fund
H02: Absence of e-payment does not have significant impact on the effective management of public fund

The study adopted the questionnaire method in collecting data. The questionnaire as a means of sourcing for information creates an impression on the respondent and establish a fame of references, hence, there is need to motivate respondents in a questionnaire.

Table 1: Analysis of Respondents Responses to Questionnaire

ITEM	**STATEMENT**	**AGREE [%]**	**DISAGREE [%]**
1.	Lack of transparency and accountability were the circumstances that	88.6	3.1

	led to the introduction of e-payment system in the sector		
2.	Despite e-payment system introduction, financial fraud still persists	78.1	4.2
3.	E-payment system serves as a viable tool for ensuring accountability and transparency in the management of public fund	83.3	41.4
4.	Absence of transparency and accountability in the management of public fund are justify circumstances for its introduction	7.2	9.5
5.	Effective implementation of e-payment system will enable timely disclosure of illegal disbursement of fund	82.3	12.3
6.	Federal Government objective that all bank accounts for government fund should become non-chequing account tends to curb financial misapplication and misappropriation	65.7	18.8
7.	Manpower deficiency poses great challenge to success story of its application on the management	81.2	44.3
8.	Electronic facilities on ground at the sector enhance its operation	74	8
9.	Its introduction facilitates prompt payment of salary and other benefits	91.7	2.1
10.	Low bandwidth for internet penetration poses challenges to its smooth operation	78.1	8.2
11.	Resistance to charges among some staff is due to lack of awareness of the benefits of the new technologies	77.1	16.7
12.	Band with for internet penetration is low compared to volume of transactions being handled electronically	61.4	16.7
13.	Disclosure of private information, counterfeiting and illegal alteration of payment data may be rampant	78.1	8.2
14.	Associated ICT costs required for its effectiveness is too high in relative to its expected benefits	27.1	59.4
15.	Inexistence of proper legal and regulatory framework threatens operational effectiveness of the e-payment system	47.9	29.1
16.	Your organization has enough manpower capacity that guarantees effective operation of the e-payment system	83.3	10.4
17.	Your organization has adequate basic technological infrastructure for effective operation of the e-payment system.	82.3	13.5

Researcher's Compilation (2020)

4. RESULT AND DISCUSSION

Presentation and Analysis of Data

Table 2: Legal Instruments Regulating Public Sector Accounting in Nigeria and their Year of Introduction

S/N	Description	Year
1	The Audit Act	1956
2	The Finance (Control and Management) Act	1958
3	The Finance (Control and Management) Amendment Act	1987
4	Public Accounts Committee Act	1987
5	The Civil Service (Re-Organization) Act	1988
6	The Civil Service (Re-Organization) Amendment Act	1991
7	Banks and other Financial Institutions Act	1991
8	Failed Banks (Financial and Malpractices in Banks) Act	1994
9	Money Laundering Act	1995
10	Nigerian Constitution (Amended)	1999
11	Corrupt Practices and Other Related Offences Act	2003
12	Money Laundering (Prohibition) Act	2003
13	The Nigerian Accounting Standards Board Act	2003
14	Economic and Financial Crime Commission Act	2004
15	Advance Fee Fraud and Other Related Offences Act	2004
16	Advance Fee Fraud and Other Related Offences (Amended) Act	2004
17	Failed Banks (Recovery of Debts) and Financial Malpractices Act	2004
18	Monitoring of Revenue to Local Government Act	2005
19	Public Procurement Act	2006
20	Due Process and Contract Certificate Act	2007
21	Investment and Securities Act	2007
22	Fiscal Responsibility Act	2007
23	Commencement of Federal Government's Independent Revenue E-Collection Scheme under the Treasury Single Account (TSA) Initiatives	2015
24	Circular on the Implementation of e-Dividend Mandate Management System (e-DMMS) Portal (CBN Circular)	2015
25	Circular on Nationwide Implementation of the Cash-less Policy	2017
26	Circular on Nationwide Implementation of the Cash-less Policy (Revised)	2017
27	Measures to Strengthen Revenue Collection and Accounting by Ministries, Departments and Agencies (MDAs). (OAGF Circular)	2017
28	Enforcement of GIFMIS Reference Numbers (CBN Circular)	2017
29	Regulation on Electronic Payments and Collections for Public and Private Sector in Nigeria (Revised). (CBN Circular)	2019

Sources: Field Survey, 2020 and CBN Payments System Circulars of 2018 and 2019

Below Table: 3 is presentation of the questionnaire distribution and return:

Table3: Questionnaire Distributed and Returned Rate

Questionnaire Distributed	Questionnaire Returned	Questionnaire not Returned	% Q returned	% Q not Returned
120	100	20	80	20

Source: Field Survey, 2020

Table 4 – Demography

AGE – GROUP	NUMBER OF PEOPLE	PERCENTAGE
20 – 29	20	20
30 – 39	34	34
40 and above	46	46
Total	**100**	**100**

From the above diagram, it can be seen that the age group with regards to my sample (respondents) are:
20 – 29 years = 20 people represented in the diagram by 20%
30 – 40 years = 34 people represented in the diagram by 34%
40 and above = 46 people represented in the diagram by 46%

Test of hypotheses

The two Hypotheses were tested using Chi- Square Statistical packages for Social Science (SPSS) at 95% level of significant and 4 degree of freedom.For hypothesis one, the calculated value revealed 103,271 while the tabulated value obtained from statistical table is 9.4773. Meanwhile, the discussion rule governing chi- square test is to reject the null hypothesis and accept the alternate when the tabulated chi- square is greater than the tabulated value. The null Hypothesis is hereby rejected. This implies that there is significant relationship between e- payment and management of public fund. Similarly, for hypothesis two the calculated value is 28.271 while the tabulated value is 9.4773. Therefore, the Null hypothesis is rejected in line with the above decision rule. This further implies that e- payment has significant impact on the effective management of public fund in the federal MDAs.

4.1 Discussion of Findings

E – Payment Options in the Public Sector that have been in Existence

In penchant to Public Sector, Dakwambo (2009) described e-payment as a form of direct payments and banking without physical appearance at the MDAs or Banks, through the means of electronic, interactive communication channels and other technological infrastructure. He also describes it as the method of effecting payments from one end to another end through the medium of the computer without manual intervention beyond inputting the payment data. While reiterating that transactions covered by the e-payment system introduced by Federal Government arepayments to contractors, Power Holding Company of Nigeria (PHCN), payment to staff, and payment to other government agencies such as Federal Inland Revenue Service (FIRS), he identified and recommended two e-Payment options to the MDAs, namely: Manual e-Payment Option or Mandate Option; and, End to End Processing Option.

(a) Manual e-Payment Option or the Mandate Option

This is the mixture of manual and electronic processes where the available infrastructure in the establishment cannot support the end-to-end processing. It involves the use of mandate accompanied with a non-re-writable compact disc to send data of the beneficiaries to the bank for payment. Dakwambo (2009) asserted that the present infrastructure on ground at the MDAs is adequate for the implementation of the mandate option.

(b) End-to-End E-Payment Processing Option

End-to-End Processing Option is the ultimate (Dakwambo, 2009). Using the end-to-end processing option, all the processes from approvals to the receipt of value by the beneficiary (s) are done electronically. The under–listed infrastructural facilities are paramount for its effectiveness:

- ✓ Computers with Microsoft Office and Internet Browsers
- ✓ Reliable internet connections
- ✓ Printer for printing reports
- ✓ Telephone line with 24-hour availability for voice communication
- ✓ Reliable Power Supply
- ✓ Human resources: this comprises system administrators, modifiers, verifiers and approvers.

Modern e-Payment Methods

(a) Integrated Payroll and Personnel System (IPPIS)

The Integrated Payroll and Personnel Information System is one of the Federal Government Financial Reform Programmes conceptualized as a central payment platform for processing of civil servants' salaries, civil servants whose salaries are drawn from the Consolidated Revenue Fund (CRF). IPPIS is one of the Public Financial Management Reforms designed to improve the effectiveness and efficiency in the storage of personnel records and administration of monthly payroll of the federal public servants.

Objectives of IPPIS

- ✓ To centralize personnel data base of Public Servants
- ✓ To reduce ghost worker's syndrome
- ✓ To ensure integrity of employee's data
- ✓ To minimize wastage of public funds
- ✓ To ascertain actual personnel emolument of Federal Government of Nigeria's (FGN) staff
- ✓ To facilitate easy storage, updating and retrieval of personnel records for administrative and pension purposes
- ✓ IPPIS aim is to enroll into the platform, all Federal Government MDA staff that draws personnel cost fund from the Consolidated Revenue Fund.

Benefits of IPPIS

According to the former Head of Service Oyo-Ita (2019), she posited that the IPPIS regime has recorded tremendous achievements since its introduction by government, especially in the area of bringing sanity to our payroll system. She further opined that without mincing words that it has enabled the government save about 206 billion Naira, after the verification exercise carried out in MDAs. "By 2019, over 506 MDAs has been captured in IPPIS Platform, while over 650,000 workers are currently on the IPPIS platform. Others benefits of IPPIS are;

- ✓ Biometric data capture of personnel under IPPIS
- ✓ Storage of records in the centralized personnel database
- ✓ Timely processing of staff emoluments on a monthly basis
- ✓ Prompt deduction and remittance to pension funds, cooperative societies and other unions dues
- ✓ Easy retrieval of personnel information
- ✓ Easy payment of civil servants' entitlements
- ✓ Monitoring of unutilized funds derived from unpaid staff salaries

Challenges of IPPIS

Some of the challenges of IPPIS includes but not limited to:

- ✓ The process is still partly manual
- ✓ Longer correction time before the un-applied funds are re-processed
- ✓ Omission of some MDAs on Warrants due to some unresolved errors

- ✓ Incorrect information; wrong account numbers, un-matched names etc.
- ✓ Delay in returning un-applied fund into IPPIS Transit Account (ITA)
- ✓ Incomplete Budget Execution (payment) records

(b) Treasury Single Account (TSA)

Treasury Single Account is a bank account or a set of linked accounts through which the federal government transacts all receipts and payments. Currently, TSA covers all receipts and payments (including loans and grants), all MDAs fully funded by the Federal Government, all MDAs partially funded by the Federal Government, all government Trust, Social Security and Donor Funds.

Objectives of TSA

The objectives of TSA among several others include:

- ✓ It avoids borrowing and paying additional interest charges to finance the expenditures of some agencies while other agencies keep idle balances in their bank accounts
- ✓ Effective aggregate control of cash is also a key element in monetary and budget management
- ✓ To minimize transaction cost
- ✓ To ensure rapid payments of expenses
- ✓ To facilitate reconciliation
- ✓ To ensure efficient control and monitoring of funds allocated to MDAs
- ✓ To facilitate better coordination of Fiscal and Monetary Policy implementation

Benefits of TSA

The benefits of TSA include:

- ✓ Provides complete and timely information on government cash resources
- ✓ Improve operational control during budget execution
- ✓ Enables efficient cash management
- ✓ Reduces bank fees and transaction costs
- ✓ Facilitates efficient payment mechanisms
- ✓ Improves bank reconciliation and quality of fiscal data
- ✓ Lower liquidity reserve needs
- ✓ Cash plan is a precondition for the issuance of Warrants and AIEs
- ✓ Multiple commercial bank accounts maintained and operated by MDAs are being closed gradually
- ✓ The average monthly Ways and Means (Overdraft) from the CBN has drastically fallen from N102 billion debit in 2011 to N86 billion credit (as at June 30th, 2013).

Challenges in TSA Operations

The challenges in TSA Operations include:

- ✓ Resistance by MDAs to comply with Treasury Circular instructing closure of Commercial Bank Accounts
- ✓ Incessant transfer of funds from TSA to Commercial Bank Accounts in the name of Counterpart Funding / Associated Project Accounts by MDAs
- ✓ Diversion of tax revenue into Personal Bank Accounts by some MDA staff
- ✓ Queue Management: inability of the current platform to effect Real Time Payment, a lot of transactions pending at a time

(c) Government Integrated Financial Management Information System (GIFMIS)

GIFMIS is a sub of Economic Reform and Government Project (ERGP) which support the public resource management through modernizing fiscal process using better methods, techniques and information technology in the application of government resources.

Objectives of GIFMIS

- ✓ The overall objective is to computerize the operations of Government Financial transactions in an efficient, effective and user friendly manner
- ✓ Central control and monitoring of receipt and payments of government
- ✓ Timely access to financial and operational performance
- ✓ Prevention and detection of potential and actual fraud
- ✓ Accessing information on cash position and economic performance
- ✓ Improving planning through Medium Term Expenditure Framework (MTEF)
- ✓ Instill accountability and transparency in the system

Benefits of GIFMIS

- ✓ Elimination of cash transaction
- ✓ Eliminate delays in payment
- ✓ Minimize interaction with government officials and contractors
- ✓ It minimizes corruption in the system / government offices
- ✓ It made audit trail easier
- ✓ Achieve economic growth and development through accountability
- ✓ Achieve economic growth and development through accountability
- ✓ Achieve economy and efficiency in government financial transactions
- ✓ Enhance real time reporting and improved quality of reports
- ✓ It has reduced the amount of paper work
- ✓ It has abolished the use of cheques
- ✓ It has reduced incidence of money laundering
- ✓ It makes tax Authorities to have easy access and assess
- ✓ It increases the efficiency and timeliness of government operations
- ✓ It has reduced incidence of theft, fraud and robbery
- ✓ It facilitates easy preparation of financial statements
- ✓ Balances and movements in the bank accounts can easily be viewed online, real-time
- ✓ Balances and movements in the bank accounts can easily be viewed and monitored online, rea-time.

Challenges of GIFMIS

- ✓ The absence of a legal framework is a major challenge since some of the features are not recognized in law
- ✓ Since the payments are made directly, it is sometimes difficult to collect receipts from the beneficiaries
- ✓ Retrieval of funds erroneously credited to a wrong account is often difficult
- ✓ Sometimes payments are delayed by the banks due to “queue management” which arises from the banks internal problems
- ✓ System breakdown, switching challenges and network failures
- ✓ Facilities for the checking of the biometric security system are not in place in some of the banks
- ✓ The initial cost outlay may be very substantial for some institutions.

5. Conclusion and Recommendations

The following conclusions are established based on the findings from the above data analysis; First, the Federal Civil Servants are ready to welcome the e-Payment System due to the fact that its introduction will facilitates prompt payment of their salaries and other benefits. This conclusion is consistent with hypothesis one, that there is significant relationship between e-payment system and technological infrastructure. Also, a descriptive analysis in table 3 shows that MDAs have enough facilities on ground to implement the e-payment system. Moreover, the benefits of e-payment system outweigh its associated ICT cost; hence, associated ICT cost does not dissuade the implementation of e-payment system. Another conclusion is that the banks and the other stakeholders have embraced e-payment system as it makes their work easier. Moreover, descriptive analysis shows e-payment is a viable tool for ensuring accountability and transparency in the management of public funds. However, e-payment system will be encumbered whenever there is inter-connectivity problem. Also, theinexistence of proper legal and regulatory frame work threatens operational effectiveness of the e-payment system regime. Based on the above findings and conclusions, the following recommendations are drawn:

i. The Federal Government vis-à-vis the National Assembly should as a matter of urgency put in place a regulatory frame work on e-payment system. In fact, the National Assembly should re-direct their oversight function to ensure economy, effectiveness and efficiency in the utilization of public funds.
ii. Secondly, the Federal Government should commit funds to ensure full implementation of the e-payment system or also known as end –to-end option. This will enable the government at all levels as well as her workers to enjoy the full benefits of new payment regime.
iii. Thirdly, government should set up a monitoring mechanism to ensure that the system is being maintained and updated as changes occur in the e-payment system.
iv. Environment. This will afford Nigerians opportunity to react positively to changes in the ICT World while they also benefit from it.

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Effect of Taxation on Developing Economies: The Case of Nigeria

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Abstract

The governments of developing economies such as that of Nigeria have been making frantic efforts to meet up its obligations to their respective citizenry via provision of basic social amenities such as schools, hospitals, roads etc. Nigeria is however to focal point of this study. Tax is the income that is paid to the government in order to fulfil the needs of the public. The introduction of taxation becomes necessary to form, and it has become a source among n others of raising revenue from the government to actualize its goals. This study examines its effect on developing economy vice-a-vis its contributions or otherwise to the economic growth and development of the country Nigeria. Tax ranks next to the petroleum revenue in terms of volume of income to the government in Nigeria. The study observes that responsibilities are assigned to three key elements of stakeholders in a tax authorities and the government. It notes that it is the civic obligations of the tax payers to pay tax. Also noted is the fact that the tax authorities ensure executive collection of tax revenues to governments. More so, is the revelation by this study that government imposes tax on the tax payer in order to finance its activities for the ultimate benefit of the tax payers. The paper concludes that in view of the vital roles that taxation plays on the economy development in Nigeria, every attention should be given to the proper accounting records maintenance. It is recommended that tax payers should seek the advice of professionals and consultants on tax payable by them in order to reduce their tax burdens via double payment

Keywords: Taxation, Developing Economies, Obligations, Provision and Contributions

1. INTRODUCTION

The roles that taxation plays in developing economy such as that of Nigeria cannot be an overstatement. There are different types of tax used in Nigeria as means of generating revenue for the government in furtherance of attaining its goals and objectives. Babatunde (2017) justifies the need to understand the level of contributions of taxation to the economy growth of developing country like Nigeria. This thus, necessitates this study which seeks to investigate the assertion- its effect on the developing economy. There are basically two forms of taxation: Direct Tax and Indirect Tax. Nasiru MukhtarGatewa and Haruna (2016) in their Evaluation of the impact of an indirect Tax (Value Added Tax and VAT) on the economic growth in Nigeria, upheld the view that taxation is one of the most important revenue generation mechanism in any given economy. Taxation is a major player in every economy in the world. It is never static but dynamic. The tax system is an avenue or an opportunity of government to collect additional revenue needed in discharging its ever pressing obligation to it citizens and otherwise. The tax system is one of the most effective sources of revenue generation for government and a tool for fiscal policy and macro-economic management. Okezie (2003) reinforced this fact by saying that tax is a burden which every citizens must bear in order to sustain his or her government thus enabling that government perform certain basic functions to the benefit of those if governs.

An effective and efficient tax system is capable of ensuring that the basic necessities and services are available in the economy. Sources of taxation in Nigeria among others are personal income Tax, Company Income Tax, Capital Gains Tax, Petroleum Profit Tax and Excise duties, Value Added Tax Import Duties, Export Duties (Indirect Tax). The Value Added Tax (VAT (for example, Indirect taxation on goods and services which was introduced in Nigeria in 1991 consequent upon a study group set up by the federal government to review the nation's tax system. This occurred through Decree 102 of 1993, phasing out Sales Tax Decree No.7 of 1986. Actual VAT revenue in 1994 was N8.189 billion which is 36.5% higher than the projected N6 billion for the year. The main aim of this study therefore is to examine the effect of taxation on developing economy, using Nigeria as a reference point. The formulation of the following hypothesis will be necessary in order to achieve the objective and stated thus:

HO1: There is no significant effect of taxation on developing economies.

2. LITERATURE REVIEW

2.1 Conceptual Framework

Personal Income Tax is referred to as payment on the income of individuals, partnerships, executives and trustees. Value Added Tax (VAT) is as a charge of a value addition to the cost of production of goods and services. Companies Income Tax on the other hand is defined by as a tax levied on the income of limited and public liability companies. Capital gain tax charged on gains made from disposal from a chargeable asset. Aizenman and Jingarak (2008) referred to VAT as a form of multistage tax collected on the percentage of value added to goods sold on services rendered at it stage of production, import and distribution. Taxation is define by the webster's Dictionary of the English Language as a charge impose by government authority upon property. Also the new standard Encylopia defines taxation as the collection of individual or organisation income and wealth by government under the authority of the law.

2.2 Empirical Framework

Wisdom (2014) totally agreed that results show that tax reform is positively and significantly related to economic growth in Nigeria. Also that it is not farfetched that taxation has a positive role and is an engine to the economic growth in Nigeria. Corporate tax as a form of direct tax levied on corporate organisation is equally reported as a major source capable of helping a government to generate part of the required revenue for its budgetary activities (Koppenjan & Enserink, (2009). Murithi and Moyi (2003) and Ketela (2009) discuss on how must governments in less develop countries (Nigeria Inclusive) are under constant attack by the media for failing to provide basic infrastructures, education and social benefits to people. This literature justifies the importance of various forms of taxation which enable the government to certain extent meet up and satisfy the yearnings of its citizenry. Okudor and Izedonmi (2014) examined the contribution of VAT to the development of Nigeria economy.

2.3 Theoretical Framework

The Benefit received theory of taxation proceeds on the assumption that there is basically an exchange or contractual relationship between tax-payers and the state. The state provides certain goods and services to the members of the society and they contribute to the cost of these supplies in proportion to the benefits received. In this quid pro quo set up, there is no place for issues like equitable distribution of income and wealth. Instead, the benefits received are taken to represent the basis for distributing the tax burden in a specific manner. This theory overlooks the possible use of the tax policy for bringing about economic growth or economic stabilization in the country. Bhartia, (2009); Abdullahi (2015) argues that taxes should be allocated on the basis of benefits received from government expenditure.

3. METHODOLOGY

The research design adopted for this study is essentially the exploratory research design and the data are mainly obtained from secondary sources. The methodology used for this study is purely theoretical as the issue in question is examined using an exploratory approach.

4. RESULT AND DISCUSSION

The importance of taxation from all indication and base on the theoretical analysis done both by the previous analysts, cannot be an overstatement. Since nothing comes easily, there are numerous challenges confronting government from collection of taxes to their applications or disbursement of money generated there from. Ironically, even some persons or organisations that know the benefits of paying their taxes as when due, tend to fall victims of evadingtax payment.

Ariwola (2000) is of the opinion that the Nigeria tax system has been made nonsense of at the local government level as must councils are either shamefully ignorant of the legal framework for their tax administration machineries or are flagrantly abusing same for personal gains. Olaofe (2007) observes that some council illegally collect road taxes, ground rent, business premises fees and so many other forms of local taxes fees and rates not recognised by the federal law. The government should not end up on imposing tax and ready to collect but should go further to educate the tax payers on the importance of paying tax.

5. CONCLUSION AND RECOMMENDATIONS

This study examined the effect of taxation on developing economy: the case of Nigeria.
Following previous literature several proxies such as personal Income Tax, Companies Income Tax (VAT) were used. Symbiotic relationship between taxation and public expenditure is evident in the fact that the tax payers or revenue paying public are well disposed to perform their civic duties willingly when they see, evidence of public expenditure which they can identify with or benefit directly from same. In Nigeria, many people will want to see, for instance efficient public transportation, wastage collection, regular water and electricity supply system. More so, the tax payment wants to see availability of educational facilities and functional health services in the country.

In view of the contributions of taxation to the economy in Nigeria, there is a need for the government to ensure that the necessary monitoring and control measures are on ground or at the disposal of the concerned agencies. This calls for among others, proper accounting recording keeping. There should be feedback from government through the use of the taxes so collected on both individuals and cooperate organisations. The government that spends tax revenue should have some degree of accountability so that citizens make connection between tax they pay and services they receive or enjoy in return. (Olaofe, 2000 & Alli, 2007) Government is advised to account for money and spend money collected as tax in order to build patriotism in Nigerians (and in turn gt good response by increase in revenue generated on tax). Companies' tax is part of taxation and the level of revenue generated therefore cannot be underestimated hence, the company has the responsibility to set the climate in terms of relationship between the company and the various tax authorities or its agencies.
Government needs to encourage the companies' managements to seek the advice of professional and consultants on tax related issues rather than attempting to avoid payment which is a criminal offence on the defaulters, and a loss of revenue to the government.

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Impact of Border Close on Revenue Generation in Nigeria

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Abstract

This study seeks to extensively examine the impact of border closure on revenue generation in Nigeria, though research on this subject matter in previous times is not very extensive, it is a matter of national importance, the study covers emerging issues and its impact on revenue generation, data and relevant information used in the study was mainly sourced online. Amongst major recommendations made after the findings to this research include but not limited to: Machinery should be set to draft- laws with expediency for possibly legislation. The federal and state government should ensure that machinery be in place to generate more revenue internally to enable them do more development project. Most of the states and local government authorise should not only depend of the federal allocation. Training and re-training for the revenuer officials should be organised to enable them meet there challenges of the new millennium. Communication gadget, vehicle and motor cycles should be provided for revenue personnel. Nigeria's economy declined in 2015 and further contracted by 1.6% in 2016. This was largely due to a worldwide drop in the price of crude oil in 2014. The country has since fallen on hard times. Foreign direct investment inflows have plunged by 55% . There have also been shortages of foreign exchange which have put the Naira in a tailspin, causing the government to implement stringent foreign exchange controls. The close of border is to encouraged made in Nigeria products and services and also inch rice the rate of productivity in the country Nigeria. Before for now the rate of money could not be able to speculate but now an average Nigeria farmer can generate to suit his or her bills.

Keywords: Revenue, Export, Government, Economy

1. INTRODUCTION

Exporting and Importing helps grow national economies and expands the global market. Every country is endowed with certain advantages in resources and skills. For example, some countries are rich in natural resources, such as fossil fuels, timber, fertile soil or precious metals and minerals, while other countries have shortages of many of these resources. Additionally, some countries have highly developed infrastructures, educational systems and capital markets that permit them to engage in complex manufacturing and technological innovations, while many countries do not. Imports are important for businesses and individual consumers. Countries like Ellen's often need to import goods that are either not readily available domestically or are available cheaper overseas. Individual consumers also benefit from the locally produced products with imported components as well as other products that are imported into the country. Oftentimes, imported products provide a better price or more choices to consumers, which help increase their standard of living. Countries want to be net exporters rather than net importers. Importing is not necessarily a bad thing because it gives us access to important resources and products not otherwise available or at a cheaper cost. However, just like eating too much candy, it can have bad consequences. If you import more than you export, more money is leaving the country than is coming in through export sales.

On the other hand, the more a country exports, the more domestic economic activity is occurring. More exports mean more production, jobs and revenue. If a country is a net exporter, its gross domestic product increases, which is the total value of the finished goods and services it produces in a given period of time. In other words, net exports increase the wealth of a country. International trade has resulted in creating 'dual economies' in underdeveloped countries as a result of which the export sector became an island of development while the rest of the economy remained backward. Using the case study of Nigeria border closed, while Nigeria's borders reflect late-nineteenth century agreements among the British, French, and Germans, Most African borders were similarly created by European colonial powers. The point being, the borders rarely reflect indigenous history or culture. In the case of Nigeria, while there are formal border crossings with customs service's along the main roads, there are literally hundreds of others along footpaths and minor roads that are unregulated. The practical consequences of closing the land borders is likely to vary from one part of the country to another, based on government capacity to enforce closures.

2. LITERATURE REVIEW

2.1 Conceptual Framework

Exports are the goods and services produced in one country and purchased by residents of another country. It doesn't matter what the goods or service is. It doesn't matter how it is sent. It can be shipped, sent by email, or carried in personal luggage on a plane. If it is produced domestically and sold to someone in a foreign country, it is an export. Nigeria has many opportunities to transform its economy, particularly in Agro processing. Special Agro processing zones could promote Agro industrial development and employment. But insecurity could deter foreign investors, shrivel the domestic economy, and ultimately dampen prospects for economic growth. High unemployment could create social tensions. Rising public debt and associated funding costs could pose fiscal risks if proposed adjustments are not implemented.

2.2 Empirical Clarification

Nigeria's oil exports could be affected by developments in the Middle East. Trade tensions between the United States and China could weaken global growth and lower demand for Nigeria's products, including oil. Protracted delays in concluding the Brexit deal could accentuate investors' aversion to emerging markets, including Nigeria, reversing the current upward trend in foreign portfolio flows. Prolonged closure of borders by Nigeria to curb smuggling may affect trade with other countries in West Africa and raise the prices of imported products, especially rice. These risks underscore the need to accelerate structural reforms to promote economic diversification and industrialization to minimize vulnerability to external shocks. Nigeria's economy declined in 2015 and further contracted by 1.6% in 2016. This was largely due to a worldwide drop in the price of crude oil in 2014. The country has since fallen on hard times. Foreign direct investment inflows have plunged by 55% . There have also been shortages of foreign exchange which have put the Naira in a tailspin, causing the government to implement stringent foreign exchange controls.

Crude oil accounts for over 95% of Nigeria's total exports and 90% of its foreign exchange earnings. This shows that Nigeria has neglected other sectors of the economy. The recent oil crisis highlighted the need for the country to diversify and restructure its economy. The result was increased attention being accorded the agriculture sector, which had declined significantly since the late 1960s. Investments in agriculture and increase the sector's contribution to economic growth from 5% in 2017 to 8.4% by 2020. The idea is to revive domestic farming and save on food imports (over $22 billion a year). Nigeria has the largest economy on the African continent, and it became the latest African nation to close its borders, following similar action by Kenya, Rwanda and Sudan in recent months. In this report, Bamidele, Ikechi and Andrew (2019), took a look at the closure of Nigerian borders and its impact on the economy of Nigeria and her neighbours.

2.3 Theoretical Discussion

2.3.1 Theory of Trade Treaties and Agreement

No nation leaves its border at the mercy of people of other countries so that they can bring in goods without some measure of control. All countries also enact laws to regulate trade between her citizen and citizens of other countries. This is why trade treaties and agreement are signed among countries. Border closure on the African continent is nothing unusual. Earlier this year, Sudan closed its border with Libya and Central African Republic, and Kenya suspended cross border trade with Somalia both for security reasons. Rwanda briefly closed the border with the democratic Republic of Congo in response to Ebola outbreaks. However, Nigeria border closure differs from these earlier incidents, as it has been adopted to respond to trade- related concerns. Other cases of border closure has occurred at different time forestall loss of revenue, in the case of united states of America where the border was closed with Mexico tendencies for drug abuse necessitated the decision.

Even though the whole nation grapples in the pain of loss of revenue, majority of people affected by the Nigeria border closure is the informal sector who trade between Benin republic and Nigeria but the activities of smugglers basically affects revenue generation, so it is agreed that until this is clearly resolved the border closure is in order. This is because in the long run, Nigeria is expected be good for it.

METHODOLOGY

The research design for this study is exploratory in nature and by means of an explanatory research; this study examined the impact of border closure on revenue generation, using the Nigerian experience as a focal point. Nigeria's heavy dependence on oil and many dysfunctional economic policies have created an environment for ICBT between it and its neighbours, mainly Benin and Togo, to flourish. The wide gap between the official and black-market rates of the naira; Nigeria's subsidized fuel prices; import barriers (Table 1); poor trade facilitation (Table 2); and Benin's poor business climate have incentivized local traders to turn to the informal cross-border trade.

Table 1: Nigeria's import barriers on selected products, import tax rates (%), and import bans, 1995-2018

	1995	**2001**	**2007**	**2013**	**2018**
Beer	Banned	100	Banned	Banned	Banned
Cloth and apparel	Banned	55	Banned	Banned	45/ Forex ban**
Poultry meat	Banned	75	Banned	Banned	Banned
Rice	100	75	50	100	70***
Sugar	10	40	50	60	70
Cigarettes	90	80	50	50	95
Used cars*	Banned	Banned	Banned	Banned	Banned / 70
Vegetable oil	Banned	40	Banned	Banned	Banned

The maximum age of cars banned from import has varied over time as more 8 years old in 1995, and 5 years in 2001, back to 8 years in 2007, and 15 years in 2018. In addition, imports are banned via land borders since 2016. Banned from using the official foreign exchange market. ***Rice imports banned through land borders since 2013.*

Sources:

Table 2: Indicators of trade facilitation, Benin and Nigeria, 2018

	Trading across borders: overall rank (190 countries)	**Time to import: border compliance (hours)**	**Time to import: documentary compliance (hours)**
Benin	107	82	59

Nigeria	182	264	144

Source: World Bank Doing Business Indicators 2018.

Exports are one component of international trade. The other component is imports. They are the goods and services bought by a country's residents that are produced in a foreign country. Combined, they make up a country's trade balance. When the country exports more than it imports, it has a trade surplus. When it imports more than it exports, it has a trade deficit.

As an example, the United States imported $1.68 trillion in goods between January and August 2018. During that same period, it exported $1.12 trillion in goods. This created a deficit of $565.6 billion. You can see a monthly breakdown from January to August 2018. The foreign trade has also not been entirely beneficial to poor countries because of the adverse effects of foreign investments on their economy. It has been maintained that the inflow of foreign capital and developed a country's natural resources only for export purposes, to the neglect of production in the domestic sector.

4. RESULT AND DISCUSSION

While Nigeria's borders reflect late-nineteenth century agreements among the British, French, and Germans, most African borders were similarly created by European colonial powers. The point being, the borders rarely reflect indigenous history or culture. In the case of Nigeria, while there are formal border crossings with customs service's along the main roads, there are literally hundreds of others along footpaths and minor roads that are unregulated. The practical consequences of closing the land borders is likely to vary from one part of the country to another, based on government capacity to enforce closures. So, what have been the positive benefits of the Nigerian border closure? Below are some of the exploratory analyses:

Increased Internally Generated Revenue

This is a huge fact because Nigeria has imposed customs duties which can be readily imposed more easily at sea ports than at land border. This is a major breakthrough as duties paid by importers are drafted to the IGR. This move is huge because over the years, prior to the border closure there has been no full regulation on duties paid for import. Now, with this strategic yet painful framework deployed by the President there will be accountability from the Nigeria Customs Department in contributing fully their own quota to the Single Treasury, which will best max the IGR for the GDP. To be honest, this move comes with a heavy steep price. This is obvious because many importers will have no other option to send in their goods and they'll be forced to comply with the directive. It will affect the importers too who do not have enough funding for the duty payment effectively. But to be frank, the increased internal generated revenue will boost due to this.

Increased Consumption of Local Products

Nigerians love the consumption of foreign products. It's in the blood really. However, to this effect of the Nigerian border closure, there has been a surge in the consumption of local goods. Take example, the locally made Rice Nigerians rejected is now the most consumed commodity. As the cost of foreign products increase there comes the reality of Nigerians to use the available when the preferred is not available. According to locally rice farmers, it has been noted that they sell off their products easily these days compared to other times. It's essential to note that the border closure was a move by President Buhari not to only tackle smuggling and associated corruption, but also to spur the domestic agricultural industry.

In effect, the move has been strategic and painful to numerous Nigerians, but the reality comes in that numerous nations are taking moves to increase their IGR for the benefit of their GDP. Countries like U.S.A are deploying this medium to tackle foreign nations like China from taking over their trading. It's strategic and hits hard on the average citizens, but then there must be a future for a country to grow independently.

5. CONCLUSION AND RECOMMENDATION

This research on the impact of border close on revenue generation in Nigeria is open with introduction followed by statement of problem, purpose and significant of study and some relevant terms as used in the study. The impact of revenue to the overall development of Nigeria can be over emphasized. The study indicated the relationship between revenue and developmental effort of the country Nigeria it also shows that government and still generate revenue from Nigerians. The study has examined Nigeria tax mobilization and utilization in Nigeria economy there also generates internal revenue through taxes fees, etc. it also opined that the expenditure assignment should also march with revenue generating powers in order for the country to discharge there functions effectively. In essence revenue generation must support but public and private enterprise in Nigeria. This can be effectively carried out through community participation in their various activities. Need to carry people along in the execution of the projects would encourage administrative openness and accountability. The federal and states government as tiers of government constituted by law has certain obligation to offer to the people at the grass root level. In order to fulfil such obligation the 1999 constitution has made available source of revenue to feral, state and local Governments still suffer much problem of revenue collection, hence; the following are therefore recommended from the study:

i. Machinery should be set to draft- laws with expediency for possibly legislation.
ii. The federal and state government should ensure that machinery be in place to generate more revenue internally to enable them do more development project.
iii. Most of the states and local government authorise should not only depend of the federal allocation.
iv. Training and re-training for the revenuer officials should be organised to enable them meet there challenges of the new millennium.
v. Communication gadget, vehicle and motor cycles should be provided for revenue personnel.

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Impact of Stock Market Performance on Nigerian Economic Growth

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Abstract

Though, the economic theory indicates a positive relationship between stock market and economic growth, but the causal relationship between the variables remains a topical issue among researchers. In addition to the apparently slow rate of economic growth in Nigeria, this research work is prompted by the need to investigate the direction of causality between stock market performance and economic growth indices in Nigeria with the view to establish the cause-effect relationship between the two variables. Economic growth is represented by Gross Domestic Product (GDP), while stock market performance is proxied by market capitalization (MKTCAP), value of transactions (VALTRAN), volume of transactions (VOLTRAN), total listed companies (TOLIST) and all share index (ALLSI). Data were obtained through various secondary sources such as; Central Bank of Nigeria (CBN) and Nigeria Stock Exchange (NSE), Annual Reports. Ordinary least square (OLS), Regression and Granger Causality Wald Tests are respectively employed for assessing the relationship and the direction of causality between the variables under consideration. The overall results of OLS, Regression reveal a significant relationship between stock market performance and economic growth indicating MKTCAP as the strongest predictor variable, while predictor variables, such as, VOLTRAN and ALLSI have insignificant inverse relationships with GDP. Causality test shows that causality runs from economic growth to stock market performance. The study recommends that, Government should put in place effective fiscal policies and incentives (such as, reduction in cost of sourcing fund from stock market, reduction of withholding tax rate on dividends, encouragement of payment of high dividends to investors and investment of certain percentage of civil servants and contractors' earnings on shares) that can stimulate both investors and users of long term fund, so that high level of patronage in Nigerian Stock Market can be encouraged.

Keywords: Stock Market, Dividends, Growth, Economy, Fiscal policies, Incentives, Market Capitalization, GDP

1. INTRODUCTION

Recent studies suggest that, stock market liquidity has been a catalyst for long-run growth in developing countries, such as Nigeria. Without a liquid stock market, many profitable long-term investments would not be undertaken because savers would be reluctant to tie up their investments for long periods of time. In contrast, a liquid equity market allows savers to sell their shares easily, thereby permitting firms to raise equity capital on favourable terms. By facilitating longer-term, more profitable investments, a liquid market improves the allocation of capital and enhances prospects for long-term economic growth. The capital market is an organized market which provides facilities to the government and private investors to raise long term loans to finance its expenditures and for expansion and modernization of industries. It also exists to offer platform where suppliers of capital can quickly and easily restore their liquidity. The capital market serves the purpose of capital mobilization and allocation of the Nation's capital resources among various competing alternative uses. These vital functions for rapid economic growth and development as performance by the capital market are in consonance with the aims and objectives for establishing the Nigeria Stock Exchange (NSE) in March, 1960(as the Lagos Stock Exchange). NSE organizes the market for the buying and selling of stocks, shares, debentures and Government bonds, collectively known as securities. There are two markets within the NSE, like other stocks exchanges in the world. These are; The Primary Market; and The Secondary Market.

The Primary Market operates when the initial capital raising takes place. It is also known as the New Issue Market. Through the primary market operations, the Government and industrialists were able to raise long – term loans to finance development projects and for expansion and modernization of industries respectively. This market channel of NSE exacts enormous impact on the Nigeria's economy. It meant that Nigeria businessmen and nascent industrialists could otherwise have no organized market where they could raise long-term loans for investment purposes. Subsequently, the mobilization of long –term funds for productive purposes in the economy could have been difficult without the NSE. The Secondary Market of NSE is where securities are bought and sold after its issuance in the primary market. Thus, the NSE through this market channel provide the means of restoring liquidity to investors and allowing them to spread their risks while the borrowers, such as, Government and Industrialists retain the funds in their investments. Activities of the exchange through these channels provide it with the functions of mobilizing savings from the surplus spending unit (SSU) of the economy and allocate them to the deficit spending unit(DSU). Where greater proportion of these funds go to those investments with the highest rates of return after giving due allowance for risks, this allocative function of the NSE is crucial in determining the overall growth and efficiency of the economy. If capital resources are not provided to those economic units where demand is growing, and which are capable of increasing productivity, and at the appropriate time, the growth rate of the economy will be inevitably compromised. The NSE thus became the hallmark of the Nigerian Capital Market, hence NSE and capital market are often used interchangeably. The main objective of this study is to first, assess the extent to which the stock market have been able to live up to those expectations for which it was established. Secondly, this study seeks to provide critical evaluation of the performance, roles and contributions of the Nigerian Stock Market to the growth and development of the economy; unveiling the capital formation process of the NSE, since this is an essential factor to a Nation's economic growth and development; and finally, it is the objective of the study to bring to bear the limiting factors on the performance of NSE towards the Nigeria economic development.

2. LITERATURE REVIEW

2.1 Conceptual Clarifications

2.1.1 The Nigeria Stock Exchange

The NSE provides facilities for raising long-term capital for Government and Industrialists to finance developmental projects and for expansion and modernization of industries respectively. This means that the NSE is a place where long-term securities of varying forms are traded. The NSE provides all necessary facilities, rules and conducts for healthy competition and growth market. Therefore, the NSE is an intermediary between suppliers of funds and the investors of long-term funds. This allocative function of the NSE is critical in determining the overall growth of the economy. "If capital resources are not provided to those economic areas, especially industries where demand is growing and which are capable of increasing productivity, then the rate of expansion of the economy will inevitably suffer" Alile (1996). The stock market therefore, plays a central and indispensable role for which it is described as the hallmark of the Nigerian Capital Market. The NSE has witnessed tremendous growth since its establishment in 1960. This growth is conspicuous in the increasing number of capital market instruments traded in the exchange, market operators and size of market capitalization. Undoubtedly, various factors are responsible for this growth, among which are as follows:

i. The indigenization of the credit base objective. This was responsible for the huge investments in the second and third development loan stock issues in 1961 and 1962.
ii. The Income Tax Management Act 1961. Under this Act, existing pension and provident funds in the country were obliged to invest at least one-third of these funds in Nigerian Government stocks at the penalty of forfeiting valuable tax concession.
iii. The National Provident Funds Act 1961. Pension and provident funds established after 1961 were required under this Act to invest at least half of these funds in stocks.
iv. The Insurance, Miscellaneous Provisions Act 1964. It required that at least 25 percent of all local investment of these insurance companies must be in government securities as the Act required the insurance companies operating in Nigeria to invest locally at least 40 percent of their premium on locally insured risks in any financial year.
v. The operations of the Central Bank of Nigeria. CBN has greatly stimulated the growth and development of stock market in Nigeria via Government Securities. Apart from acting as the issuer, underwriter and retailer of these stocks, the CBN provides facilities to ensure the marketability of these securities.
vi. The Pioneer Industries Ordinance 1951, as amended. It stipulates that only those foreign companies which allowed at least 10 percent of their equity capital to be held by Nigerians would benefit from liberal tax holidays and other concessions under the ordinance. This no doubt encouraged few companies to offer part of their share equity to Nigerians through the NSE.

vii. The Indigenization Decree. This had great potential in stimulating dealings in industrial stocks. Reflecting the efforts of various companies to comply with the requirements of this decree, the increasing pace of economic activity and the growing confidence in the Nigerian economy.

viii. Privatization of Key Government Enterprises. The unbundling and eventual privatization of key Government monopolies and other enterprises have greatly stimulated dealings in industrial stocks in the NSE.

ix. The Bank of Industry. The Bank of Industry formerly known as Nigerian Industrial Development also exerts tremendous impact on the development of the stock market in Nigeria. This, it has been doing by encouraging promising enterprises to incorporate as limited liability companies and then offer to take up their shares after incorporation, and finally encouraging such companies to apply at the appropriate time for stock exchange quotation.

2.1.2 Developments in the Nigerian Stock Market

Market capitalization of the Nigerian Stock Exchange continued to improve gradually from a total of N5Billion in 1981 to N8.2Billion in1987 with Government securities taking the lead with N3.1Billion as compared to N1.9Billion and N4Billion in 1981 and 1987 respectively. Thereafter, the total market capitalization not only began to show remarkable improvement, but equities began to take the lead with capital capitalization of N175.1Billion in equities in 1995 compared with Government stocks of N3.2Billion in the same year. By 2007, total market capitalization had hit N13, 187.7Billion; this limp was attributable to the privatization of some public concerns by the Federal Government. However, in 2008 the effects of the global financial crunch which started in July 2007 had begun to take its toll in the Nigerian Capital Market Foreign portfolio investors had begun to divest from Nigeria perhaps in order to meet up with obligations in their home countries. This scenario saw the general price level crashing down by 80 percent by 2009. Although, the market correction had started since fourth quarter 2009, the bartered confidence in the market is yet to be seen restored and the market far from full recovery. Growth in total market capitalization had continued to oscillate downward from -27.8 percent, -26.3 percent, 41 percent and 4 percent in 2008, 2009,2010 and 2011 respectively, while annual turnover value oscillated between 14.3 percent, -71.4 percent, 16.3 percent and -21.9percent in 2008, 2009, 2010 and 2011 respectively. Also the number of listed securities had oscillated between -2.6 percent. -11 percent, -0.8 percent and -5.3 percent in 2008, 2009, 2010 and 2011 respectively.

2.1.3 Contributions of the Stock Market to Capital Formation in Nigeria

Stock Market exists primarily as a vehicle for the mobilization of funds. However, capital mobilization will be restricted to the channeling of savings into new issues, which will therefore, result to a new increase in capital formation. The Federal Government of Nigeria through the stock market had raised long-term loans for on lending to the regional and later State Governments for development projects since 1961 when the NSE began operation. The Federal Government had been encouraging the State Governments to approach the stock market to raise long-term capital for development projects on their own merit. In this way, the State Governments will be subjected to market discipline. Currently, most State Governments have raised long-term funds through the stock market for development purposes. Also, foreign exchange market liberalization, the deregulation of interest rate structure and dividend policy has made the Nigeria stock market a viable option for capital formation. More companies now use the stock market facilities for strengthening their balance sheets and growth. In this process, there have been flurry of rights issues, offers for subscription for equity and debenture stocks.

2.1.4 The Promotion of Indigenous Industries

The NSE having given due recognition to the need to turn small and medium scale companies into big ones introduced the Second Tier Securities Market in 1985 for the promotion of small and medium scale companies in the country. This, it does by making available its facilities at the stock market to viable small and medium scale indigenous entrepreneurs to raise funds for expansion and modernization of their business at less stringent listing requirements. The Second Tier Securities Market has contributed tremendously to the country's capital formation process and subsequently, reduction of unemployment.

2.2 Empirical Literature

A large body of empirical studies clearly shows that the development of stock markets is strongly and positively correlated with the level of economic development and capital accumulation. This is a solid and uncontroversial result, and it appears to be true across time and for many countries. Indeed, data confirm that as economies develop equity markets tend to expand both in terms of the number of listed companies and in terms of the number of listed companies and in terms of market capitalization (Atje and Jovanovich 1993; Demirgue-Kunt and Levine 1996a, 1996b; Demirgue- Kunt and Maksimovic 1996; Korajczyk 1996; and Zervos 1996, 1998). This result, however, does not suggest a direct and monotonic expansion of the share of equity markets in the financial system. In reality, the expansion of equity markets always appears to be preceded and accompanied by the general expansion of the overall financial system. And to a careful observer, far from being a simple and straight forward fact, the co-evolution of real and financial variables is a complex and multifaceted phenomenon. Indeed, the expansion of stock markets generally follows the development of commercial banks and other financial intermediaries which, in many cases continue as equity markets expand. This process produces an apparently puzzling situation: an expanding equity market together with a financial system persistently dominated by banks and their financial products. Even if the evidence often appears to be bewildering, and in many circumstances difficult to interpret, some simple general stylized facts about the relationship between financial development and economic growth can be drawn from the empirical literature(De Gregorio and Guidotti 1995; King and Levine 1993a, 1993b; Levine and Renelt 1992; Roubini and Sala-i-Martin 1991). These facts are summarized in the following points; In the early stages of economic development, financial markets are very thin and very rudimentary. During these stages, financial markets are dominated by banks, or similar types of financial intermediaries. Stock markets are completely absent or, if they exist in any form, their size is negligible. As capital accumulates, financial intermediaries develop, the number of financial instruments increases, as does the level of sophistication and complexity of financial contracts and the flow of resources and funds accruing to the financial markets increases its size. Stock markets start developing both in terms of the number of listed firms and market capitalization. As the economy continues to grow, equity markets develop further and so do banks and other financial intermediaries. Stock markets appear to develop in a non-monotonic ways. In economics, where stock markets are relatively small, capital accumulation seems to be followed by a relative increase in banks' share in the financial system. In economics, where the stock market has already reached a reasonable size, further development of the market causes an increase in the equity markets' share. In other words, evidence shows that the equity/debt ratio first decreases and, only with further development of the stock market, increases.

Okodua and Ewetan, O. (2013) in their study, Stock Market Performance and Sustainable Economic Growth in Nigeria, using the autoregressive distributed lag (ARDL) estimation technique came to conclusion that the overall output in the Nigerian economy is less sensitive to changes in stock market capitalization as well as the average dividend yield. Market size is important because the level of savings mobilization and risk diversification depend strongly on this indicator. Of course, a measure of a stock market's size needs to take into account the dimension of the economic system overall. For this reason, the typical measurement employed in empirical analyses is the ratio of market capitalization to Gross Domestic Product i.e. market capitalization/GDP. Stock market size can also be measured by the number of listed companies in the stock exchange in each period. Although, market size is an important indicator of stock market development, this measurement by itself does not capture all the features of a financial markets' development. Indeed, a developed market is also an efficient and liquid market in which financial funds can be mobilized at low cost and can move easily from one investment to the other. These qualitative features of market development can be captured by indicators such as the volume of shares traded in each period and the degree of concentration. While the former of these indices measures the level of liquidity in the market, the latter takes into account the level of risk diversification.

2.3 Theoretical Framework

2.3.1 The Bernoulli Hypothesis

Daniel Bernoulli was very much concerned finding solution as to why the Russians of his time were very much averse to risk and are not willing to make bets at a better than 50 – 50 odds knowing that the expected monetary value(EMV) of such bets are infinite, a situation known as the St. Peterburg paradox. In resolving this paradox, he came to the conclusion that though the monetary gain or loss is equal, the loss in utility is greater than the gain in utility. Thus, in Bernoulli's view, rational decisions in the case of risky choices would be made on the basis of expectations of total utility rather than the mathematical expectations of monetary value. Therefore, the primary reason influencing peoples' choices in cases of uncertainty (risks) is that the fact that marginal utility of money diminishes as income rises. There is a greater loss in utility than a gain in utility in an equal amount of money lost or gained. This suggests why majority of Nigerians are seldom interested in the activities of the stock market, and makes it even more difficult restoring confidence in the market. According to Gurley and Shaw, it is the non-bank financial institutions that provide liquidity and safety to financial assets and help in transferring funds from ultimate lenders to ultimate borrowers for productive purposes. Thus, the quantity and composition of financial variables induce economic growth through increase purchase of financial assets. The buying of primary securities from ultimate borrowers and selling indirect securities to the ultimate lenders influence the availability of credit and of course, the structure and level of interest rate in the economy.

2.3.2 Loss-Aversion Theory

Loss-Aversion theory states that peoples' perceptions of gain and loss are skewed. That is, people are more afraid of a loss than they are encouraged by a gain. If people are given a choice of two different prospects, they will pick the one that they think has less chance of ending in a loss, rather than the one that offers the most gains. For example, if you offer a person two investments, one that has returned 5% each year and one that has returned 12%, lost 2.5%, and returned 6% in the same years, the person will pick the 5% investment because he puts an irrational amount of importance on the single loss, while ignoring the gains that are of a greater magnitude. In the above example, both alternatives produce the net total return after three years. Loss-Aversion theory for financial professionals and investors, although the risk/reward trade-off gives a clear picture of the risk amount an investor must take on to achieve the desired returns, prospect theory tells us that very few people understand emotionally what they realize intellectually. For financial professionals, the challenge is in suiting a portfolio to the client's risk profile, rather than reward desires. For the investor, the challenge is to overcome the disappointing predictions of prospect theory and become brave enough to get the returns you want.

2.3.3 Rational Expectations Theory

Rational expectations theory states that the players in an economy will act in a way that conforms to what can logically be expected in the future. That is a person will invest, spend, etc., according to what he or she rationally believes will happen in the future. Although this theory has become quite important to economics, its utility is doubtful. For example, an investor thinks a stock is going to go up, and by buying it, this act actually causes the stock to go up. This same transaction can be framed outside of rational expectations theory. An investor notices that a stock is undervalued, buys it, and watches as other investors notice the same thing, thus pushing the price up to its proper market value. This is the problem with Nigerian stock market trying to restore market confidence since after the global financial crunch. The general expectation of Nigeria investors is pessimistic and hence the market is dragging irrespective of the innovations introduced by the regulatory agency and the Nigerian StockExchange.

3. METHODOLOGY

The method of analysis in this study is the Error Correction Model (ECM) Technique with E-VIEWS 7 as the operational software. It is one of the most commonly employed methods in estimating relationships in econometric models where major assumptions of the Ordinary Least Square(OLS) have been violated and its use in a wide range of economic relationships, has provided satisfactory results. This study employed secondary data collected from various sources including the Central Bank of Nigeria statistical journal, 2018, Annual Report and Statement of Account, Stock Exchange Annual Reports, 2018. The data series used in this study for analysis includes: Real Gross Domestic Product (RGDP), Total Value Traded (TVT), Market Capitalization Ratio (MCR), Turnover Ratio (TOR), and number of listed companies (Q).

3.1 Model Specification

Economic growth (proxied as RGDP) is expressed as a function of total value traded (TVT), market capitalization ratio (MCR), turnover ratio (TOR), and number of listed companies(Q).

$$InRGDP = f(InTVT, InMCR, InTOR, InQ)$$
$$InRGDP = \beta0 + \beta1\ InTVT + \beta2\ InMCR + \beta3\ InTOR - \beta4\ InQ + \mu$$

All explanatory variables are expected to have positive effects on RGDP, i.e. β1, β2, β3, β4 ≥0

Where:

RGDP	=	Real Gross Domestic Product,
TVT	=	Ratio of Total Value Traded to GDP
MCR	=	Market Capitalization Ratio
TOR	=	Turnover Ratio
Q	=	Number of listed Companies
In	=	Logarithm transformation

4. Results and Discussion

Testing for Stationarity

In order to avoid the occurrence of spurious results, this study adopted the Augmented Dikky- Fuller (ADF) test for testing the Stationarity of the time series data. The ADF test statistic outcome of the time series data for the period, 1993 – 2018 shows that all-time series data are stationary at first difference at 1% level of significance. See table below:

Table 1: Augmented Dickey-Fuller Test Statistics

	t- statistic	Critical values 1%	Critical values 5%	Critical values 10%	Probability	Decision
D(InRGDP)	-5.516956	-3.670170	-2.963972	-2.621007	0.0001	1(1)
D(InTVT)	-5.805901	-3.670170	-2.963972	-2.621007	0.0002	1(1)
D(InMCR)	-4.491473	-3.670170	-2.963972	-2.621007	0.0013	1(1)
D(InTOR)	-5.805901	-3.670170	-2.963972	-2.621007	0.0000	1(1)
D(InQ)	-3.700260	-3.670170	-2.963972	-2.621007	0.0093	1(1)

Testing for Cointegration

Cointegration can be used to determine whether there exists long-run equilibrium relationship among the variables of study. In doing so, the Johansen Cointegration test can be used in this study for testing. This test will identify the number of long-run relationship that exists among the sets of integrated variables. The trace statistic tests the null hypothesis that there are at most (r) cointegrated equations. Therefore, a rejection of the null hypothesis means that there are more than (r) cointegrating relationships.

Error Correction Model

The Error Correction Model which applies the Least Square Method is used to reveal that Market Capitalization Ratio (MCR) and the Turnover Ratio (TOR) are significant at all acceptable statistical levels of significance. The Error Correction Model will always reveal the significance of the ratio of total value of stocks traded in the Stock Market. A negative elasticity of the total value of stocks traded, reflects the true situation in the Nigerian Economy. It is amazing, but true that, less than 1 percent of Nigerians knew what the Stock Market is all about, hence the continuous loss of confidence in the market further heightened by the global crunch from 2007 to date, which left stock prices in the economy crashed beyond imagination. Due to the continuous loss of confidence in the market which still permeates the economy is the reason investors are divesting into the real sectors of the economy at the expense of the stock market. Thus, as the GDP is growing, investors are divesting from the Stock Market, resulting to less investment in the stock market hence the inverse relationship that now exists between RGDP and TVT in the Nigerian economy.

Granger Causality Test

Granger causality is a statistical concept of causality that is based on prediction. According to Granger causality tests whether X causes Y is to see how much of the current Y can be explained by past values of X and then to see whether adding lagged values of X can improve the explanation. It is therefore a statistical hypothesis test for determining whether one time series is useful in forecasting another first proposed. Causality is the relationship between 'cause' and 'effect'. It is the principle that nothing can happen without being caused. In this study, using Granger Causality test will reveal that there is unidirectional causal relationship between numbers of listed companies (Q) and Real Gross Domestic Product (RGDP) and it runs from numbers of listed companies to Real Gross Domestic Product, while bi-directional causal relationship exists between Market Capitalization Ratio and the Ratio of Total Value Traded. Ratio of total value traded Granger causes market capitalization ratio and market capitalization ratio Granger causes Total value traded. Moreover, there are no causation between market capitalization ratio and Real Gross Domestic Product; Ratio of Total Value Traded and Real Gross Domestic Product; and Turnover Ratio and Real Gross Domestic Product.

5. CONCLUSION AND RECOMMENDATION

Although, the Stock Market size remain a very important indicator in measuring the stock market impact on economic growth, this study reveals that the Nigeria's Stock Market size with an average of 250 listed companies exacts significant influence on Nigeria's economic growth. This study also revealed that the Nigerian economic growth and stock market capitalization has no causal relationship. Thus, it is clear from this study that Nigerian Stock Market has the potentials to drive the economy only if enabling environment is created for easy enlisting of firms in the Nigerian Stock Exchange. It does not go without saying that the Nigerian Stock Exchange must set up mechanism for reaching out to viable enterprises in the economy. Stock Market Regulators should therefore address policy issues that are capable of boosting the investors' confidence through improved policy formulation and creation of awareness. When confidence is restored the total value traded will increase significantly thus raising Stock Market Capitalization.

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