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FINANCIAL MANAGEMENT PRACTICES AND PERFORMANCE OF MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS) IN SOUTH WEST NIGERIA

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ABSTRACT

This study examined the effect of financial management practices on performance of Ministries, Departments, and Agencies (MDAs) in South-west Nigeria. A two-stage sampling technique was used to select the participants. Primary data was obtained through the administration of questionnaire to 262 respondents out of the total population of 824, comprising employees of the Board of Internal Revenue, Accountant-General and Auditor General Office for the State, and the Ministry of Finance, Budget, and Planning across six South-west states. Data obtained was analyzed using descriptive statistics and Correlations, and Partial Least Squares-Structural Equation Model PLS-SEM. The results revealed that financial budgeting practices (t-stat=5.26, p-v<0.05) had a positive and significant effect on the performance of (MDAs) in South-West Nigeria. This suggests that effective budgeting practices enable MDAs to allocate resources more efficiently and transparently. Furthermore, financial oversight practices (t-stat=1.819 , p-v<0.10) had a positive and significant effect on organisational performance of MDAs. In addition, modern financial tools had a positive and significant effect on organisational performance of MDAs(t-stat=11.786, p-v<0.10), implies that modern financial tools allows for better cash management by consolidating government funds into a single account. The study concluded that the financial management practices serve as a critical yardstick for assessing performance within the public sector of the Southwest states. The study recommended that the government should periodically assess and update policies as well as implementation related to financial management practices. MDAs should formally adopt and institutionalize the financial management practices that have shown positive impacts on performance. Government urgently needs to reassess the internal control system so as to curb excessive spending among the MDAs

Key words: *Budgeting Practices, Financial Management Practices, MDAs, Performance.*

INTRODUCTION

Performance in the public sector has been described as the results of a specific activity or the results pooled from multiple public activities (Handler et al., 2004). It is a multidimensional

construct focusing on the outcome or results achieved from work done. Therefore, performance can be defined as an index or measure at present compared to previous outcomes (Knies et al., 2024). It requires a definite connection between goals, methods, and outcomes of simultaneously using effectiveness, efficiency, and sustainable budgeting (Mihaiu, 2014). The effectiveness, efficiency, economy, and quality of service delivery form the basis of performance assessment in the public sector depending on their objectives, results, and goals The performance of the public sector is a critical factor in the development and well-being of nations worldwide (World Bank, 2018). Governments around the globe strive to deliver effective and efficient public services, but the challenges and successes vary significantly across regions. The public sector in developed countries is characterised by its ability to deliver high-quality services and maintain efficient operations. These countries have established robust systems for financial management, accountability, internal controls, and budgeting, which contribute to their overall performance. However, they also face unique challenges and opportunities that shape their service delivery (UNDP, 2019).

In South-West Nigeria, the effectiveness of financial management practices in MDAs has been linked to improved public service delivery and economic development. However, challenges such as corruption, lack of transparency, and inadequate internal controls have hindered the optimal performance of these agencies. Studies have shown that strengthening financial management practices and enhancing public accountability can lead to improved performance and service delivery in MDAs (Okon & Ibrahim, 2023). Financial Management Practices (FMP) frameworks provide rules to manage public finances in a way that fosters fiscal discipline and enables efficiency in the use of resources to meet developmental goals at the national and sub-national levels. Efthalitsidou et al. (2021) noted, public finance requires that practitioners deftly balance the powers of the state and the need to stimulate growth through investment when leading complex interactive systems balancing revenue and outlay. In the past few decades, States in Southwest has adopted a chain of public finance reforms to strengthen basic constructions, education and health services. Assuch, the States have Fiscal Responsibility Law, 2012 constitutes the bedrock of the framework for the management of public funds in the States, with the intent to enhance fiscal accountability and improve the quality of public services delivered in the States. Though well intentioned, these reforms have failed to address overriding challenges in expenditure management, negatively affecting capital projects as well as public service delivery in States (Akinosun & Olojede, 2022). Despite the existence of regulatory frameworks, the performance of the public sector

especially in the region has been a subject of intense scrutiny and debate because of its strategic position in the economy.

This region (South-West) known for its economic and cultural significance, relies heavily on the effective functioning of its Ministries, Departments, and Agencies (MDAs) to drive development and ensure the well-being of its inhabitants. However, the journey towards achieving high performance in the public sector is fraught with challenges and opportunities, deeply link the practices of financial management and the performance of MDAs in South-west Nigeria in light of the preceding proposition. There are cases of unauthorized transfers from MDAs accounts to various entities, indicating a severe breach of financial management protocols and lack of accountability within the MDAs. Efforts have been made in literature to understand the influence of financial management practices on the performance of MDAs in South-West Nigeria, there is no consensus on the subject matters. Consequent upon that, several attempts were made by various studies to investigate the financial management practices (Anyanwu and Ananwude, 2022; Ogujiuba & Ehigiamusoe, 2022; Olaoye, et al., 2021; Orie, 2023) Furthermore, Okon and Ibrahim (2023), investigated the implications of financial management techniques on financial performance and accountability in local governments in Nigeria but not in MDAs in the South-west of Nigeria. Thus, it is apt to carry out studies on the interaction between financial management techniques and performance of (MDAs) in South-west Nigeria.

Objectives

The broad objective of this study is to analyse the relationship between financial management practices, and the performance of (MDAs) in South-west Nigeria. The specific objectives are to:

1. assess the effect of budgeting practices on the performance.
2. examine the impact of financial reporting on performance.
3. evaluate how financial oversight affect the performance.
4. determine the effect of modern financial tools on performance of MDAs in South-West, Nigeria.

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Research Questions

To adequately address these issues, the following research questions were answered:

a. How do budgeting practices affect the performance?
5. What is the effect of impact of financial reporting on performance?
6. To what extent does financial oversight affect the performance?
b. What is the effect of modern Financial Tools on performance of MDAs in South-West, Nigeria?

Thus, effective financial management practices are pivotal in fostering transparency and accountability, which are fundamental for efficient governance. By identifying inefficiencies in financial resource utilization and accountability mechanisms, this study provides actionable recommendations for addressing persistent issues such as corruption, mismanagement, and poor service delivery, which hinder socio-economic

LITERATURE REVIEW

Financial Management Practices

Financial management practices have been defined by various scholars, highlighting their critical role in ensuring the effective utilization of financial resources within organizations. From a public sector perspective, Allen et al. (2013) described financial management practices as the systems designed to ensure fiscal discipline, promote transparency, and enhance service delivery through effective resource planning and control. Adegbite (2015) further defined these practices as mechanisms for preventing financial irregularities and fostering compliance with financial regulations, especially in public institutions. Collectively, these definitions underscore the importance of financial management practices in enhancing organizational performance and accountability.

Public financial management (PFM) is about planning, organising, providing and using the government's financial resources and formulating appropriate policies to achieve the goals of the members of society. Simson et al. (2011) defined public financial management as the mobilisation and allocation of revenue and funds to various government units, functions and activities for the disbursement and use of such units and activities and accounting for such expenditure. It involves all the government’s processes of raising revenue and utilising such funds efficiently and effectively. Financial management in the public sector is a tool through which MDA programmes' accounting, effectiveness, and economy can be evaluated and assessed. Lawson (2015) defined public financial management as “the set of laws, regulations,

procedures and processes that sovereign countries (and national governments) use to generate revenue, allocate public funds, carry out public expenditure, account for money and monitor results". The financial management practices of MDAs include the process of budgeting, spending, and managing public funds in a way that will help to yield maximum benefits.

Abdulai (2020) argued that public financial management aims at achieving strategic resource allocation through planning and budget execution, bringing about financial discipline through control of the budget and management of fiscal issues, and finally, achieving efficient service delivery through the use of the planned revenues to match the required level of public services. Public financial management will help to bring about the needed reform in various aspects of existing laws, systems, and procedures and strengthen the day-to-day operations of MDAs. One central practice of public financial management is to use appropriate funding procedures to attend to the priorities of the country or MDAs based on the availability of resources and spending to discharge public expenditure (Kalufya & Nyello, 2021). An impeccable financial management system produces essential information for better decision-making, better service and better value for money when assets are managed and monitored transparently and effectively (Lawson, 2015).

Budget and Budgeting Process

The budget is a plan of action to implement government fiscal aims and objectives. The government must implement a system that will ensure the accumulation, connection, and process and lead to the continuous provision of budget information. Such information must be provided accurately and timely without lapses. Budgets play the role of strengthening budget personnel, ensuring greater transparency in public expenditure management, estimating revenue and projection, and bringing about proper allocation across the various tiers of government (Ogbonna, 2015). The budget shows the government's translational role in bringing about the needed economic growth by facilitating and achieving the government's vision in any fiscal period (Saibu, 2012). The primary aims of budgeting for economic growth and development can be achieved in the area where there is proper linkage and management of all the stages of the budgeting process. The budgeting cycle begins with policy-making, where many stakeholders, including the general public, research organisations, political parties and the government, provide advice, feedback and recommendations on priority services and activities (Inyang, 2016). MDAs must deliver and design a well-functioning budget to ensure the budget's adequacy in achieving the stated performance measures.

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H_{o1}: budgeting practices has no significant effect on the performance;

Financial Reporting

Financial reporting plays pivotal roles in enhancing budget performance within the public sector. These concepts not only help ensure accountability but also bolster public trust, promote effective governance, and facilitate informed decision-making by stakeholders, including government officials, citizens, and investors (Isaac et al, 2024). Financial reporting provides a clear snapshot of government finances, including expenditures, revenues, and assets. Transparent reporting fosters trust among citizens, who can scrutinize how their taxpayer money is spent. When citizens see timely and accurate financial reports, they are more likely to hold their leaders accountable. Financial reports, including budget documents, audits, and performance evaluations, offer essential data for policymakers. These reports highlight areas of overspending or underperformance, helping governments make informed decisions on reallocating funds to align with strategic priorities. Consistent and detailed financial reporting enables benchmarking against previous years' performances or against similar organizations. Governments can evaluate whether they are meeting their fiscal targets and evaluate program effectiveness, which is critical for continuous improvement (Adegoroye , 2018)

H_{o2}: financial reporting has no significant effect on performance,

H_{o3}: financial oversight has no significant affect the performance,

H_{o4}: modern financial tools has no significant on performance of MDAs in South-West, Nigeria.

Recently Introduced Financial Management Practices in Nigeria

The Federal Government of Nigeria (FGN) introduced some financial practices that will ensure effective performance in the service delivery of ministries, agencies and departments (MDAs) of the government across various levels. These financial management practices recently introduced include Government Integrated Financial Management Information System (GIFMIS), Integrated Payroll and Personnel Information System (IPPIS), Treasury Single Account (TSA),

Theoretical Review

This study is anchored in resource dependency theory, which posits that organizational performance depends on how funds entrusted by citizens are utilized to achieve stated objectives and deliver quality services and infrastructure to the entire population. The theory

emphasizes the importance of relationships with various groups for individual and collective benefits. Specifically, resource dependency theory concentrates on the roles of government appointees or elected officials in providing access to resources essential for government functions. Hillman et al. (2000) argue that resource dependency theory emphasizes the role of appointed individuals in securing critical resources for the public sector through their connections to the external environment. Furthermore, Johnson et al. (1996) support the notion that resource dependency theorists emphasize the importance of appointing representatives as a means to gain access to resources vital for firm success. The relationship between sound financial management practices and performance indicates that proper resource allocation and management can enhance the capacity of MDAs to fulfill their mandates and respond effectively to their environments (Pfeffer & Salancik, 1978). These theoretical implications not only reinforce the importance of financial management practices and public accountability in enhancing the performance of government MDAs but also contribute to the broader discourse on governance, public administration, and organizational performance

Empirical Review

Ogoun and Atagboro (2020) interrogated the relationship between internal audit function and creative accounting practices as a performance indicator in the public service in Nigeria using Ministries, Departments and Agencies (MDAs) as the focal group. The study focuses on MDAs located in Bayelsa State, Nigeria, employing a survey research design to gather data. Primary data was used , and the collected data were analyzed using descriptive statistics and correlation analysis . The findings revealed a significant relationship between internal audit functions and the prevalence of creative accounting practices. The study highlights that effective internal auditing serves as a critical line of defense against financial manipulation, reducing the likelihood of creative accounting practices.

Olaoye and Adedeji (2019) examined the impact of performance audit on public sector budgetary efficiency in Southwest Nigeria, focusing on Total Quality Management (TQM), Public Service Value (PSV), and Government Accountability System (GAS). The sample were drawn specifically from Lagos, Oyo, and Ogun states with respondents from finance, rural development, health, and works and infrastructure related MDAs. The study used primary data using . The data were analyzed through both descriptive statistics and inferential statistics (linear regression, ANOVA). . The study revealed significant positive effects of TQM, PSV, and GAS on budgetary efficiency, with r^2 values indicating that TQM explained

73%, PSV 65.4%, and GAS 43.3% of the variation in budgetary efficiency. The overall regression model was significant, with F values exceeding critical values. While the study provides valuable insights into the factors affecting budgetary efficiency, it could benefit from a broader sample size and inclusion of qualitative data to enrich the findings.

Enofe et al. (2017) investigated reform management in finance and public sectors in Nigeria. A sample of 90 staff from federal, state, and local government departments, agencies, and ministries are analysed with research survey designs. The statistics tool used in analysing is the ordinary least square method. The study discovered that corruption has a negative relationship with IPPIS (Integrated Payroll and Personnel Information System) while positively related to TSA (Treasury Single Account). Since IPPIS reduces corruption

The study by Nurfadila (2024) examined the potential of integrating performance evaluation and cost systems to enhance public financial management (PFM) in Malaysia. The findings highlight that linking performance measures with financial data provides a comprehensive framework for governments to allocate resources effectively and improve decision-making. By aligning costs with outputs and outcomes, the integration ensures that public funds are utilized optimally to achieve societal objectives.

A recent study by Stungwa and Mosikari (2023) investigated the relationship between financial management practices and performance in South Africa. Using panel data from 2010 to 2019 across nine provinces, the study employed a fixed effects model to analyze the impact of provincial government expenditure and revenue on economic growth. The findings suggest that fiscal decentralization as an approach to financial management positively impacts provincial governments' performance by enhancing efficiency in public service delivery and fostering local economic development. This suggests a positive relationship between economic growth and provincial government expenditure, provincial government revenue, fixed capital formation, and capital stock.

Safo (2020) examined the effective use of integrated financial management information systems as a view to expenditure control in cities like Municipal, Metropolitan, and district assemblies in Ghana. Moreover, the study investigated how the financial information system integrated in Ghana can be used to control expenditure in the Bono region. Next to this, the study was investigated with a descriptive approach and information system theory serving as the basis. The sample size was 53 selected randomly from the stated region mentioned earlier.

The system reported both favourable and unfavourable factors through descriptive statistics survey and regression analysis. in addition to this, it was discovered that GIFMIS implementation monitors government spending and it hasn't been fully implemented because of a lack of full knowledge of GIFMIS.

Fobih (2020) investigated public sector reform in Ghana for her management and administration. The study examined the previous implementation of New Public Management (NPM) reforms in departments, agencies, and ministries in Ghana and analyse its challenges and proposed solutions. The qualitative approach and descriptive statistical method are adopted. Moreover, the study revealed some factors which have been neglected by Ghana MDAs and the government. These factors ought to be implemented to increase the successful operation of the NPM reforms in Ghana.

Ahinsah-Wobil (2020) investigated public financial management policy reform mechanisms in Ghana. The aim of the study was excited by the writer finding on Ghana PFM concerning its deficit budget. The objective was to analyse reforms in PFM relations to public funds inflows mobilization and outflows management. The inflows are government revenues and the outflows are her expenditures. In addition, this objective was examined with the survey design narrowed to only MDAs headquarters in charge of finance, budget, and audits. The simple random sample was used to select a sample size of 180 which research was investigated with probability theories. It was discovered that the public finance procurement methodology in Ghana has a positive influence on performance.

MATERIALS AND METHOD

This study adopted a descriptive survey research design with a quantitative research approach. The study was conducted in South-west Nigeria, specifically, Lagos, Ekiri, Ondo, Ogun, Oyo, and Osun states. The target population for this study comprises 824 employees of Board of Internal Revenue, Office of the Accountant General for the State,Office of the Auditor General of the State, and Ministry of Finance, Budget, and Planning. The sample size of 269 was determined using Yamane's, out of which 262 respondents filled and return questionnaire for this study. Primary data was obtained through administering a questionnaire to relevant respondents (officers on grade level 10 and above) in the MDAs of all six states in South-west Nigeria using a 5-point Likert scale. The study employed both descriptive and correlation analysis, regression analysis using PLS-Structural Equation Modelling (SEM) to analyze the data.

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https://journals.unizik.edu.ng/joga

The model of the study established the relationship between independent variable and the dependent variable. The study is specified models below

This objective analyses the effect of financial management practices on the performance of MDAs in south west Nigeria.

Model specification from the linear function i.e., OP=*f*(FMP)……. Eqn 1.

Where OP= Organisational Performance

FMP = Financial Management decomposed into Budgeting Practices, (BP) Financial Reporting (FR), Financial Oversight (FO) and Modern Financial Tools (MFT)

OP= *f*(BP, FR, FO, MFT)…… Eqn 2.

$OP = \beta_0 + \beta_1 BP + \beta_2 FR + \beta_3 FO + \beta_4 MFT + \mu$……. Eqn 3.

Where;

BP= Budgeting Practices; FR=Financial Reporting ; IC= Internal Control ; FO= Financial Oversight; MFT= Modern Financial Tools; β_o= Autonomous Variable

β_1- β_5= Coefficients of parameter

μ = Error Term

RESULT AND DISCUSSIONS

Descriptive Statistics

Table 1: Financial Management Practices

Variable	Mean	StDev	Remar
The organization prepares budgets in line with established guidelines	3.97	0.65	Agree
Budget implementation is closely monitored and evaluated	4.10	0.65	Agree
Budgets are prepared with input from relevant departments.	3.61	1.08	Agree
Financial reports are prepared accurately and submitted on time.	3.79	0.78	Agree
Financial reports are shared transparently with relevant stakeholders	4.12	0.84	Agree
The organization has effective internal control mechanisms in place.	4.30	0.54	Agree
Internal audits are conducted regularly to monitor financial activities.	4.15	0.48	Agree
There are oversight mechanisms to ensure compliance with financial rules.	4.36	0.72	Agree
External financial audits are conducted regularly and effectively.	4.22	0.80	Agree
The organization utilizes financial tools like TSA, IFMIS, or ERP systems.	4.10	0.77	Agree
Financial systems improve accountability and operational efficiency	4.07	0.70	Agree
Weighted Value	***4.07***	***0.73***	Agree

Source: Field Survey, 2025

Table 1. summarized an evaluation of the financial management practices of ministries, departments and agencies (MDAs) in South-West Nigeria. The availability of checks and balances that ensure compliance with laid down financial regulations gives the highest mean

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https://journals.unizik.edu.ng/joga

score of 4.36 (SD = 0.72) to show the importance of regulatory compliance in instilling financial discipline in these organisations. Similarly, the internal control systems in the organisation are also strong as the mean score is 4.30 (SD = 0.54) indicating that there are internal systems put in place to help avoid financial irregularities.

Another significant attribute is the strong commitment to transparency in financial reporting, as the average score of 4.12 (SD = 0.84) shows that the financial reports are regularly shared with the interested parties. Such transparency is necessary to build the trust of the people and create accountability in the financial systems of the agencies. The average of 4.10 (SD = 0.77) in the utilization of financial tools, such as Enterprise Resource Planning (ERP) systems, Treasury Single Accounts (TSA), and Integrated Financial Management Information Systems (IFMIS) indicates an effective application of modern financial management practices.

The collaborative budgeting processes are a less significant indicator, which is supported by the lower mean score of 3.61 (SD = 1.08) that is linked to the development of budgets through consultation with the relevant departments. This relatively low performance is an indication of a low level of inclusivity and it can adversely affect the comprehensiveness of financial plans that are supposed to address the needs of the stakeholders. Overall, the weighted mean score of 4.07 (SD = 0.73) shows that the financial management procedures used by MDAs in South-West Nigeria are positively assessed.

Correlation Analysis

Table 2: Correlation Matrix

	OP	BP	FR	IC	FO	MFT
OP	1					
BP	0.45	1				
FP	0.48	0.35	1			
FO	0.17	0.07	0.18	0.22	1	
MFT	0.43	0.47	0.34	0.51	0.39	1

Variable Definition: BP= Budgeting Practices, FR=Financial Reporting, IC= Internal Control, FO= Financial Oversight, MFT= Modern Financial Tools
Source: Field Survey, 2025

Table 2 provides a correlational analysis that explains cross-dependencies between key financial management elements. Findings reveal that there is a positive and significant correlation between effective budgeting and organizational performance (r = 0.45) which means that well-organized budget processes would improve the overall effectiveness of

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https://journals.unizik.edu.ng/joga

MDAs. The importance of financial reporting is also highlighted by the fact that it has a good correlation with organizational performance (r = 0.48) and even better correlation with budgeting practices (r = 0.35). Such results indicate that the role of timely and accurate financial reporting goes beyond the budgeting process to act as a critical component in enhancing the performance of MDAs. The significance of internal controls is also seen in the fact that it is positively correlated with organizational performance (r = 0.36) and financial reporting (r = 0.46). This relationship implies that strong internal control systems are vital in maintaining the integrity of financial reporting, and as a result, in improving organizational performance.

Positive associations are shown in the above practices, although financial oversight shows a less significant relationship with organizational performance (r = 0.17), and its correlations with other financial management practices are also low (r = 0.07 with budgeting practices). These findings indicate that financial oversight is still important but its direct influence on the organizational performance might be not as significant as the influence of other practices. The modern financial tools also have a positive correlation with the organizational performance (r = 0.43), have a strong relationship with the budgeting practices (r = 0.47) and have a strong relationship with the financial reporting (r = 0.34).

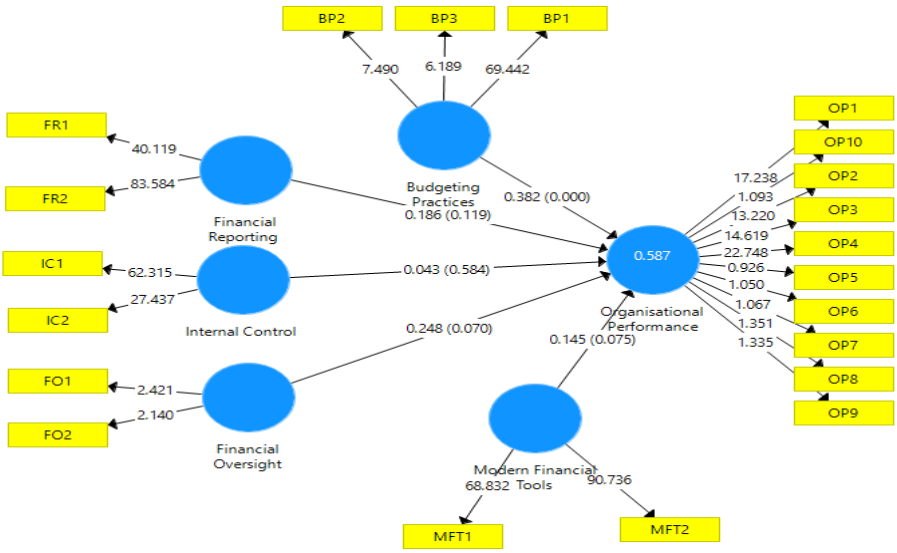


Figure 1: PLS-SEM **Model**

JOURNAL OF GLOBAL ACCOUNTING
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Test of Hypotheses

Table 3: Path Coefficient Results

	Coefficient	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Val.	Aster	Decision
Budgeting Practices -> Organisational Performance	0.382	0.072	5.269	**0.000**	**	Support
Financial Oversight -> Organisational Performance	0.248	0.136	1.819	**0.070**	*	Support
Financial Reporting -> Organisational Performance	0.186	0.119	1.563	**0.119**		Reject
Modern Financial Tools -> Organisational Performance	0.145	0.081	1.786	**0.075**	*	Support

Source: Field Survey, 2025

Table 3 presents critical statistical analyses that provide insights into the relative impacts of different financial management dimensions on overall organizational performance. Table 3 shows the R^2 of 59 % of the total variation of OP is explained by the explanatory variables and the remainder of 41 % is not explained which is accounted for by the random error term.

Hypothesis One

H_{o1}: budgeting practices has no significant effect on the performance.

H_{i1}: budgeting practices has significant effect on the performance.

The practice of budgeting has a positive significant effect on the performance of the organization with a coefficient value at 0.382 (SD = 0.072) and T statistic at 5.269 which gives a p-value of 0.000. This, therefore, validates the assumption that proper budgeting would improve the operations of MDAs hence emphasizing the role that structured financial planning and resource allocation play toward achieving organizational objectives. This suggests that effective budgeting practices enable government agencies to allocate resources more efficiently and transparently. This ensures that funds are directed toward priority projects and programs, ultimately improving service delivery to the public.

This finding supports the current literature of financial management in the public sector organisations. As an example, empirical studies conducted by Olaoye and Adedeji (2019) and Amahalu et al. (2017) validated the fact that efficient budgeting systems promote the efficiency of budgets in the public sector and lead to better organisational performance.

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Hypothesis Two

H_{o2}: financial reporting has no significant effect on performance.

H_{i2}: financial reporting has significant effect on performance.

Similarly, financial reporting (coefficient = 0.186, SD = 0.119, T = 1.563, p = 0.119) and internal controls (coefficient = 0.043, SD = 0.079, T = 0.548, p = 0.584) do not demonstrate statistically significant effects on organizational performance, as indicated by their respective p-values exceeding 0.05. Thus, these practices are classified under the non-supportive category in the context of their individual contributions to enhancing the performance of MDAs.

Hypothesis Three

H_{o3}: financial oversight has no significant affect the performance,

H_{i3}: financial oversight has significant affect the performance,

On the other hand, financial oversight practices have a coefficient of 0.248 (SD = 0.136) with a T statistic at 1.819 and p-value at 0.070. This indicates that even though the relationship between performance and financial oversight practices is positive and significant at 10 %, the result does not attain any conventional levels of statistical significance. This suggests that implementing robust financial oversight can enhance accountability and transparency within agencies. When there are strong financial controls and monitoring mechanisms in place, it reduces th e likelihood of fraud, waste, and mismanagement of public funds.

However, the compliance actions suggested by Ocheni (2016) that, theoretically, would strengthen the power of Financial Oversight and Reporting, yielded diminished results in the context of the region. This difference can be due to cultural notions of compliance that do not conform to theoretical approaches like Agency Theory, which argues that organisational opportunism is limited by strict financial control. According to the results of Okpala (2018), the poor reporting may lead to significant delays in the processes of public-finance-accountability.

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Hypothesis Four

H_{o4}: modern financial tools has no significant on performance of MDAs in South-West, Nigeria.

H_{o4}: modern financial tools has significant on performance of MDAs in South-West, Nigeria.

Modern financial tools show a coefficient of 0.145, with a standard deviation of 0.081, a T statistic of 1.786, and a p-value of 0.075. This finding is marginally significant and aligns closely with the threshold for meaningful impact, yet it ultimately leads to rejection under strict statistical analysis criteria. This implies that modern financial tools allows for better cash management by consolidating government funds into a single account. This reduces idle balances and improves liquidity management. Agencies can more effectively track and allocate resources, ensuring that funds are available for pressing needs. With centralized management of funds, agencies can minimize transaction fees and streamline banking operations, leading to cost savings. Though the investigation conducted by Okpala did not focus on South-West Nigeria alone, it still provides an example of how the systematic failure to adhere to the financial-management procedures affects the performance outcomes at any level of government. Despite these findings, the existing political and socioeconomic situation in Nigeria also makes it difficult to manage finances. Zubairu (2016) argues that one of the reasons why there are poor financial-management regimes is a politicised administrative structure that does not promote efficiency and accountability among ministries, departments, and agencies (MDAs).

CONCLUSION AND RECOMMENDATIONS

This study concluded that financial management practices such as budgeting practices , financial oversight and modern financial tools serves as a critical yardstick for assessing performance within the public sector of Southwest states.

Based on the findings presented , the following recommendations were made;

i) Government should periodically assess and update policies as well as implementation related to financial management practices to ensure they remain relevant, effective, and aligned with current best practices and emerging challenges.

ii) MDAs should formally adopt and institutionalize the financial management practices such as budgeting practices and modern financial tools that have shown positive impacts on performance. This includes creating standard operating procedures and guidelines that govern financial management across all departments.

iii) The MDAs across Southwest urgently needs to enhance its financial reporting practices. By strengthening reporting mechanisms and fostering transparency, the government can achieve greater accountability and facilitate informed decision-making, resulting in budget outcomes that effectively meet the community's needs.

iv) Government urgently needs to reassess the internal control system so as to curb excessive spending among the MDAs

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