RESPONSIBILITY ACCOUNTING PRACTICES AND SUSTAINABLE DEVELOPMENT IN NIGERIA'S PUBLIC SECTOR

Udo, Ekubiat John, *PhD*, *FCA*

Department of Accountancy, School of Business and Management Studies
Akwa Ibom State Polytechnic, Ikot Osurua, Ikot Ekpene, Nigeria
ekujohnn79@gmail.com; ekubiat.udo@akwaibompoly.edu.ng

Abstract

This is an exploratory survey study that deployed a qualitative approach to examine responsibility accounting practices and sustainable development in Nigeria's Public Sector. The study was undertaken out of the increasing issues of fiscal indiscipline, pervasive corruption, inefficiency, poor financial management and weak accountability frameworks persistence in the public sector of Nigeria. This study critically examines the role of responsibility accounting practices as a management tool in driving sustainable development in government sector by linking expenditure responsibility, revenue generation responsibility and investment activities responsibility to measurable outcomes of enhances budgetary compliance, cost efficiency, responsible government and service delivery, thereby supporting the broader goals of economic, social, and institutional sustainability development. The data were obtained specifically by reviewing of literature in an armchair research method and the exploratory approach. Contextual analysis method was used to analyse the data through adequate exegesis of the gathered secondary information in arriving at conclusion. The findings revealed that when responsibility accounting is properly applied in the public sector, it will promote sustainable development by enhancing responsibility of office, financial transparency, efficiency, and accountability in the use of public funds as well as allocates the responsibility for financial performance to specific units or managers within government organizations, enabling better oversight of public resource management towards achieving social and environmental goals. Moreso, it will not only curbs resource mismanagement but also promotes good governance, more revenue generation, increasing investment, public trust, and long-term development and growth. It was concluded that, responsibility accounting practices are indispensable for repositioning Nigeria's public sector as a catalyst for sustainable national development and growth. The study recommended that effective implementation of robust financial reporting systems, capacity development of public officers, and strong enforcement of accountability mechanisms will guarantee sustainable national development.

Keywords: *Responsibility Accounting Practices, Sustainable Development, Nigeria's public sector, expenditure responsibility, revenue generation responsibility and investment responsibility*

1.0 INTRODUCTION

The concept 'Responsibility accounting' (RA) was first mentioned in the US business world in the 1920's and then spread to the UK, New Zealand Australia, and Canada in the 1950's on the quest for management control and report, performance measurements at various levels and who should be held accountable for revenue, expenditures and investment in the management of organization's scare resources. The concept of Responsibility Accounting has evolved over time with key contributions from notable theorists and advocates like Eric Kohler in 1960's - whose emphasized on accountability for things under an individual's direct control, the U.S Department of Defense under Secretary Robert McNamara - promoted Planning, Programming and Budgeting System (PPBS) tagged 'responsibility budgeting' in 1960's, Robert Anthony - highlighted the need to align responsibility centers with organizational goals and objectives in 1970's as well as Hewlett-Packard, the computer hardware and software company employed RA to measure its General Managers performance with their own profit or loss statement in the 1980's and gradually through public sector reforms, Responsibility Accounting has been researched and developed by many management accounting scientists and applied by managers to the operations of government businesses and including government's Ministry, Department and Agencies (MDAs) in the 1990's .

In 2000's, RA applications begun to be used in the public sector to improve managerial efficiency, transparency and accountability in the use of public resources. Improving accountability through responsibility, accounting is expected to provide better oversight of state financial management and ensure that each unit in government is responsible for the performance and expenditures they manage. Under responsibility accounting, administrators are empowered and assign responsibilities to each specific subject in each Ministry, Department or Agency, pushing government operations to be run more like private businesses, emphasizing managerial accountability, performance measurement, and results-based reporting (Economic and Social Commission for Western Asia, ESCWA (2003).

Responsibility accounting as defined by (CIMA) is a system of accounting that segregates revenue and costs into areas of personal responsibility in order to assess the performance attained by persons to whom authority has been assigned. Responsibility accounting system is designed to report and accumulate costs by individual levels of responsibility. Each supervisory area is charged only with the cost for responsibility centers: cost centers, revenue centers, investment centers and profit centers. Responsibility accounting can also be referred to as activity and management accounting. It is used to measures evaluate and monitor decentralization process. Responsibility accounting aims to provide accounting reports. This enables every manager to be aware of all the items, which are within his/her area of authority. Hence, as a system of accounting, it distinguished between controllable and uncontrollable cost (Atu, 2014). Information on Responsibility Accounting is the output of the Responsibility Accounting system. Responsibility Accounting is one of the concepts of management accounting and accounting systems that are linked and adjusted to the responsibility centers that exist within the organization (Karsam & Manurung, 2014).

With Responsibility Accounting, it is possible to identify or recognize decision unit within an organization for the purpose of tracing expenditure to the individual managers who are charged with the responsibility of making decisions about costs and revenue in an organization. Within the concept of divisional performance evaluation in public sector, there are three types of responsibility accounting centers which can also be referred to as responsibility accounting units, these are expenditure responsibility accounting center, revenue responsibility accounting center and investments responsibility accounting investment center since government is not-for-profit venture.

Expenditure responsibility accounting center (ERAC) is an organizational unit where the manager is held accountable for controlling and managing public expenditure. It is type of responsibility accounting center that is used to track performance based on financial responsibilities. In these centers, managers are responsible for specific inputs (expenditures). The ultimate goal for an expenditure center is to minimize expenses over the long term without compromising overall performance. A revenue responsibility accounting center (RRAC) is a specific organizational unit or program where the manager is accountable for generating and maximizing revenue, even if they are not directly responsible for controlling all the costs associated with their output. The manager's performance is evaluated based on the revenue produced, and the objective is typically to increase net revenue, which involves adjusting for controllable costs incurred in service delivery or revenue generation. While investment responsibility accounting center (IRAC) in the public sector is a unit within a government agency or other public organization that has control over its own revenues, expenses, and capital investments. Unlike other responsibility centers that may only focus on public expenditures or revenue, an IRAC manager is also accountable for the return on the assets (investments) the center employs to deliver public services.

In year 2000, a Nigerian star musician, African China released a song tagged 'Mr. President' that preached to everyone in the position of authority to be responsible and accountable to make Nigeria the giant of African once again and every patriotic Nigerians is calling for the same. Thus, it is necessary to examine responsibility accounting practices and sustainable development in Public Sector of Nigeria.

Statement of the Problem

It is sad to witness that the Nigeria public sector even at late 60's is still being manage with some people who are not responsible to the responsibilities of manning various key offices/units that, instead to enhance accountability, improve efficiency in the use public funds management and investments, showcasing best performance to achieve social goals as well as delivering optimal public services, they sole aim is to siphon the public fund meant for the sustainable development of Nigeria. This is evidenced by the poor state of infrastructure to include death-trapped road, epileptic power supply, ailing health care, deteriorated educational systems, under-development, unemployment, and many more on the list. Moreso, each successive government are playing a 'blame game', that the previous administrators did not do well and some after out of service pleaded for forgiveness for what they would not do. These acts of irresponsibility have cause many Nigerians to lose hope of better and sustainable future. It is worrisome that the Nigerian public sector lacks defined financial management structures and even the available systems do not backup responsibility accountability as none of the government officials appear to be held responsible for a failing system and accountability both civil and political officers. Researchers have found three main types of responsibility accounting centers in government sector to boost accountability, which can also be referred to as responsibility accounting units/centers. These are expenditure responsibility accounting center, revenue responsibility accounting center and investments responsibility accounting center since government is not-for-profit venture. Although, Nigerian accounting systems has integrated treasury single account (TSA), financial management information system (IFMIS) among others for accountability and transparency of the public financial systems but without holding individual administrators responsible and rethinking inward for evidential performance. Studies in USA, UK, France, Italy, Denmark, Japan, Indonesia, Australia, Russia, China, India, Bengaluru, Ugandan, Vietnam and others have showed that integrating responsibility accounting principles into public sectors' initiatives are vital for sustainable national development and growth. This is yet to be examined and explored in Nigeria. Therefore, this study sought to examine responsibility accounting centers' practices and sustainable development of Nigeria as a rethink for global realities. Specifically, to:

i. Examine how expenditure responsibility accounting centers (ERAC) would influence sustainable development of Nigeria.
ii. Explore how revenue responsibility accounting centers (RRAC) would affect sustainable development of Nigeria.
iii. Evaluate how investments responsibility accounting center would contribute to sustainable development of Nigeria.

Research Questions (RQ)

The following research questions were raised to guide the study.

RQ_1: How would expenditure responsibility accounting center (ERAC) influence sustainable development of Nigeria?

RQ2: What would be the effects of revenue responsibility accounting center (RRAC) on sustainable development of Nigeria?

RQ3: How would investments responsibility accounting center impacts sustainable development of Nigeria?

2. REVIEW OF RELATED LITERATURE

Responsibility accounting is a system that measures the various results achieved by each responsibility center according to the information needed by managers to operate their responsibilities (Hansen & Mowen, 2012). Responsibility accounting is identified as an administrative accounting method that aims to support performance control through responsibility for costs and revenues. Planned expenditure and income responsibilities can be controlled so that managerial performance can be assessed based on a comparison of the budget spent with the actual costs incurred. Effective implementation of responsibility accounting can be achieved by giving authority and responsibility to subordinates and evaluating its implementation properly so that the work objectives of responsibility accounting can be achieved. The application of responsibility accounting itself needs to meet the requirements, namely budget, organizational structure, classification of controlled and uncontrolled costs, classification and account codes, and cost reporting are also required (Suryani et al., 2021).

Responsibility accounting in the government sector is a management system that assigns accountability for financial and operational performance to specific units or managers within government organizations, using various responsibility centers like cost or revenue centers to track performance against budgets and achieve goals, thereby enhancing transparency and accountability in the management of public funds and resources. While it aims to mirror private sector models, it must adapt to the public sector's focus on social goals rather than profit, making performance measurement more complex.

Responsibility accounting is an accounting system that allocates responsibility for financial performance to units within an organization. In the context of the public sector, the implementation of responsibility accounting aims to enhance accountability and transparency in budget management by assigning responsibility for managing funds to each unit (Mediaty et al., 2025)). In the public sector, where social goals are prioritized over profitability, responsibility accounting facilitates the measurement and evaluation of results-based performance, ensuring the efficient use of resources (Ouda, 2015). Mediaty et al. (2025) explained that the implementation of responsibility accounting in the public sector is not only about financial accountability but also includes managing the results and outcomes of social programs for sustainable development. In this context, responsibility accounting supports more effective internal control, enabling better performance measurement and budget management; this ensures that each unit managing public funds is accountable for the use of the budget and the achievement of the set targets.

Major Organisations Responsible for Public Expenditure and its Practices in Nigeria

Multiple organisations and bodies are responsible for the management and oversight of public expenditure in Nigeria. The process involves a system of checks and balances that includes different government branches and institutions at both the federal and state levels.

A. Federal government organizations

I. Federal Ministry of Finance: This ministry has the overall responsibility for managing the finances of the Federal Government of Nigeria. Its duties include: Managing, controlling, and monitoring federal revenues and expenditures. Formulating fiscal policies.

Distributing revenue through the Federation Accounts Allocation Committee (FAAC).

II. Budget Office of the Federation (BOF): This office handles the technical aspects of budget management and operates under the Ministry of Finance. Its responsibilities cover the entire budget cycle, from planning to monitoring:

Budget formulation: Prepares the annual national budget for the Federal Government.

Budget implementation: Releases funds to Ministries, Departments, and Agencies (MDAs) through warrants and Authority to Incur Expenditure (AIE).

Budget monitoring: Tracks payroll, capital expenditure, and other financial activities of MDAs.

III. Office of the Accountant-General of the Federation (OAGF): The AGF is the Chief Accounting Officer of the Federation and is responsible for managing the government's receipts and payments. Its functions include:

Disbursement of funds: Ensures disbursements from the Consolidated Revenue Fund are properly authorized.

Consolidated accounts: Prepares and publishes the financial statements for the Federal Government.

Treasury management: Operates the Treasury Single Account (TSA) and the Government Integrated Financial Management Information System (GIFMIS).

IV. Office of the Auditor-General for the Federation (OAuGF): This independent body, created by the Constitution, audits the accounts of federal institutions to ensure public funds are used transparently and accountably.

Audits: Examines and reports on the public accounts of the Federation to the National Assembly.

Investigates financial infractions: Can refer cases of financial misconduct to anti-corruption agencies like the Economic and Financial Crimes Commission (EFCC).

V. National Assembly Public Accounts Committees (PAC): The PACs of both the Senate and the House of Representatives provide legislative oversight of public expenditure.

Reviews audit reports: Scrutinizes the reports submitted by the Auditor-General.
Investigation: Conducts public hearings and investigations into unauthorized spending or financial irregularities by MDAs.
Recommendations: Makes recommendations based on its findings to promote fiscal transparency and accountability.
6. Bureau of Public Procurement (BPP): The BPP is the regulatory body for public procurement in Nigeria. It ensures that all public sector spending on goods, works, and services is conducted transparently and follows the Public Procurement Act.

B. State and Local Government Organizations
At the state level, the structure is similar to the federal one, with corresponding bodies:
State Ministries of Finance and Budget prepare the state's budget and manage its finances.
State Accountants-General are responsible for the state's day-to-day accounts.
State Auditors-General audit the accounts of state ministries and local governments.
State Houses of Assembly have their own Public Accounts Committees for oversight.

C. Financial and Anti-Corruption Agencies
Other key agencies also play a role in overseeing public expenditure, including:
Central Bank of Nigeria (CBN): Manages government accounts and monitors funds.
Economic and Financial Crimes Commission (EFCC): Investigates financial crimes and corruption involving public funds.
Independent Corrupt Practices and Other Related Offences Commission (ICPC): Investigates and prosecutes corruption.
Enhancing the Powers of the Auditor-General of the Federation (Federal Ministry of Financial, Budget and National Planning, 2024)

Major Organisations and Authorized Bodies Responsible for Revenue Generation in Nigeria
Public sector revenue generation in Nigeria is primarily handled by government agencies at the federal, state, and local levels. The largest share of government revenue comes from the oil and gas sector, followed by taxes and customs duties.

A. Federal level

Key federal organizations are responsible for collecting revenue, particularly from petroleum, corporate taxes, and international trade.

i. Nigerian National Petroleum Company (NNPC) Limited: The state-owned oil corporation is a major revenue generator, deriving income from oil and gas exploration, production, and refining.
ii. Nigeria Revenue Service (NRS), formerly the Federal Inland Revenue Service (FIRS): Responsible for assessing, collecting, and accounting for federal taxes, such as:
Companies Income Tax (CIT), Value Added Tax (VAT), Petroleum Profits Tax (PPT), Education Tax (EDT) and Capital Gains Tax (CGT).
iii. Nigeria Customs Service (NCS): A paramilitary agency under the Federal Ministry of Finance that collects customs duties, excise duties, and other levies on imports and exports.
iv. Nigerian Ports Authority (NPA): Operates and governs Nigeria's major seaports, earning revenue from port operations.
v. Federal Ministry of Finance, Budget, and National Planning: This ministry manages and controls federal revenues and expenditures and oversees the activities of other revenue-generating agencies.
vi. Central Bank of Nigeria (CBN): Issues legal tender currency, manages external reserves, and provides economic and financial advice to the federal government.

B. State level

Each of Nigeria's 36 states has agencies that generate internally generated revenue (IGR).

i. State Boards of Internal Revenue (SBIRs) or State Internal Revenue Services (SIRS): These agencies are responsible for collecting state-level taxes and levies, including:

Personal Income Tax (PAYE), Capital Gains Tax (for individuals), Road taxes, Land use charges and property tax.

ii. Ministries, Departments, and Agencies (MDAs): State MDAs generate revenue from various sources, such as fees, charges, and licenses.

C. Local government level

Local government councils also have the authority to generate their own revenue.

i. Local Government Councils: They collect revenue from internal sources such as: Market fees and trading licenses, Property and tenement rates, Motor park levies, Outdoor advertising and signage fees, Land-related fees and registration charges.

ii. Allocations from the federal and state government: Local governments receive monthly allocations from the Federation Account, distributed by the Federation Account Allocation Committee (FAAC).

Major Organisations and Authorized Bodies Responsible for Investment Activities Nigeria

Key organizations responsible for managing and overseeing investment activities within Nigeria's public sector include the Nigerian Sovereign Investment Authority (NSIA), the Bureau of Public Enterprises (BPE), the National Council on Privatisation (NCP), and the National Pension Commission (PenCom). The Federal Ministry of Finance, Budget, and National Planning provides overall financial supervision.

I. **Nigerian Sovereign Investment Authority (NSIA):** The NSIA manages Nigeria's sovereign wealth fund, which consists of three distinct funds to serve specific national objectives.

i. Stabilization Fund: Provides fiscal support to the federal, state, and local governments during times of economic stress caused by declines in oil revenue.

ii. Future Generations Fund: Invests in a diversified portfolio of long-term assets to build a savings base for future generations.

II. **Nigeria Infrastructure Fund:** Invests in critical domestic infrastructure, such as roads, power, and agriculture, to drive economic growth and attract foreign investment.

III. **Bureau of Public Enterprises (BPE):** The BPE is the Nigerian government's agency for implementing its policies on privatization and commercialization.

i. Privatization: Facilitates the transfer of public enterprises to private ownership to improve efficiency and reduce the government's financial burden.

ii. Commercialization: Transforms government-owned entities into profitable, market-driven businesses while remaining publicly owned.

iii. Public-Private Partnerships (PPPs): Structures concessions and other partnerships to attract private investment into public infrastructure projects.

IV. **National Council on Privatisation (NCP):** The NCP is the body that oversees the BPE and determines the political, economic, and social objectives of Nigeria's privatization program.

i. Approval of policies: The NCP approves the policies, guidelines, and criteria for privatizing and commercializing public enterprises.

ii. Appointment of advisors: Approves the appointment of consultants, investment bankers, and other professionals needed for the privatization process.

iii. **National Pension Commission (PenCom):** PenCom regulates, supervises, and invests funds contributed under the Contributory Pension Scheme (CPS) for public and private sector employees.

i. Regulation of pension funds: Issues rules, regulations, and guidelines for the investment of pension funds to ensure safety and returns.

ii. Management of the Contributory Scheme: Oversees the operation of the CPS to ensure that retirement benefits are paid when due.

iii. Investment guidelines: Sets minimum requirements for state governments seeking to access pension funds by issuing bonds for infrastructure projects.

V. **Pension Transitional Arrangement Directorate (PTAD):** PTAD manages the old Defined Benefit Scheme (DBS) for retirees who retired on or before June 2007, and for those exempted from the new Contributory Pension Scheme.

i. Pension payments: Receives budgetary allocations and ensures timely and accurate pension payments to qualified retirees under the DBS.

ii. Pensioner database: Maintains a comprehensive database of all federal government pensioners under the old scheme.

VI. **Federal Ministry of Finance, Budget, and National Planning:** This ministry oversees the entire financial administration of the federal government, including revenue management, expenditure control, and budget planning.

i. Fiscal policy: Advises the government on fiscal policies and monetary matters, often in collaboration with the Central Bank of Nigeria.

ii. Revenue supervision: Oversees federal revenues and expenditures to ensure transparency and accountability (Nigerian Investment Promotion Commission, 2024).

Challenges of Responsibility Accounting Practices in the Public Sector

Challenges of responsibility accounting in the public sector include political interference, inconsistent budget allocations, lack of adequate technology and infrastructure, limited capacity and training for staff, poor coordination between responsibility centers, difficulty in isolating controllable costs, weak enforcement mechanisms, and a lack of political will to implement reforms. The following categorized factors hinder the development of an effective and transparent system for accountability and financial management.

I. Organizational and Management Issues

i. Political Interference: Political factors and corruption can undermine efforts to implement proper accounting and accountability systems.

ii. Coordination: A lack of coordination between different responsibility centers within an organization can limit the effectiveness of responsibility accounting systems, with centers sometimes competing for resources.

iii. Decentralization: A weakness in decentralization can limit a manager's autonomy in decision-making and performance evaluation within their responsibility unit.

iv. Inconsistent Budgeting: Inconsistent budget allocations and the political nature of budget processes make it difficult to hold managers accountable for their financial performance.

v. Weak Enforcement: Even with legal frameworks, weak enforcement mechanisms and a lack of political will often undermine their effectiveness in achieving public sector accountability.

iii. Decentralization: A weakness in decentralization can limit a manager's autonomy in decision-making and performance evaluation within their responsibility unit.

iv. Inconsistent Budgeting: Inconsistent budget allocations and the political nature of budget processes make it difficult to hold managers accountable for their financial performance.

v. Weak Enforcement: Even with legal frameworks, weak enforcement mechanisms and a lack of political will often undermine their effectiveness in achieving public sector accountability.

II. Capacity and Resources

i. Lack of Capacity and Training: Insufficient training and capacity-building for public sector officials to implement reforms can hinder the success of responsibility accounting.

ii. Inadequate Infrastructure: Limited technological infrastructure and data management systems can impede effective budget oversight and the use of information technology for accountability.

iii. Financial Constraints: Implementing reforms and building capacity requires considerable financial investment, which can be a significant hurdle.

III. Information and Control Issues

i. Data Limitations: A lack of comprehensive and accessible data can limit the implementation of responsibility accounting.

ii. Difficulty in Isolating Costs: It can be challenging to isolate and identify truly controllable costs in the complex environment of the public sector, making performance evaluation difficult.
iii. Lack of Transparency: A lack of transparency, often due to the unavailability of vital information, prevents public scrutiny and makes it difficult to hold government accountable.

IV. External Environment

i. Weak Audit Environment: A poor accounting environment and a lack of executive capacity can also pose serious challenges to effective public sector auditing and accountability.

iii. Regulatory Frameworks: Outdated or incompatible legal and regulatory frameworks can compromise the success of public sector accounting reforms.

Sustainable Development in The Public Sector

Sustainable development in the public sector is an approach to policy-making and service delivery that meets present needs without compromising the ability of future generations to meet their own needs, balancing economic growth, social inclusion, and environmental protection. Public decision-makers play a key role in achieving this by creating and implementing policies and programs that support long-term well-being, resource conservation, and a reduction in inequality through initiatives that address issues from infrastructure to poverty and health (Alinska et al., 2018). In summary, it is all about how we must live today if we want a better tomorrow, by meeting present needs without compromising the chances of future generations to meet their needs.

Core Principles of Sustainable Development in The Public Sector

Intergenerational Equity: Ensuring that future generations have the same or better opportunities to meet their own needs as the current generation.
Economic, Social, and Environmental Balance: Sustainable development seeks to integrate these three interdependent pillars to achieve balanced and holistic progress. This entails:
Economic: Fostering growth and financial prosperity while ensuring resource efficiency and responsible practices.
Social: Promoting social inclusion, equity, justice, and well-being for all people.
Environmental: Protecting natural resources, conserving ecosystems, and avoiding pollution and permanent environmental damage.

The Role of the Public Sector in Sustainable National Development

Policy and Program Implementation: Public administrations are essential for translating sustainability principles into actionable policies and programs across various sectors, including housing, transportation, health, and environmental protection.
Long-Term Planning: Integrating sustainability into administrative planning to promote intergenerational equity, reduce long-term risks, and conserve resources.
Goals Setting and Coordination: Working towards the United Nations Sustainable Development Goals (SDGs), which are a universal call to action to end poverty, protect the planet, and ensure peace and prosperity for all.
Resource Management: Implementing strategies for the sustainable management of water, sanitation, and energy, and building resilient infrastructure.

Examples of Public Sector Actions for Sustainable Development

Sustainable Urban Development: Implementing policies for green infrastructure and sustainable transportation.
Public Health Initiatives: Ensuring access to affordable and reliable healthcare services for all.
Environmental Protection: Developing and enforcing regulations to protect the environment and manage natural resources effectively.
Social Welfare Programs: Implementing programs that reduce poverty, promote gender equality, and support vulnerable populations (Leuenberger, 2006).

3. METHODOLOGY

The study used exploratory research design and qualitative research approach where related literature on Responsibility Accounting Practices and Sustainable Development in Public Sector were reviewed. The study reviews cut across the developed and developing economies based on the global regulatory framework for public sector accounting and reporting. This research design was best adopted for the study due to the great benefits of the subject matter for sustainable national development and growth, the challenge of data collection and some national questions to answer. Data were obtained specifically by reviewing of literature in an armchair research method and qualitative research approach. The data were analysed using contextual analysis method through adequate exegesis of the gathered secondary information in arriving at conclusion.

4. RESULTS AND DISCUSSIONS

4.1. Research Results

RQ1: How would expenditure responsibility accounting center (ERAC) influence sustainable development of Nigeria?

In general terms, expenditure responsibility accounting influences Nigeria's sustainable development by promoting transparency, accountability, and efficiency in the management of public funds. By improving how government agencies and public bodies handle finances, it can reduce corruption, optimize resource allocation, and ensure that funds are directed toward projects that contribute to the Sustainable Development Goals (SDGs). How it works:

I. Promotes financial accountability and transparency

i. Enhances public trust: By requiring detailed and public reporting on how funds are spent, expenditure responsibility builds citizen trust in government institutions. This trust is crucial for long-term political stability and effective governance, both of which are prerequisites for sustainable development.

ii. Discourages corruption and misuse of funds: Strong expenditure responsibility frameworks, such as those mandated by Nigeria's Fiscal Responsibility Act (FRA) of 2007, make it more difficult to embezzle or misappropriate public money. This safeguards resources that should be used for development initiatives, preventing them from being diverted for private gain.

iii. Supports good governance: Transparency in financial operations and accountability for fiscal outcomes are central tenets of good governance. This enables citizens and civil society to hold officials responsible for their performance and ensures a more equitable distribution of public resources.

II. Improves expenditure efficiency and resource allocation

i. Maximizes value for money: Expenditure responsibility ensures that public funds are used effectively and efficiently to deliver high-quality public services. This prevents wasteful spending and allows government agencies to extract the maximum possible value from every naira spent.

ii. Enhances budget implementation: By setting clear expenditure targets and tracking progress, responsibility accounting helps overcome persistent issues like budget delays and poor implementation. More effective budget execution ensures that critical development projects, such as those for infrastructure, health, and education, are completed on schedule.

iii. Guides strategic planning: The insights gained from tracking and analyzing spending help government agencies make better-informed decisions about future investments. This allows for the strategic prioritization of programs that deliver the greatest impact on sustainable development indicators, like reducing poverty and improving education.

III. Fosters economic and environmental sustainability

i. Facilitates sound macroeconomic management: Adherence to fiscal responsibility principles helps Nigeria manage its public debt, maintain macroeconomic stability, and avoid excessive fiscal deficits. This creates a predictable economic environment that is essential for attracting both local and foreign investment, which fuels economic growth.

ii. Encourages environmental accountability: A key component of corporate and environmental responsibility accounting is the reporting of environmental costs and impacts.

In Nigeria, this would enable companies and the government to track and reduce their environmental footprint, helping to mitigate issues like pollution and resource depletion.

iii. Supports resource-based accountability: For a resource-rich country like Nigeria, expenditure responsibility is vital for managing revenues derived from natural resources, like oil. Accountable spending of this revenue can ensure that it is used to diversify the economy and fund long-term development, rather than being squandered on unproductive projects (Leuenberger, 2006).

Challenges and Limitations Expenditure Responsibility Accounting Center (ERAC) in Nigeria

Despite the potential benefits, Nigeria faces obstacles in fully realizing expenditure responsibility, including:

Weak enforcement: Weak institutional frameworks and inadequate enforcement of regulations limit the full application and effectiveness of existing fiscal laws like the Fiscal Responsibility Act.

Persistent corruption: Deep-seated corruption within both the public and private sectors continues to undermine fiscal discipline, rendering many accountability mechanisms ineffective.

Lack of standardized reporting: The absence of standardized environmental and social reporting makes it difficult to measure and evaluate the impact of expenditure on sustainability effectively.

Political interference: Political intervention in budget processes can lead to extra-budgetary spending and poor resource allocation, undermining the principles of fiscal prudence.

RQ2: What would be the effects of Revenue Responsibility Accounting Center (RRAC) on sustainable development of Nigeria?

Revenue responsibility accounting is critical to Nigeria's sustainable development by enhancing public financial management, increasing revenue generation, and fostering accountability. Positive Effects of Revenue Responsibility Accounting

I. Increased and diversified revenue generation

i. Encourages tax compliance: By improving transparency and accountability in tax collection and administration, responsibility accounting can increase citizens' trust in the tax system. This can lead to greater voluntary compliance and higher internally generated revenue (IGR).

ii. Maximizes non-oil revenue: Nigeria's over-reliance on volatile oil prices has created an unstable economic foundation. An effective revenue responsibility system can improve the collection of non-oil revenues, like taxes, and redirect funds toward sustainable development projects, reducing the country's economic vulnerability.

II. Improved public financial management

i. Enhances transparency and accountability: By assigning responsibility and evaluating the performance of government agencies, responsibility accounting ensures the effective and responsible management of public funds. This creates a system of checks and balances that discourages graft and misappropriation.

ii. Reduces corruption and leakages: Effective accounting systems close loopholes that corrupt officials exploit. Robust frameworks for financial reporting and auditing can significantly reduce revenue leakages, such as those caused by bribery and tax evasion.

III. Targeted resource allocation

i. Funds key sectors: With better control over revenue, the government can allocate more resources toward critical Sustainable Development Goals (SDGs), such as education, healthcare, infrastructure, and clean energy.

ii. Monitors expenditure: A responsibility accounting system monitors and evaluates how tax revenues are spent, ensuring that government institutions use public funds effectively to achieve developmental objectives.

Hindrances to Effectiveness Revenue Responsibility Accounting Center (RRAC) in Nigeria

However, systemic corruption and a legacy of mismanagement, particularly regarding oil revenues have hindered its positive impact.

I. Corruption and lack of accountability

i. Mismanagement of oil wealth: Nigeria's oil and gas sector has historically been plagued by mismanagement and a lack of transparency, with vast revenues failing to translate into meaningful growth.

ii. Weak institutional controls: Many public institutions, known as Ministries, Departments, and Agencies (MDAs), have weak accounting controls and a negative attitude toward accountability. This creates opportunities for corruption and poor financial reporting.

II. Administrative and institutional weaknesses

i. Poor tax administration: Despite reforms, Nigeria's tax system faces persistent challenges, including a lack of reliable taxpayer data, a large informal sector, and inefficient collection methods.

ii. Complex tax laws: Complex tax regulations, which are difficult for both taxpayers and many officials to understand, further complicate revenue collection and enforcement.

III. Uneven revenue allocation and utilization

i. Misuse of funds at lower tiers of government: Studies have found that while some revenue allocation to state and local governments contributes positively to economic development, much of the allocated funds are misused or diverted at the subnational level. This creates a significant gap between revenue distribution and visible development.

ii. Dependence on oil revenues: The continued reliance on oil as the primary source of federal revenue has created a "resource curse," leading to less focus on fiscal responsibility and the development of a sustainable tax base.

IV. Lack of political will

i. Inefficient policy implementation: While some policies aimed at enhancing fiscal responsibility have been introduced, their full implementation is often hindered by a lack of political will and resistance from entrenched interests that benefit from existing opaque systems.

ii. Lack of genuine commitment: 'Lip service' only talks with rather than actionable plan.

iii. Political fear: Fears of being remove/fire from office if not compromise or fear of contradicting popular views and losing support from their base.

iv. Self-interest and corruption: Public officials may act in their own self-interest and engage in corrupt practices

RQ3: How would investments responsibility accounting centers contribute to sustainable development of Nigeria

Investment activities within a responsibility accounting framework significantly influence Nigeria's sustainable development by promoting accountability, enhancing performance, and steering investment decisions toward long-term environmental, social, and economic goals. By assigning responsibility and measuring outcomes within specific business segments, this approach helps integrate sustainability into corporate strategy and operations.

1. Fostering environmental sustainability

i. Green accounting and reporting: Responsibility accounting provides a framework for integrating environmental costs and performance into investment decisions, which is critical for Nigeria's oil and gas sector. It enables companies to track and report on environmental factors like greenhouse gas emissions, waste, and resource depletion. Studies on Nigerian firms indicate that environmental considerations have a significant effect on project investment outcomes.

ii. Reducing negative externalities: By assigning costs associated with pollution and environmental damage to specific centers, responsibility accounting encourages managers to reduce negative environmental impacts. The Nigerian Sovereign Investment Authority (NSIA), for instance, uses robust ESG (Environmental, Social and Governance) frameworks to guide its investment decisions and minimize environmental risk.

iii. Encouraging green investments: This accounting method helps identify and evaluate the financial viability of "green" investments, such as renewable energy projects or eco-friendly products. With better data, companies can justify capital expenditure on clean technologies, aligning with Nigeria's climate goals.

2. Promoting social sustainability

i. Investing in host communities: Social responsibility accounting—an extension of responsibility accounting—tracks the impact of corporate social responsibility (CSR) initiatives. By measuring the returns on investment in community projects like education, healthcare, and infrastructure, companies can ensure these activities genuinely improve the quality of life for their host communities in Nigeria.

ii. Improving human capital: Responsibility accounting centers can be used to monitor investments in employee welfare, training, and fair wages. This practice has been shown to positively influence human sustainability, which is a key driver of long-term organizational performance in Nigeria.

iii. Supporting financial inclusion: In the banking sector, responsibility accounting helps track and measure the impact of investments aimed at increasing financial inclusion for underserved populations. This is aligned with Nigeria's goal of expanding access to eco-friendly products and services for rural dwellers and women (Trisnaningsih & Estiningrum, 2024).

3. Enhancing economic development

i. Optimizing capital allocation: By decentralizing decision-making and assigning responsibility for investment outcomes, organizations can allocate capital more efficiently. Research on Nigerian manufacturing firms indicates that responsibility accounting significantly influences corporate investment decisions, ensuring capital is deployed where it can generate the most value and productivity.

ii. Driving sustainable growth: Studies have found a significant positive relationship between responsibility accounting practices and corporate sustainability growth in Nigeria's banking sector. This ensures companies balance profit maximization with environmental and social concerns, creating positive long-term value.

iii. Increasing transparency and accountability: The use of responsibility accounting in investment centers, particularly with the growth of sustainable finance initiatives and regulations like the Nigerian Sustainable Finance Principles (NSFP), boosts corporate transparency. This transparency builds investor trust and helps to attract sustainable finance to Nigeria's capital markets.

Challenges of Responsibility Accounting Centers

While the impact is significant, challenges remain in Nigeria. These include:

i. Limited availability of data: There is still a shortage of robust, non-financial sustainability data, making it difficult for investors and managers to make fully informed decisions.

ii. Regulatory enforcement: Although frameworks exist, the enforcement of environmental and social accounting standards can be inconsistent.

iii. Bridging the investment gap: Despite a strong push for sustainable finance, there is a large gap between the required investment for sustainable development and the actual flow of funds. The UN estimates Nigeria needs approximately US$92 billion annually for sustainable investment through 2030, but current flows are far short of that figure.

5. CONCLUSION AND RECOMMENDATIONS

In conclusion, responsibility accounting practices implementation is the only mean for sustainable national development in Nigeria’s Public Sector. The following cause of actions should be taken for it to happen:

i. By adopting the principles of accountability of responsibility in relation to expenditure responsibility accounting center, revenue responsibility accounting center and investments responsibility accounting center since government is not-for-profit venture. These would enable governments to balance increased tax revenues with expenditures as well as investments decisions to boost sustainable development.

ii. Bridging the investment gap: Despite a strong push for sustainable finance, there is a large gap between the required investment for sustainable development and the actual flow of funds. The UN estimates Nigeria needs approximately US$92 billion annually for sustainable investment through 2030, but current flows are far short of that figure.

iii. Nigerians and Nigerian Government should appoint or elect spiritual accountants only to be in-charge of governance and management of public offices to be responsible for their responsibilities.

References

Alinska, A., Filipiak, B. Z., & Kosztowniak, A. (2018). The importance of the public sector in sustainable development in Poland. *Sustainability,* 10(9), 3278.

Atu, O-E. O. K.; Ogbeide, E.; Agbo, I. S.; Ozele, C. E. Responsibility accounting: An overview. *IOSR Journal of Business and Management (IOSR-JBM,)* 16 (1)(IV),73-79.

Chukwuekezie, M. N., & Udo, E. J. (2023). Social responsibility accounting practices and sustainable national development and security in Nigeria. *International Journal of Accounting, Finance and Risk Management,* 8(4), 143 - 150.

Dabbicco, G., Caruana, J., & Bisogno, M. (2024). The role of public sector accounting in the achievement of sustainable development goals: The case of Italy. *Meditari Accountancy Research, 313 – 337.*

Dang, L. A. (2024). Factors affecting responsibility accounting and its impact on management performance of textile and garment enterprises in Vietnam. *Cogent Business & Management*, 11, 1, 2371067.

Economic and Social Commission for Western Asia, ESCWA (July, 2003). Public sector accounting and budgeting reform: The main issues involved with special focus on the Arab world. *Expert Consultative Meeting on Public Administration and Public Accounting Development, with Stress on Electronic Tools Jointly with Meeting on the Innovation of Public Administration in the Euro-Mediterranean Region (UNDESA),* 1 – 3 July.

Karsam, O. & Manurung, R.L.R., (2014). Penerapan akuntansi pertanggungjawaban dalam memperkuat hubungan sistem pengendalian manajemen dengan pencapaian kinerja perusahaan: Suatu Telaah Kepustakaan, *Jurnal Riset Akuntansi dan Keuangan*, 2 (3), 486-497.

Leuenberger, D. (2006). Sustainable development in public administration: A match with practice? *Public Works Management and Policy,* 10(3), 195 – 201.

Mediaty, A., Usman, M., Silmi, K., Yusuf, K. & Nadila, S. (2025). Enhancing government accountability through responsibility accounting: A systematic literature review. *Journal of Management, Accounting, General Finance and International Economic Issues, 909 - 919.*

Mediaty, U., Asri, U., Muh, S. K. Y., & Khairum, N. S. (2025). Enhancing government accountability through responsibility accounting: A systematic literature review. *Journal of Management, Accounting, General Finance and International Economic Issues, 4(4),* 904 – 919.

Ouda, H. A. (2015). Results-based systems are the path towards results-oriented government. *International Journal on Governmental Financial Management,* 15(1), 46–69.

Owino, P. (2017). Responsibility accounting in Ugandan public universities: Agency relation consideration. *International Journal of Educational Policy Research and Review*, 4(4), 62 - 71.

Tanmay Biswas (2017): Responsibility accounting: A review of related literature. *Journal of Finance and Accounting,* 4(8), 202 – 206.

Trisnaningsih, S., & Estiningrum, E. (2024). Implementation of responsibility accounting system towards cost control and cost center performance. *Formosa Journal of Multidisciplinary Research (Fjmr),* 3(4), 65 – 74.

Valdez, R. (2023). Responsibility accounting: Leveraging data for effective decision-making. *Vision.cpa.*

Vijayakumar, N. U. D. (2019). Study on responsibility accounting practices in companies based in Bengaluru. *JETIR,* 6 (6), 822 – 831.