

**BUDGETING AND THE PRUDENT
MANAGEMENT OF JUDICIAL RESOURCES**

PRESENTED BY

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**AT THE HYBRID NATIONAL WORKSHOP ON
COURT MANAGEMENT AND
ADMINISTRATION**

24 – 28TH JUNE 2024

INTRODUCTION

The choice of the topic of our discussion today

“Budget and the Prudent Management of Judicial Resources” cannot be more timely and better placed than now considering the volatile economic situation be-devilling our dear nation. Given the un-ending shifts and changes in economic indices occasioned by rising inflation and costs. The challenges for the Judiciary therefore is on how to employ the meagre resources at its disposal in the discharge of its core mandate of adjudication and administration of Justice.

The Judiciary is often referred to as the last hope of the common man. Therefore, the provision of adequate working tools and resources will enable high degree of performance, better and timely Justice Delivery.

This presentation will therefore, attempt to provide understanding on the following aspects of budgeting:-

- Budget
- Type of Budget
- Budget Planning
- Budgeting and the Budgeting process
- System of Budgeting
- Managing Cash Inflows and Outflows
- Budget Performance, Monitoring and Evaluation
- Budgetary Control

BUDGET

“A Budget is a plan of future activities or projects translated into monetary terms” Planning is an important tool in everyday activities be it at the personal level or at the level of the organization.

A Budget is otherwise a spending plan based on income and expenditure. It is an estimate of how much money you are expecting to receive and spend over a certain period of time usually a month or a year. It is a plan that shows you how you can spend your money every month. Making a budget can help you make sure you do not run out of money each month. A budget can also help you save money for your goals or for emergencies.

In our own case the Judiciary a budget is an estimate of our expected monthly and Quarterly Receipts of Recurrent and Capital Allocations from the National Judicial Council (NJC) and our Recurrent and Capital Expenditure over a specified future period of time that is re-evaluated on a periodic basis.

TYPES OF BUDGET

There are 3 broad classification of Budget in Government.

- A Balanced Budget: - This is where expected Revenue equals expected expenditures.
- Surplus Budget: - This is where expected Revenue exceeds the expected expenditures.
- Deficit Budget: - This is where expected expenditures exceed expected revenue. In this situation Government will resort to borrowing.

Other types of Budgets may include:-

- Recurrent Budget
- Capital Budget
- Supplementary Budget
- Personnel Cost Budget
- Cash Budget etc.

BUDGET PLANNING

Budget Planning is one of the key tools employed in the prudent management of organization scarce resources. Since time in memorial men have planned and budgeted consciously or unconsciously. Societies have seen men as heads of families storing food and fire woods against winter periods for the survival and security of their families. The goals and objectives here is ensuring that members of the family are kept indoors away from the harsh cold weather of the winter, while at the sometime food is put on the table for the family throughout the deration of the winter period. That was planning and budgeting at work.

In the Judiciary at the end of 3rd Quarter of every year the Department of Planning Research and Statistics of every Court or Judicial Body will issue a memo to all departments requesting for Projects and Programs being contemplated for the up-coming year. The new project or programs must key in with the goals and objectives of the Court or Judicial body otherwise they may not be approved by the Court's Management.

For existing an on-going Projects or Programs, performance reports would be analysed to find out if the project or programs are on track. Where there are deviations, control measures are put in place. New strategies are developed to put the project back on track.

The new projects or programs propose would also be analysed as to their desirability in terms of needs not want to the organization. Prioritization method would be employed to achieve an optimal position for the organization. This mark the beginning of the budgeting process for the Court or Judicial Body.

BUDGETING AND THE BUDGETING PROCESS

As earlier discussed the core mandate of the Judiciary is adjudication and administration of Justice. The goals and objectives of the Courts is to ensure efficient and timely dispensation of Justice. The population of the Country is rising with about 250million people and still counting. The rising population is bringing with it more and more conflicts which are comes to the Courts for adjudication. These exert additional pressure on the Court's system requiring expansion in facilities and activities to cater for the increase demand.

On the other hand resources are naturally scare with other competing agencies and organizations also asking for more. Therefore the meagre resources available to the Judiciary must be used prudently for optimal performance.

A good budgeting system or process by its nature would bring in measures that would ensure the efficient and prudent utilization of the Courts and other

Judicial Body financial resources. Budgeting is inevitable and critical in ensuring prudent utilization of these resources. It serves as a roadmap outlining the financial path an organization needs to follow to achieve its strategic goals and objectives as far as possible using minimal cost.

TYPES OF BUDGETING SYSTEM

The choice of the Budgeting System will play a role in the prudent management of financial resources. The 5 Budgeting System operated world over are:-

1. Incremental Budgeting System

This is where a certain percentage is arbitrarily added to the Budget of last year to arrive at the Budget for the current year. This system encourages wastage as budget figure are just increased arbitrarily without any justifiable reason.

2. Zero-based Budgeting System

This system place every sub-head, project or program at a zero (0) level. Each subhead, project or program must justify the amount to be allocated to it. This method enables resources to be allocated to where it is needed not where it is wanted. It allows for prioritization of events or program.

3. Performance-based Budgeting System

Here resources are allocated to units based on performance. This is mostly used by revenue-based organizations.

4. Value-proposition Budgeting System

This allow listing of items in the budget only and unless it directly provides value to the organization.

5. Activity-based Budgeting System

This system determines goals to be achieved and then works backward to determine the cost of attaining them. For example if Court of Appeal or Federal High Court has a goal of establishing a Court in a particular State of the Federation. Its vision or objectives is establishing that Court in that particular State. It is its futurist view of where it wants to be. To achieve that it will have to:-

- (a) Look for a location in the State
- (b) Acquire the land to build the Court Room
- (c) Do a building plan and approve
- (d) Cost the project by generating Bill of Quantities (B.O,Q)
- (e) Include it as an item of the budget to be funded through a phasing arrangement of 2 to 3 years.

Question

What System of Budgeting do you employ in your Court or Judicial Body?

THE BUDGETING PROCESS

This is the sum total of all the activities and processes carried out in translating an organization's short - term and long - term plans and activities into monetary estimates.

The process often start with a:-

- National Budget Call Circular from the Federal Ministry of Budget and National Planning to the (Judiciary) through the National Judicial Council (NJC).
- National Judicial Council (NJC) will issue Budget Call Circular to the entire Federal Judiciary comprising of all Federal Courts and Judicial Bodies to make submissions in respect of their Revenue, Capital and Recurrent Expenditure Estimates.

This Circular may also contain other policy thrust and guidelines that the Courts and Judicial Bodies are expected to capture in preparing their Budget Estimates,

- On receipt of the budget call circular from National Judicial Council (NJC). Each Court or Judicial Body will in turn issue their Internal Call Circular to all its Departments, Units, and Standing Committees calling for their submission based on the guidelines issued by NJC.

Role of the Courts and Judicial Bodies

- Prepare Budget based on guidelines from NJC
- Submit required number of copies to NJC
- Defend submissions at the NJC
- Receives envelop from NJC
- Make re-submissions to NJC based on envelop received

- Make defence of the new submission with the two (2) Committees of the Senate and House of Representatives
- Receive Appropriation from the NJC and commence Budget Implementation.
- Monitor and prepare monthly, quarterly and yearly Budget performance report

Role of National Judicial Council (NJC)

- Issue call circular for budget submission by courts and Judicial Bodies
- Issue guidelines for the preparation of the budget
- Call for defence to ascertain needs of each Court and Judicial Bodies
- Distribute envelopes to all courts and Judicial Bodies
- Receive re-submissions of budget
- Communicate date for defence with the National Assembly
- Receive and issue Appropriation to Courts and Judicial Bodies
- Issue warrants to Courts and Judicial Bodies
- Release monthly and quarterly allocations to Courts and Judicial Bodies
- Budget Monitoring and Evaluation
- Receive and evaluate Budget Performance Reports from all Courts and Judicial Bodies.

Role of the National Assembly

- Receives budget submission of each courts and Judicial Bodies

- Communicate dates for defence of budget to Judiciary through NJC
- Host budget defence
- Pass budget into law Appropriation - Act
- Issue Appropriation to NJC
- Request for Budget Performance Reports
- Make visitation to Court and Judicial Bodies for physical oversight of the Budget implementation.

MANAGEMENTING CASH INFLOWS AND OUTFLOW

Once the budget has been passed to law every Finance Manager should begin plotting his organizations monthly and quarterly cash flows. These would be done in relations to the list of:-

- Service providers contracts:-
- Fixed expenses, such as electricity, water bills, sewage collection bills
- Variable expenses such as:-
- Motor Vehicle fuel cost
- Generator fuel cost
- Stationeries
- Computer consumables etc.

The cash flow projections will guide financial managers on their standing obligations in relations to their expected allocations. This will enable them see at a glance how much will be left after settling already existing service providers and fixed expenses. Whatever is left therefore can be used on a

guided note knowing what kind of commitment to be entered into or not, without committing the organization into unnecessary liability.

BUDGET PERFORMANCE MONITORING EVALUATION AND CONTROL

The responsibility for monitoring and evaluating budget performance in the Judiciary is rested with National Judicial Council (NJC). All institutions are required to regularly monitor actual activity with planned activity and control expenditure to ensure that it is in line with available funds. If required appropriate corrective action should be taken to resolve significant differences between actual and planned activity. This aspect gives guidance in the techniques involved and reports available to enable interpretation of actual results against budget at a point in time. The financial term for this process of monitoring income and expenditure and taking corrective action is could budgetary control.

There are 5 steps that are being followed when monitoring and evaluating budget:-

1. Establish actual result or position
2. Compare the actual result with the budget
3. Calculate variances
4. Establish reasons for the variance
5. Take corrective measure or control

CONCLUSION

The core mandate of the Judiciary is Adjudication and Administration of Justice. To achieve these goals strategic plans are developed using all available resources at its disposal to ensure high degree performance for optimal service delivery.

In the face of limited resources and the growing number of litigation occasioned by the rising population, The Courts and other Judicial Bodies must employ the budgeting techniques for optimum utilization of its meagre resources for efficient service delivery.

Thank you all for listening

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