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# ACCOUNTING AND FINANCIAL REGULATION AS INSTRUMENTS FOR DEVELOPING THE EDUCATIONAL SERVICES MARKET IN NIGERIA

The article explores how accounting systems, financial regulation, internal controls, and management enhance efficiency, credibility, and investment attractiveness in the field of education. It highlights that traditional models are insufficient for modern governance, digital services, and results-based financing, emphasizing issues in financial transparency, data quality, regulatory compliance, budgeting under uncertainty, and oversight of public and private educational funds.

В статье рассматривается, как системы бухгалтерского учета, финансовое регулирование, внутренний контроль и управление способствуют повышению эффективности, надежности и инвестиционной привлекательности в сфере образования. Подчеркивается, что традиционные модели являются недостаточными для современного управления, цифровых сервисов и финансирования, ориентированного на результат; особое внимание уделяется проблемам финансовой прозрачности, качества данных, соблюдения нормативных требований, бюджетирования в условиях неопределенности, а также контроля за использованием государственных и частных средств в сфере образования.

*Key words*: educational finance; public sector accounting; financial regulation; digital transformation; internal control; Nigeria; transparency; governance.

*Ключевые слова*: финансы в сфере образования; бухгалтерский учет в государственном секторе; финансовое регулирование; цифровая трансформация; внутренний контроль; Нигерия; прозрачность; государственное управление.

The development of the educational services market in Nigeria has become a strategic national priority in the context of population growth, labor market transformation, and the increasing demand for high-quality human capital. Education is no longer viewed solely as a social sector; it is increasingly recognized as a critical economic industry that requires effective financial governance, transparent resource allocation, and sustainable investment mechanisms.

In recent years, Nigeria's education system has experienced rapid expansion of private universities, private secondary schools, vocational training centers, and digital learning platforms. However, this growth has also exposed deep structural weaknesses in the financial and accounting architecture of many educational institutions. Problems of misallocation of funds, weak financial control, insufficient transparency, ineffective budgeting, and low investor confidence remain widespread in both public and private segments of the sector.

A key systemic problem can be described as a "*governance and transparency gap*" – the time lag and informational disconnect between financial events (allocation of budget funds, tuition revenues, grants, donor financing, capital investments) and their reflection in reliable management and regulatory reporting. This gap weakens strategic planning, reduces trust from stakeholders, and increases the risks of inefficiency and misuse of funds.

This paper argues that accounting, financial regulation, internal control, and financial management must be considered not merely as technical functions, but as core instruments for developing the educational services market in Nigeria. Without modern, integrated, and digitally enabled financial governance systems, it is impossible to ensure: efficient use of public education budgets, transparency of private educational providers, protection of students and investors, and sustainable long-term development of the sector.

*Actual Problems in the Development of Accounting and Finance in Nigeria's Education Sector*:

*– Lack of Effective Financial Planning*.

Financial planning is essential for setting clear budgets, prioritizing expenditures, and aligning resources with educational goals. However, many educational institutions in Nigeria struggle with effective financial planning, leading to mismanagement of funds and resources. According to a study on the impact of financial management on effective school administration in Enugu Education Zone, the lack of proper financial planning can result in misallocation of resources and inefficiencies in the educational system [1].

*– Inadequate Expenditure Control*.

Effective expenditure control is crucial for promoting accountability and reducing waste in the educational system. However, many institutions lack robust expenditure control mechanisms, resulting in financial mismanagement. The study on financial management practices in secondary schools highlights the importance of budgeting and auditing in ensuring effective implementation of education programs.

– *Lack of Synergy Between Academia and Industry*.

There is a need for better collaboration between academic institutions and the industry to ensure that the accounting curriculum meets the demands of the job market. The current lack of synergy results in graduates who are not adequately prepared for the challenges of the accounting profession. A study on accounting education in Nigeria highlights the role of higher institutions in the development of the accounting profession and the need for synergy between academia and industry [2].

– *Transparency and Accountability Issues*.

Transparency and accountability are critical for the effective management of public sector funds. However, the educational sector in Nigeria often faces challenges in these areas, leading to misallocation and misuse of funds. A paper presented at the Forum of Accountants General and Auditors General of West Africa emphasizes the need for enhancing transparency and accountability in the public sector [3].

– *Insufficient Financial Management Practices*.

Financial management practices such as budgeting, auditing, and internal control are essential for the effective delivery of educational services. However, many educational institutions in Nigeria lack adequate financial management practices, leading to inefficiencies and poor service delivery. A systematic review of financial management practices in secondary schools reveals that budgeting ensures effective implementation of education programs and that audits of school accounts result in good financial management and effective control mechanisms.

– *Lack of Modern Accounting Systems and Technology.*

Many educational institutions still rely on manual and outdated financial management systems, which promotes inefficiencies and increases opportunities for error or fraud:

- Accounting offices often lack access to automated accounting software, which would otherwise support real-time financial tracking and reporting.
- Erratic electricity and internet connectivity further reduce the ability to implement digital systems that improve accuracy and accountability.

The result is that financial reporting in many schools remains slow, inaccurate, and hard to audit objectively [4].

– *Policy Instability and Governance Challenges*.

Frequent changes in educational policies, weak institutional autonomy, and political interference make it difficult to establish consistent financial controls:

- Research has found that poor policy implementation and lack of political will contribute to accountability failures in Nigerian university systems.
- Institutional leaders often lack autonomy to pursue reforms that would strengthen financial control frameworks.

This environment discourages long-term planning and hampers the adoption of standardized financial policies across institutions [3].

– *Incompatibility of Traditional Accounting Systems with Modern Educational Business Models*.

Many universities, colleges, and private schools still rely on fragmented or semi-manual accounting systems. These systems are poorly adapted to: multi-source financing, project-based funding, grant and donor reporting, digital service delivery, and performance-based budgeting.

They also fail to properly account *for intangible educational assets*, such as digital platforms, educational content, intellectual property, and institutional reputation, which increasingly represent a significant part of institutional value.

– *Internal Control and Audit Challenges*.

*Financial Discipline and Digital Risks*. With the growing use of digital platforms for payments, admissions, and procurement, *cybersecurity and data integrity* become critical elements of financial control. However, many control systems in Nigerian educational institutions remain focused on formal, paper-based procedures rather than real risk monitoring.

*Decentralization and Weak Governance*. Large universities and educational networks often have decentralized campuses and units, which weakens financial discipline and makes traditional control mechanisms ineffective.

*Need for Continuous Control*. Periodic inspections and audits are no longer sufficient. The sector needs continuous, automated, risk-oriented control systems.

– *Fragmentation of Analytical and Management Information Systems*.

Financial data, student data, academic performance data, and infrastructure data are often stored in separate systems. This fragmentation: prevents holistic financial planning, reduces transparency, slows down management response to problems and weakens regulatory oversight.

– *Financial Regulation and Funding Challenges*.

*Budget Constraints and Funding Volatility*

Public education financing in Nigeria is highly sensitive to macroeconomic fluctuations, oil revenues, and fiscal constraints. Educational institutions face: unstable funding flows, delays in budget disbursements, and uncertainty in long-term investment planning.

*Accountability and Trust*

Weak financial reporting and control reduce trust from: government, donors, investors and international partners.

– *Financial Management under Uncertainty*.

Traditional annual budgeting systems are poorly suited for: volatile enrollment, fluctuating government funding, inflation, currency risks, and changing regulatory requirements.

Educational institutions need rolling forecasts, scenario planning, and flexible financial models.

– *Human Capital and Competency Constraints*.

A critical bottleneck is the shortage of specialists who combine: accounting and finance knowledge, public sector regulation, digital systems, and strategic management (Table 1–2).

Table 1 – **Accounting (Record-to-Report) improvement directions**

| Direction | What to implement (practical actions) | Deliverables |
|---|---|---|
| Standardize accounting policy and master data before heavy automation | Lock chart of accounts structure, accounting policies for high-risk areas (revenue, leases, capitalization), and master data governance (customer, product, vendor, entity) | COA design, policy pack, master data governance, data dictionary |
| Rebuild close as an end-to-end flow (not a checklist) | Redesign close around upstream correctness: O2C, P2P, inventory, payroll, fixed assets, intercompany. Use close calendar with “hard gates” | Close calendar, end-to-end process maps, cut-off rules |
| Reduce manual journals via governance + system design | Require journal templates, supporting attachments, automated validations, workflow approvals; prioritize subledger-to-GL postings | Journal policy, workflow rules, exception logs |
| Implement continuous accounting | Spread reconciliations, accrual reviews, and substantiation across the month; adopt materiality thresholds | Continuous close playbook, task scheduler |
| Automate reconciliations and substantiation | Use reconciliation tooling (auto-match bank, AR, AP, intercompany), exception workflows, and evidence retention for audit | Reconciliation tool config, evidence repository |
| Engineer ERP to prevent errors | Prefer configuration over customization; enforce posting validations; integrate subledgers cleanly; eliminate shadow ledgers | ERP design standards, configuration controls |

Table 2 – **Problem Area and Proposed Solution, Improvement**

| Problem Area | Problem (What research shows) | Proposed Solution, Improvement |
|---|---|---|
| Accounting systems | Traditional accounting systems cannot handle real-time digital processes and new digital assets | Implement integrated digital accounting systems, real-time accounting, revise valuation of digital, intangible assets |
| Data volume and quality | Large data volumes increase errors and distortions in reporting | Implement integrated information systems, automated validation and unified data processing |
| Analytical systems (silos) | Financial and operational data remain fragmented across systems | Create unified analytical platforms (ERP, data warehouses, BI systems) |
| Internal control | Traditional manual and periodic controls are ineffective in digital environments | Introduce continuous, automated, risk-oriented digital control |
| Financial planning | Static budgets fail under uncertainty and digital volatility | Use rolling forecasts, scenario planning, real-time financial analytics |
| Human capital | Accountants and controllers lack digital and analytical competencies | Introduce continuous digital training and hybrid finance + IT skill development |

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