RESEARCH ARTICLE

Pipelines of Loss: Corruption, Financial Leakages, and The Mismanagement of State Education Funds in Nigeria

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ABSTRACT

Corruption in Nigeria's education sector has transformed fund disbursement into systemic rent-seeking, thus leading to poor educational outcomes and weakened human capital development. As such, this study investigates the mechanisms and extent of corruption in the disbursement of state-level education funds in Nigeria. The study employs an exploratory sequential mixed-methods design. Qualitative data were gathered from 12 participants via semi-structured interviews using the Financial Efficiency Protocol (FEP). Quantitative data were collected from 115 officials across 774 Local Government Education Authorities (LGEAs) using the Corruption Measuring Questionnaire (CMQ). Data were analysed using thematic, descriptive, and inferential statistical analyses. The findings reveal a self-reinforcing "pipeline of loss" characterised by funding reductions, weaponised procurement, a complicit payroll system harbouring ghost workers, and systematic sabotage of internal controls. Quantitative results confirm a high level of corruption across all measured domains, with a statistically significant regional disparity: respondents from Northern Nigeria ($M = 3.38$) reported higher levels of perceived corruption than those from Southern Nigeria ($M = 2.82$), $t(113) = 4.56$, $p < .001$. The study found that corruption is not an administrative lapse, but a designed feature of a governance pathology sustained by political patronage networks. Technocratic reforms such as the Treasury Single Account (TSA) and Government Integrated Financial Management Information System (GIFMIS) fail to disrupt rent-seeking incentives. The study recommends a multi-stakeholder accountability framework involving enhanced legislative oversight, empowered anti-corruption agencies, and condition-based funding.

Keywords: Educational corruption; financial leakages; patronage networks; mixed-methods research; governance pathology

1. INTRODUCTION

Fiscal indiscipline is transforming the disbursement of education funds in Nigeria's government agencies into a site of systemic rent-seeking, where funding intended for educational resources becomes entangled in cycles of diversion, inefficiency, and administrative opacity.[1] This situation has led to poor educational outcomes, as the misappropriation of resources cripples human capital development, which is a cornerstone of socio-economic progress in any society.[2] Consequently, the mismanagement of state education funds should not be viewed as an administrative corruption, but a threat to national development, caused by an institutionalised system of financial leakages where weak oversight, politicised appointments, and poor financial literacy intersect.[3] Literature on public finance corruption in developing economies often bifurcates into two strands. The first diagnoses administrative and technocratic failures, focusing on weak internal controls, inadequate auditing, and poor procedural compliance.[4] This strand prescribes solutions like digital financial management systems [e.g., Treasury Single Account (TSA), Government Integrated Financial Management Information System (GIFMIS), and the Integrated Payroll and Personnel Information System (IPPIS)] and enhanced audit capabilities, operating on the assumption that corruption is a lapse within an otherwise functional bureaucratic system.[5] The second strand adopts a political economy perspective, focusing on how informal patronage networks, "godfatherism", and elite capture subvert formal rules to sustain loyalty and influence, thereby creating a "bureau-patronage" system.[6] While this perspective rightly identifies the political incentives for corruption, it often lacks a granular, empirical demonstration of how these networks actively engineer fiscal systems to fail.

This study bridges and advances these strands by empirically documenting the "pipelines of loss", a conceptual framework denoting the deliberate, multistage mechanisms through which public education funds are systematically diverted within a governance structure where rent distribution supersedes service delivery. We posit that these pipelines are not malfunctions but designed features of a subnational rentier state logic, where control over fiscal flows becomes the primary currency of political patronage. Our view is informed by comparative governance studies, which show that public sector efficiency is driven by performance accountability and strong oversight.[7] Conversely, as Nakatani (2025) and Shrestha and Hankla (2025) argue, fiscal decentralisation without complementary institutional strength and central oversight usually exacerbates corruption and elite capture, creating "soft budget constraints", a peril that Nigeria's scenario exemplifies.[8] The delegation of education funding to states and Local Government Education Authorities (LGEAs) has occurred without the concurrent development of binding accountability frameworks or the political will to enforce them. The aforementioned situation creates a permissive environment where the "pipelines of loss" can be constructed and maintained.

Furthermore, this study provides a test of institutional isomorphism in a context of pervasive patronage. Isomorphism theory suggests organisations adopt structures and practices (like audit units or digital payroll systems) to gain legitimacy, often decoupling them from actual practice.[9] Nigeria has adopted legitimising structures like TSA, GIFMIS,

1 Olumuyiwa K. Ojo, Olusola Ayandele & Sunday A. Egbeleye, *Euphemisms of Corruption Among Students of Higher Institutions in South West Nigeria*, 6 J. LANGUAGE & EDUC. 72, 72 (2020); Usman Sambo & Babayo Sule, *Strategies of Combating Corruption in Nigeria: The Islamic Perspective*, 11 INT'L J. ISLAMIC KHAZANAH 12, 12 (2021).

2 Nelson Osezele Asemewalen, *Dilapidating State of Education in Nigeria and the Role of Computer Technology*, 7 J. EDUC. RES. & LIBR. PRAC. 129, 129 (2025); Ira Sohn, *Why is Nigeria – The "Giant of Africa" – Still Poor?*, 22 J. APPLIED BUS. & ECON. 11, 11 (2020).

3 Ikape Francis Ojiya & Omenka Sunday Oga, *Effect of Internal Audit on Financial Management in Tertiary Educational Institutions: A Study of College of Education, Oju, Benue State, Nigeria*, 3 J. CORP. FIN. MGMT. & BANKING SYS. 14, 14 (2023); Samson Adewumi, *Level of Financial Literacy Skills and Managerial Decision Implication Among University Managers*, 14 INT'L REV. MGMT. & MKTG. 1, 1 (2024).

4 Ikape Francis Ojiya & Egwu Achor Andrew, *Impact of Internal Audit on Financial Management with Reference to College of Education, Oju, Benue State, Nigeria*, 2 GLOBAL STUD. ECON. & FIN. 2, 2 (2024); S.A. Olaoye, P.I. Ogbebor & F.S. elelu, *Financial Control Practices and Accountability in the Public Sector in Nigeria*, 4 J. ECON., FIN. & MGMT. STUD. 941, 941 (2021).

5 Emmanuel Senzak Simon, Francis Ojaide & Emmanuel Umoru Oki, *Effects of Public Sector Financial Management Reforms on Financial Performance of Development Finance Institutions in Nigeria*, 7 INT'L J. AFR. DEV. & SUSTAINABLE RES. 24, 24 (2025); Balikis Olabode & Rasheed Adenrele Adetoro, *An Assessment of the Utilisation of IPPIS and GIFMIS as Modes of Payments in Tertiary Educational Institutions in Ogun State, Nigeria*, 4 BRIT. J. MULTIDISC. & ADVANCED STUD. 163, 163 (2023).

6 Charles Chibuzor Nnajieto & Richard Ihejieto, *Godfatherism, Power Dynamics and Economic Growth in Nigeria: An Empirical Analysis of Political Influence in the Owerri Education Zone*, 17 AFR. J. HUMANITIES & CONTEMP. EDUC. RES. 134, 134 (2024); Ndifreke S. Umo-Udo, Michael Eugene Ekpo, Stephen Pius Udoaka & Edet Okon Udo, *Political Leadership and Education for Sustainable Development in Nigeria: An Assessment of Akwa Ibom State Universal Basic Education Board (SUBEB), Uyo*, 9 INT'L J. COMP. STUD. INT'L REL. & DEV. 23, 23 (2023).

7 António Afonso, José Alves & Najat Bazah, *Public Sector Efficiency and the Functions of the Government* (REM Working Paper No. 0357-2024, REM – Rsch. in Econ. & Mathematics, ISEG, Universidade de Lisboa 2024).

8 Ryota Nakatani, *Preventing Fiscal Crises Under Decentralisation: Intergovernmental Policies and Institutions* (IMF Working Paper No. 2025/087, Int'l Monetary Fund 2025); Kshitiz Shrestha & Charles R. Hankla, *Decentralization in Theory and Practice: A Comprehensive Review* (Int'l Ctr. for Pub. Pol'y Working Paper Series, Paper No. 2511, Georgia State Univ. 2025).

9 John W. Meyer & Brian Rowan, *Institutionalised Organisations: Formal Structure as Myth and Ceremony*, 83 AM. J. SOC. 340, 340 (1977).

IPPIS, and internal audit units. This study moves beyond noting the existence of these technocratic structures to demonstrating how they are being bureaucratically rendered impotent. We show that isomorphic adoption creates only a façade of compliance, while informal patronage networks actively co-opt, sabotage, and bypass technocratic solutions and systems in order to ensure that the "pipelines of loss" remain uninterrupted. Thus, we challenge the assumption of technocratic reform, that isomorphic structures will naturally lead to functional improvement, by revealing their systematic hollowing-out in a politically captured environment. And, through what designed mechanisms, what "pipelines of loss", is this influence exercised and sustained, despite the presence of formal anti-corruption and financial management systems? By answering these questions, we aim to shift the analytical focus from diagnosing administrative symptoms to explicating the political-economic architecture of fiscal leakage in Nigeria's education sector. Hence, this study aims to identify the mechanisms and extent of corruption and financial leakages in the disbursement of state-level education funds in Nigeria. By asking the following research question: To what extent is corruption perceived to occur in the disbursement of state-level education funds in Nigeria?

2. LITERATURE REVIEW

The governance of public funds is closely tied to the institutional strength and the political economy of the state. The comparative public finance literature establishes a nexus among institutions, performance accountability, and public sector efficiency. Afonso, Alves, and Bazah demonstrate that in situations characterised by strong institutional frameworks, effective oversight, meritocratic human capital, and binding performance metrics, governments can achieve superior service delivery outcomes without proportional increases in expenditure.[10] This model stands in contrast to environments where such conditions are absent, creating a governance deficit that permits inefficiency and corruption to flourish. A juncture in this deficit often occurs with decentralisation. While theoretically promising for responsiveness and local accountability, fiscal decentralisation carries inherent risks in institutionally weak settings. As Nakatani and Shrestha and Hankla argue, decentralising financial authority without ensuring concomitant central oversight mechanisms, transparent reporting, and local institutional capacity usually exacerbates corruption and elite capture.[11] This dynamic creates "soft budget constraints", where accountability is diffuse, and rent-seeking opportunities multiply at various subnational levels.[12] Nigeria's education financing architecture, a fragmented, multi-tiered system involving federal, state, and local government authorities, epitomises this high-risk model of decentralisation without strong safeguards, producing an overlapping accountability gap that enables financial malfeasance.[13]

Within Nigeria's education sector, research has shown the symptoms and administrative pathologies of financial mismanagement. Scholars have identified a range of corrupt practices, including embezzlement, contract inflation, and the issue of "ghost workers" on government payrolls.[14] The institutional weaknesses that enable these practices are well-documented. Studies point to under-resourced and politically compromised internal audit units that lack autonomy,[15] a culture of administrative opacity where budget execution is treated as a discretionary exercise rather than a rule-bound process,[16] and the general erosion of accountability mechanisms intended to safeguard transparency.[17] The consequences lead to dilapidated infrastructure, demotivated and underpaid teachers, and widening inequities in educational access and quality, all of which are linked to the diversion and misallocation of funds.[18]

In response to these problems, the government has implemented reforms centered on technocratic solutions, such as the introduction of the TSA to consolidate government revenues, as well as digital platforms like the GIFMIS and the IPPIS. All these reforms represent attempts by the government to impose centralised, technology-

10 Afonso, Alves & Bazah, *supra* note 7.

11 Nakatani, *supra* note 8; Shrestha & Hankla, *supra* note 8.

12 Bao-We-Wal Bambe & Adama Ouedraogo, *Public Expenditure Efficiency and Foreign Direct Investment in Developing Countries* (IDOS Discussion Paper No. 16/2025, German Inst. of Dev. & Sustainability 2025).

13 Edet Joshua Tom & Uduak Iwok Asian, *Budget Implementation and Socio-Economic Development of Akwa Ibom State*, 13 INT'L J. DEV. & ECON. SUSTAINABILITY 1, 1 (2025).

14 Ojo, Ayandele & Egbeleye, *supra* note 1; Kelly Bryan Ovie Ejumudo & Tobi Becky Ejumudo, *The Problematic of Budget Implementation in Nigeria: A Study of Delta State Government*, 12 RES. SOC. CHANGE 38, 38 (2020).

15 Ikape & Egwu, *supra* note 4.

16 Olaoye, Ogbebor & Elelu, *supra* note 4.

17 Chinomso Chioms Okorocha, *Treasury Single Account (TSA) and Performance of Public Sector in Enugu State, Nigeria*, 5 BRIT. J. MGMT. & MKTG. STUD. 79, 79 (2022).

18 Ogunode Niyi Jacob & Cecilia Okwudinma Okonkwo, *Adequate Funding Panacea for Accreditation Problems in Tertiary Education*, 1 J. HIGHER EDUC. & ACAD. ADVANCEMENT 29, 29 (2024); Hanna Onyi Yusuf, *Refocusing Teacher Education in Nigeria for Global Best Practices: Issues, Challenges & Way Forward*, 9 EUR. J. EDUC. STUD. 327, 327 (2022).

driven control and transparency.[19] Literature celebrating these interventions often operates on the assumption that technological centralisation and procedural standardisation will automatically curb corruption and financial mismanagement in the management of state education funds in Nigeria. However, emerging field-level evidence suggests that these technocratic solutions face challenges in their effectiveness. Studies note that while such systems may improve procedural compliance and liquidity management at the federal level, their implementation at subnational levels is often partial and inconsistent.[20] Often, these technocratic interventions fail to address the political incentives for rent-seeking. Simon, Ojaide, and Oki found that the TSA did not prevent new forms of corruption through discretionary spending, while Olabode and Adetoro observed that GIFMIS did not eliminate entrenched rent-extraction practices.[21] The aforementioned literature suggests that technocratic tools, when decoupled from political accountability, can become mere façades, a dynamic explained by theories of institutional isomorphism, where organisations adopt structures for legitimacy while decoupling them from actual practice.

Literature also situates Nigeria's corruption within the context of a political settlement, where informal networks shape formal institutions. This perspective reframes financial leakages not as mere administrative failures but as outcomes of a patronage economy or "bureau-patronage" system. In this situation, the public sector operates as a theatre for political reward; contracts, employment, and resource allocations are manipulated to consolidate power, reward loyalty, and sustain networks of influence.[22] This system creates political incentives where the distribution of rents takes precedence over service delivery. Consequently, as Ofor-Douglas and Abubakar et al. argue, a lack of political will becomes an obstacle to meaningful reform, as elite interests are entrenched within the status quo.[23] Anti-corruption agencies themselves often operate under political and resource constraints, limiting their effectiveness.[24] This political economy view explains why corruption persists, but lacks fine-grained, empirical analysis of how these patronage networks orchestrate financial management processes to divert funds on a daily operational level.

A synthesis of the aforementioned literature reveals an empirical gap; on one hand, Nigeria has adopted a suite of isomorphic techno-bureaucratic controls (TSA, GIFMIS, IPPIS, audit units) that mimic "best practice" global models. On the other hand, studies confirm the persistent and severe leakage of education funds, driven by the political economy of patronage. The existing literature has yet to fully bridge this disconnect. Studies tend to either catalogue administrative failures and prescribe technocratic fixes, or describe the macro-political economy of patronage, without empirically demonstrating the precise mechanisms through which informal networks subvert, co-opt, and render impotent the formal bureaucratic systems in the education sector. This study, therefore, identifies a need to move beyond parallel diagnoses. It seeks to investigate the active interface between the isomorphic façade of control and the reality of corruption, financial leakage, and the mismanagement of state education funds in Nigeria.

Additionally, there is a paucity of mixed-methods research that investigates the mechanisms and operational processes, the "pipelines of loss" through which political patronage networks undermine formal financial management systems in Nigeria's decentralised education sector. To bridge the gap between the isomorphic façade of techno-bureaucratic controls and the reality of politically driven leakage, this study employs an exploratory sequential mixed-methods design. This research approach is chosen to uncover the "pipelines of loss" through which patronage networks subvert financial systems in the disbursement of state-level education funds in Nigeria. The qualitative findings from this phase are then operationalised to measure the perceived extent of these corrupt practices across Nigeria's education landscape.

3. METHODS

This study employed an exploratory sequential mixed-methods design,[25] where an initial qualitative phase (Phase I) informed the development and contextual grounding of a subsequent quantitative phase (Phase II). This design was selected to first gain an in-depth understanding of the mechanisms of financial mismanagement from experienced

19 Simon, Ojaide & Oki, *supra* note 5; Olabode & Adetoro, *supra* note 5.

20 Olabode & Adetoro, *supra* note 5.

21 Simon, Ojaide & Oki, *supra* note 5; Olabode & Adetoro, *supra* note 5.

22 Nnajieto & Ihejieto, *supra* note 6; Umo-Udo, Ekpo, Udoaka & Udo, *supra* note 6.

23 Stella Ofor-Douglas, *University Education and Politics of Funding in Nigeria*, 6 E. AFR. J. ARTS & SOC. SCI. 389, 389 (2023); Ibrahim AbubaKar et al., *The Lancet Nigeria Commission: Investing in Health and the Future of the Nation*, 399 THE LANCET 1155, 1155 (2022).

24 Sambo & Sule, *supra* note 1; Oguejiofor et al., *A Review on Data-Driven Regulatory Compliance in Nigeria*, 5 INT'L J. APPLIED RES. SOC. SCI. 231, 231 (2023).

25 JOHN W. CRESWELL, A CONCISE INTRODUCTION TO MIXED METHODS RESEARCH (2d ed., SAGE Publications 2022).

insiders, and then to systematically measure the perceived extent and distribution of these practices across a representative sample. The strength of this methodology lies in its capacity for methodological triangulation, which enhances the validity and interpretive depth of the findings.

The target population consisted of administrative and finance staff within Nigeria's 774 LGEAs, the primary sub-national agencies responsible for managing the basic Education Fund in Nigeria.[26] A two-phase, sequential sampling strategy was adopted for this study. In the first phase (Qualitative Sampling), a purposive sampling technique was used to select 12 participants for semi-structured interviews. The criteria for selection were: (a) a minimum of ten years of employment within an LGEA finance or administration department, and (b) involvement in budgeting, procurement, payroll, or audit processes. We deliberately set out to recruit 'information-rich' participants with firsthand experience of the financial management ecosystem, capable of providing detailed insights into its operational norms and dysfunctions.[27]

In the second phase (Quantitative Sampling), we employed a multistage cluster sampling technique to ensure geographical representation and logistical feasibility, given Nigeria's geographical size and diversity.[28] The sampling technique consisted of four stages: 1) Zonal Stratification: Nigeria's 36 states were clustered into the Northern and Southern geopolitical zones. 2) State Selection: Six states were randomly selected from each zone using a simple random sampling technique (North: Bauchi, Kano, Taraba, Zamfara, Federal Capital Territory, Kwara; South: Cross River, Edo, Ekiti, Bayelsa, Ogun, Osun). 3) LGEA Selection: A total of 115 LGEAs were selected from the 12 chosen states using probability proportionate to size (PPS) sampling, ensuring states with more LGEAs contributed proportionally more to the sample. 4) Participant Selection: From each selected LGEA, one official was purposively selected using the same criteria as Phase One (1) (≥10 years in a relevant finance/administration role). These steps ensured that all quantitative data came from respondents with the contextual knowledge necessary to reliably report on complex, entrenched practices of financial management and corruption, which may not be fully visible to junior staff. We acknowledge that this limits the generalisability of the findings to the perspectives of senior, entrenched personnel, but argue that it is essential for accessing valid data on the core research problem. The final quantitative sample consisted of 115 officials (North: n = 58; South: n = 57).

The instrumentation, data collection, and validity of the study are also in two phases. In the first phase (Qualitative Instrument), semi-structured interviews were conducted using the Financial Efficiency Protocol (FEP), a researcher-developed guide containing 15 open-ended questions.[29] The FEP explored participants' experiences and perceptions across five pre-identified domains from the literature: budgetary allocation, procurement, payroll management, school-level financial management, and internal controls. The interviews, which lasted between 45 and 75 minutes, were conducted either face-to-face or via a secure audio conference, audio-recorded, and transcribed verbatim. In the second phase (Quantitative Instrument), the thematic findings from Phase one (1) were operationalised into the Corruption Measuring Questionnaire (CMQ). An iterative process was followed: (1) Codes and illustrative quotes from the qualitative analysis were extracted for each theme and sub-theme (e.g., "Funding Reduction", "Ghost Workers"). (2) For each sub-theme, 2-4 questionnaire items were drafted to measure its prevalence or perceived severity. (3) Items were phrased as statements to be rated on a four-point Likert scale (1=Strongly Disagree, 4=Strongly Agree). This process yielded an initial pool of 32 items. The CMQ underwent expert validation by two specialists in educational finance and public administration to assess content and construct validity. Following their feedback, ambiguous items were rephrased and redundant ones removed, resulting in the final 25-item CMQ. A pilot study was conducted with 10 LGEA officials (excluded from the main sample). Reliability analysis, using Cronbach's alpha, yielded a coefficient of 0.76 for the full scale. Analysis of sub-dimensions revealed alpha values of .71 (Budgetary Allocation), .69 (Procurement), .73 (Payroll), .74 (School-Level Management), and .70 (Internal Controls), indicating acceptable internal consistency for a multidimensional scale in exploratory research.[30]

Based on the research design adopted for this study, the data were analysed in two phases. In phase one (Qualitative Analysis), the interview transcripts were analysed

26 Association of Local Governments of Nigeria, *Local Government Areas*, https://algon.ng/index.php/lga (last visited Oct. 12, 2025).
27 EARL BABBIE, THE PRACTICE OF SOCIAL RESEARCH (15th ed., Cengage Learning 2020).
28 Tunji S. Onakoya & Onoriode C. Potokri, *Financial Literacy, Access to Finance and the Provision of School Resources Among Private Schools in Nigeria*, 28 FIN. STUD. 6, 6 (2024).
29 Anthony J. Onwuegbuzie, R. Burke Johnson & Kathleen M. T. Collins, *Assessing Legitimation in Mixed Research: A New Framework*, 45 QUALITY & QUANTITY 1253, 1253 (2011).
30 JUM C. NUNNALLY & IRA H. BERNSTEIN, PSYCHOMETRIC THEORY (3d ed., McGraw-Hill 1994).

using reflexive thematic analysis following the six-phase framework of Braun and Clarke.[31] Analysis was conducted using ATLAS.ti (v.29) software to manage data and enhance auditability. 1. Familiarisation: Transcripts were read and re-read. 2. Initial Coding: Data were systematically coded. Semantic (explicit) and latent (interpretive) codes were generated. 3. Theme Generation: Codes were collated and iteratively grouped into candidate themes and sub-themes, focusing on patterns of meaning related to mechanisms of financial leakage. 4. Theme Review: Candidate themes were reviewed against the coded extracts and the entire dataset to ensure coherence and distinctiveness. 5. Theme Definition & Naming: Themes were refined, clearly defined, and named. 6. Report Production: The analysis was written up, supported by vivid, illustrative extracts. To ensure trustworthiness, we employed several strategies, including (a) Reflexivity: We maintained memos to bracket pre-conceptions and document analytical decisions during the interview sessions. (b) Peer Debriefing: Emerging themes were regularly discussed with two independent academic peers to challenge interpretations. (c) Audit Trail: All transcripts, codes, theme development notes, and memos were preserved in ATLAS.ti, providing a transparent decision trail.

Quantitative data were analysed using SPSS (v.29). Descriptive statistics (frequencies, means, standard deviations) were computed for all items. To accurately reflect the directionality of perceptions on the 4-point scale for interpretation, weighted mean scores ($W\overline{X}$) were calculated. This involved reversing the scores for negatively phrased items (e.g., "The payroll system is ineffective") so that, for all items, a higher weighted score consistently indicated a higher perceived level of corruption or dysfunction. For example, an original mean of 2.2 on the "ineffective payroll" item (where 1 = SD, 4 = SA) would be reversed to a weighted mean ($W\overline{X}$) of 3.8 (i.e., 5 - 2.2 = 3.8), indicating a high perceived level of the problem. The decision rule for interpreting $W\overline{X}$ was: 3.00–4.00 = High extent; 2.50–2.99 = Moderate extent; 1.00–2.49 = Low extent. An independent-samples t-test was conducted to compare mean scores between Northern and Southern respondents.

4. RESULTS

Research Question: To what extent is corruption perceived to occur in the disbursement of state-level education funds in Nigeria?

4.1. Qualitative data

Table 1 presents the thematic distribution of corruption and financial leakages in the state-level education funding process.

Table 1: Thematic distribution of corruption and financial leakages in state-level education funds

Theme	Sub-theme
Budgetary Allocation	Funding Reduction; Operational Sabotage; Procurement Coercion; Complicity and Silence
Procurement	Non-Competitive Bidding; Nepotism; Contract Variation; Oversight and Quality Control
Payroll Management	Ghost Workers Allowances and Overtime
Financial Management	Grants Diversion; Capacity Sabotage
Internal Controls	Internal Audit; Impunity and Secrecy

4.1.1. Theme one: Budgetary allocation

Theme one reveals a pervasive institutional culture and operational practices that participants identified as contributing to the systematic diversion, reduction, and inefficient use of public funds intended for the education sector in Nigeria.

4.1.1.1. Sub-theme one: Funding reduction

This sub-theme shows that participants claim to have received funds in amounts that are less than what was officially approved and budgeted in the government gazettes. This practice is described not as an anomaly but as a standard, expected procedure. While discussing this issue, Participant 10 stated: "Budget release is never complete, never on time. The difference between what we see in documents and what they release is vast, and the reason for such shortfalls is never written down or documented. When we ask, they will tell us the decision is from the top."

Corroborating the view of Participant 10 on the issue of budget reduction, Participant 8 said: "Honestly? Budgetary allocations are a myth. The released amount is always less, and the reason is never given. It is a total waste of potential and a betrayal of the children we are supposed to serve."

Sharing his experience on this issue, Participant 1 said: "The idea that funds come in full and on time is a fantasy. There is always a difference between what is approved and what arrives. Last quarter, 30% was 'deducted at source' with no explanation. It is a deliberate strategy to ensure failure."

31 Virginia Braun & Victoria Clarke, *Using Thematic Analysis in Psychology*, 3 QUALITATIVE RES. PSYCH. 77, 77 (2006).

The language used by participants here is particularly telling. Phrases like "never full, never on time" and words like "myth" and "fantasy" indicate a complete erosion of trust in the official financial process. Participant One's assertion that this is a "deliberate strategy to ensure failure" moves beyond describing inefficiency to alleging active sabotage. The "deduction at source" implies a formalised, albeit hidden, process of fund diversion, suggesting corruption is not a byproduct of the system but a feature of it. The lack of documentation exposes a disregard for accountability and transparency in the disbursement of education funds in Nigeria.

4.1.1.2. Sub-theme two: Operational sabotage

Participants described practices that go beyond simple theft to include administrative actions designed to make the legitimate use of funds impossible, thereby creating a pretext to label projects as failures. In her words, Participant 2 said: "They give us money for perishable programs when it is already expired." When I asked her what she meant by perishable programs, she explained thus: "My Brother, you will not believe that we usually received funds for a teacher training workshop scheduled for June in July… We have no option but to return the money to the treasury, and the government will mark it as 'failure to utilise funds'. You can see, we are set up to fail, and they will blame us for it."

This narrative reveals a sophisticated form of mismanagement where the timing of fund disbursement is weaponised, leading to a cynical cycle in which funds are deliberately released too late for their intended purpose, thereby resulting in their eventual return, which is then used as bureaucratic evidence of the implementing unit's incompetence. This practice will shift the blame from the corrupt actors who delayed the funds to the frontline administrators, insulating the higher-level perpetrators from accountability.

4.1.1.3. Sub-theme three: Procurement coercion

The analysed data also show that corruption is enforced through a system of coercion and punishment. Ethical resistance to corrupt practices is met with clear professional consequences, creating a climate of fear and compliance. While discussing this issue, Participant 4 said: "… before any major project, I usually get a 'friendly advice' from above on which contractor to 'assist'. If I refuse, I am branded as disloyal. My promotion has been stalled for two years because I once questioned an illegal payment."

This statement from Participant Four's shows how corruption is maintained through institutional power. The participant use of euphemisms like "friendly advice" and "assist" points to a shared, understood vocabulary for corrupt acts. There seems to be a direct link between refusing to participate in corrupt practices and career stagnation ("promotion has been stalled for two years") demonstrates that the system actively penalises integrity. This also creates a disincentive for ethical behaviour and ensures the perpetuation of corrupt networks.

4.1.1.4. Sub-theme four: Complicity and silence

Underpinning all the specific acts of corruption is what participants describe as an entrenched organisational culture that normalises malfeasance and discourages whistleblowing. As Participant 7 explained: "I have been in this system for 15 years. The problem is not one thing; it is the culture. A culture of silence. A culture of 'man-know-man'. We all see the mismanagement. We all know the corrupt individuals. But who will bell the cat?"

This statement frames the issue of corruption as a cultural one. As Participant 7, who has 15 years of experience, identifies a "culture of silence" enabled by cronyism ("man-know-man", a Nigerian pidgin expression for nepotism) as an enabler of corruption in the Nigerian educational system. The rhetorical question, "But who will bell the cat?" captures the collective sense of powerlessness and the high perceived risks associated with challenging the corrupt status quo. This also suggests that technical solutions alone will be insufficient without a shift in organisational culture and the introduction of robust, enforceable protections for whistleblowers.

Summarily, theme one reveals that participants perceive the financing of state education as a system crippled by corruption and mismanagement. As the issues are not isolated incidents but are interconnected components of a self-sustaining system where funds are deliberately reduced or diverted, operational processes are manipulated to force failure and assign blame to implementing officers; institutional power is used to coerce compliance and punish dissent; and the existence of a "Culture of Complicity" ensures that corrupt practices continue with impunity.

4.1.2. Theme two: Procurement

This sub-theme delves into the processes governing the awarding and management of contracts for goods and services within the education sector. The data reveal a procurement environment characterised by the systematic bypassing of competitive principles, where contracts are instruments of patronage rather than tools for public good. Participants expose how nepotism, inflated costs, and the deliberate failure of oversight mechanisms lead to financial leakage and the delivery of substandard infrastructure in the Nigerian education system.

4.1.2.1. Sub-theme one: Non-competitive bidding

Participants discussed how the procurement bidding process has become a ritual, designed to create an illusion of fairness and competition, while the outcomes are predetermined through informal networks. Sharing her experience, Participant 6 said: "The truth is that our bidding process is a theatre, or I should say something like a Nollywood, which is a moniker of the Nigerian movies and film industry, where everything from the beginning to the end is staged. We know the end. Who will win, who they want and many things. What we do is go through the process, such as advertising for the bid, opening it, evaluating your bids, and other things. This is to fulfil righteousness, we have our eventual winner, who is always decided from the top. Their paddy-paddy (Nigerian slang for friends)."

Speaking further, Participant 6 gave an example of a recent event, she said: "Just last month, we awarded a furniture contract to a company that submitted the highest bid, and the country has no history of such work, but I learnt it belongs to the commissioner friend."

Corroborating the view of Participant 6, Participant 5 shared his view on the bidding process in the local education sector as thus: "The bidding process is a sham. You see, you have to be connected to be given a contract here. Whether you are qualified or not, connection is the main thing here. And that is the reason why contract prices are inflated, you know, there have to be kickbacks to those at the top. For a classroom that should cost not more than ₦30 million is budgeted at ₦50 million or even ₦90 million…"

The responses from participants 5 and 6 are evocative, they described the bidding process as "theatre" and a "sham" which shows that there is a disconnect between official procedure for bidding for contracts in providing the needed infrastructural resources in the school system and actual practice of winning the contract, something not written in the book. Participant 6 stated that the awarding of a contract to the highest bidder with no relevant history is an indicator that cost-effectiveness and competency are not the primary selection criteria for awarding and contracts in the education authorities. And this usually leads to kickbacks, which is a reason for the inflation of the budget in Nigeria's basic education sector.

4.1.2.2. Sub-theme two: Nepotism

Data also show that the award of contracts to friends, family, and political associates is a norm in the Nigerian educational system. This cronyism is seen as the lens through which contracting decisions are made. Commenting on this issue, Participant 9 said: "… forget about our procurement system. Contracts are being awarded to friends and family. There are times when contractors are paid for incomplete work because they have powerful people behind them."

This response was also echoed by Participant 3, who said: "There is a file on my table where we awarded a contract to build a block of three classrooms. The initial contract was ₦90 million. Now, after three 'variations', it is at ₦180 million. You know why all this is happening, because the contractor is the chairman's cousin. This thing, anywhere you see it, is just a way to make more money from the treasury in instalments…"

Participant 3 provides a documented case study that connects nepotism ("the chairman's cousin") to a specific corrupt mechanism (contract variations). This shows how personal connections are leveraged for systematic fund diversion in the Nigerian education system.

4.1.2.3. Sub-theme three: Contract variation

The participants also identify fund diversion as another form of contract variation abuse. A situation where contract variation is used not as a legitimate response to unforeseen circumstances, but as a pre-planned strategy to inflate project costs after the project has been awarded. Speaking from his experience, Participant 1 discussed how variation is used for corrupt practices. In his words, he asked rhetorically: "Variations? Here, I will say that it is just a way of legalised looting. Just add 40% to the contract sum after it has been awarded for 'unforeseen issues'. The contractors do shoddy work, and we are pressured to certify the job as complete so they can be paid."

Participant 9 also speaks on variation being a leaking pipe, he said thus: "Variations are the main channel for financial leakage; it is how those at the top officially steal money after the contract have been awarded."

The participants exposure of variation being used for corrupt practices shows the systemic and "legalised" nature of the corruption in the Nigerian educational sector. The participant with a specific figure of "40%" for variation indicates that this is a major source of financial leakage in the funding of education in Nigeria. The combination of inflated costs due to variation reveals a corrupt scheme that benefits corrupt officials and connected contractors at the expense of the school's infrastructure quality.

4.1.2.4. Sub-theme four: Oversight and quality control

When I asked the participants, if there are no systems to ensure quality control and compliance, such as supervisory engineers to see that the proper educational infrastructure is provided at the correct cost, Participant 8 said the system has been rigged with corruption, while explaining this, she said thus: "… there is nothing anyone can do, we have auditors, we even have new procurement officers, but nobody can stop the contractors getting paid, these people are from the top… I will tell you that the contractors know they will be paid regardless of the quality of their job because the supervising engineers have been compromised…"

Also speaking on the issue of quality control or oversight to ensure that quality jobs are being done when providing the necessary infrastructural facilities in the Nigerian educational sector, Participant 1 said that contractors must be paid, regardless of the quality of the job done. He said thus: "… we know that the contractors do poor jobs, but who are we to talk? There is pressure on us to certify the job as complete so they can be paid."

This sub-theme highlights why the flawed procurement process leads to a lack of meaningful accountability. Participant Eight's statement that the "entire chain is rotten" suggests a network of complicity that extends from the political sponsors down to the technical overseers. When the gatekeepers (supervising engineers) are "compromised", the last line of defence for quality and value-for-money collapses. This would create a self-reinforcing cycle where contractors have no incentive to perform, knowing that payment is guaranteed through political connections rather than contractual performance. In summary, the procurement and contracting process is depicted by participants as a closed ecosystem of corruption. It begins with a theatre of non-competitive bidding that legitimises predetermined outcomes. These outcomes are driven by nepotism, ensuring contracts are awarded based on connection rather than competence. The financial exploitation is then executed through the systematic abuse of contract variations, which serve as a tool for inflating costs. Finally, the collapse of oversight ensures that this corrupt process faces no internal resistance, guaranteeing payment for shoddy or incomplete work and perpetuating the cycle of corruption and financial mismanagement in the school settings.

4.1.3. Theme three: Payroll management

This sub-theme examines the failures within the payroll system and how it contributes to the corrupt system in the educational sector. The sub-theme focuses on the phenomenon of "ghost workers" and how salaries and allowances are manipulated within the system. The analysed data show a payroll system that is failing to serve as a tool for compensating staff for legitimate work done. The payroll is being described as a mechanism for distributing patronage to cronies and syphoning public funds through fictitious employees and fraudulent claims.

4.1.3.1. Sub-theme one: Ghost workers

Participants shared their experiences with the issue of "ghost workers", which has become a systemic problem in the payroll system. They describe them as a protected anomaly that has been an integral part of their payroll system. When discussing this challenge, Participant 5 said: "We also have some people who we refer to as 'Ghost workers'. These people are not our staff in the real sense; we don't know them, but they are our staff on the payroll, as they receive salaries. I will say they exist without existing. I can even say they are more real than the genuine workers! Last year, I recall that we conducted a verification exercise, and I presented a report with over 50 names of ghost workers. The next day, my director called me and said, 'Yusuf, are you trying to make us look incompetent?' You have to remove the report; you want to destroy us. My brother (referring to me), I have to send the report to the dustbin. As we speak, the ghosts continue to collect their salaries."

Also speaking on the issue of ghost workers, Participant 10 said: "Ghost workers are paid without work, and this is a problem for us. They are a drain on our finances, and it feels like we are powerless to stop them because the people at the top who can tell us to act are the same people who are benefiting from it."

Also speaking on how the payroll system fails to deter the issue of ghost workers in the education sector, Participant 7 (F) said: "… I will say our payroll is obsolete; it does not catch ghost workers. I will say it harbours them.

It is not a secret that IPPMS, even GIFMS and all their new technology, cannot detect ghost workers."

These responses show that issues of ghost workers are visceral: a "plague", a "cancer". Participants also exposed that the corrupt system also resists correction, as ghost workers are a permanent feature that benefits those in power.

4.1.3.2. Sub-theme two: Allowances and overtime

Beyond ghost workers, the data reveal that the compensation system for genuine staff is also corrupt. Allowances and overtime payments are used as a "breeding ground for fraud" and a tool for political patronage. Participant 9 said: "… allowances are just a ground for committing fraud. I have seen names on the overtime list for people who were on leave. When I query it, I am told, 'Ken, don't be a troublemaker. Everyone is just trying to survive'."

Corroborating the views expressed by participant 9 on the usage of allowance as a conduit for financial mismanagement in the education system, Participant 6 said: "… genuine staff usually get their basic salaries on time, but the management of allowances is a free-for-all. Because those at the top usually manipulate it to reward those who are loyal to them for the wrong reasons."

The participants' experiences show that fraudulent practices are not hidden in the Nigerian educational system and are also enabled by the belief and rhetoric that it is for the survival of the perpetrators. Also, discretionary funds (allowances) are used as a currency to buy loyalty and reinforce the power of corrupt networks. Overall, the payroll system has been identified as a conduit for financial leakage in the school system. It has also been crippled by the institutionalisation of ghost workers, who are shielded by the very administrators tasked with removing them.

4.1.4. Theme four: Financial management

This sub-theme focuses on the financial mismanagement that cascades down to the school level, particularly the diversion of grants and the systemic pressure applied to school principals to become complicit in covering up this corruption. The data illustrate how the malfeasance of local government education authorities corrupts frontline educators.

4.1.4.1. Sub-theme one: Grants diversion

The data analysed show that there is a systematic siphoning of funds earmarked for the development of schools in Nigeria, which is usually followed by intense pressure on head teachers to falsify records and conceal the theft. While speaking on the siphoning of such funds, Participant 3 said: "The School Improvement Grants are a tragedy. We disburse the funds to the schools, but it's never the full amount. There's always a 'handling fee' deducted at the top. Then, I get calls from head teachers, crying that they are pressured to sign for the full amount and then write receipts for imaginary purchases."

Sharing his perspective on these corrupt practices, Participant 4 said: "I don't know of any school that usually gets their full grants. What happens is that those at the top must get their own share. Then the office must also receive its own share before it reaches the school. However, when the school principals want to report, they must report that their school has received the full amount of the grant."

Other participants discussed the percentages that are being illegally deducted from each school's grants. From her response, it seems she did not see anything wrong with it. Specifically, Participant 6 said: "I think schools see maybe 85% of their grants. The rest is shared by people at the top. Then the head teachers must report receiving the full amount of the grant."

Responses from the participants indicate that corruption is endemic in the disbursement of funds in the Nigerian school system. The euphemism "handling fee" stated by the participant can be described as an open admittance of theft ("we take our share first") where head teachers are forced into becoming accomplices by signing for full amounts and creating false receipts.

4.1.4.2. Sub-theme two: Capacity sabotage

This sub-theme also reveals that bureaucratic offices have a means to divert funds and make sure that schools lack the capacity to manage funds properly or even challenge the existing corrupt system. While speaking on these issues, Participant 9 stated: "What the human resources and training department does is to provide schools with guidelines that are vague and confusing. This, I think, they do on purpose. In most cases, we usually have a one-day seminar or a maximum of three-day training on issues of financial management in schools. Tell me who can learn tangible things about financial issues in one or even three days? Don't forget that most of these school heads don't have a background in finance or even information technology. Most of them studied English language, French, social studies, and other courses, and you want to teach them about financial management in three days. That is impossible. As such, you can see that we are training them, but are we really training them?"

Financial management at the school level is viewed as a tragic paradox. Schools are supposedly granted autonomy through grants, but in reality, they are ensnared in a system of grant diversion that makes them unwilling partners in a corrupt system involving local government education authorities and bureaucrats.

4.1.5. Theme five: Internal controls

This sub-theme evaluates the failure of internal checks and balances, including audit functions, disciplinary procedures, and transparency mechanisms. The data present a picture of an audit process that is designed to be impotent and weaponise impunity for corrupt officials in the education sector.

4.1.5.1. Sub-theme one: Internal audit

Data show that the internal audit can be described as a "toothless dog", a façade designed to provide an illusion of accountability but unable to act in reality. Speaking on this issue, Participant 10 said: "Our internal audit unit is a toothless dog. They report directly to the very people they are supposed to be investigating. There was a day they wrote a report on the misuse of Universal Basic Education Commission (UBEC) funds. What was the consequence? The officer who was in charge of the audit process was transferred to a remote village. This is a form of message: don't audit us, and if you do and find anything wrong, you will be punished."

Also sharing his view on the toothless audit process, Participant 7 said: "In this system, internal auditing is like a puppet. It is just a yearly routine, because misconduct must not be found, and when misconduct is discovered, it is swept under the carpet. As I have not seen or even heard of anybody being punished for financial reasons, perhaps those at the top believe that if they punish someone, it could lead to their own exposure too."

Another participant also talked about the non-independence of the audit process, specifically Participant 3 said: "The internal audit unit is under the thumb of those at the top, I will even say the politicians. When they do their job, I think it is just to show the world everything is fine and they are working, but when, honestly, they are not in charge of anything."

These statements show that there is a lack of structural independence in the audit process, as auditors report to those they audit, making them vulnerable to retaliation, as evidenced by the punitive transfer described by Participant 10.

4.1.5.2. Sub-theme two: Impunity and secrecy

This sub-theme also exposes the absence of meaningful consequences for corruption, and participants believed it is an enabler of the endemic corruption in the Nigerian educational system. Speaking on how the culture of secrecy prevents financial scrutiny in the Nigerian educational sector, Participant 5 explained: "When was the last time someone was fired for fraud? Never. The worst thing that happens is a transfer. This, I believe, enables everybody to steal as they know that there is no consequence for being corrupt here."

Participant 5 also states: "… we also have a culture of secrecy in the system. Our financial reports are treated like security secrets. If you are not on the 'insider', you cannot know how public money is being spent… When I said insider, I mean the director of finance and some management staff, not everyone in the finance department, for example."

The participants demonstrate that the sanction for fraud is a lateral transfer. Moreover, the termination or prosecution of the culprits reveals that corruption is a career-safe activity in the Nigerian educational system.

The findings reveal that internal audit is hindered by a culture of impunity and secrecy, where there are no consequences for fraud and financial transparency is compromised within the system. In essence, the very mechanisms meant to guard against corruption have been co-opted to protect it, making the system fundamentally self-shielding and self-perpetuating. This exposure by the twelve participants in the qualitative phase of the study reveals that corruption and mismanagement are deeply entrenched in the financial administration of the Nigerian educational system. However, it does not inform us of the extent to which corruption and financial leakages in the disbursement of state-level education funds are prevalent in the Nigerian educational system. While the thematic analysis of the participants' views and experiences on the issues of corruption and financial mismanagement was presented above, the extent of corruption and financial mismanagement that occurs in the disbursement of state-level education funds is not statistically captured. We cannot draw an inference on the widespread or otherwise nature of these practices; therefore, there is a need for a statistical presentation of data to demonstrate this. To achieve this, Table 2 presents the mean and standard deviation scores, highlighting the extent of corruption and financial leakages in the disbursement of state-level education funds in Nigeria.

4.2. Quantitative data

This subsection shows the quantitative results from this study. Specifically, it presents the mean and standard deviation scores that expose the extent of corruption and financial leakages in the disbursement of education funds in Nigeria.

Table 2: Mean and standard deviation scores indicating the extent of corruption and financial leakages in the disbursement of state-level education funds

Corruption and Mismanagement	Responses (%)							Remark
	SD	D	D	SD		S. D	W	
Budgetary Allocation and Fund Flow								
Funds allocated are often released in full as stipulated in the budget.	20.0	25.2	35.7	19.1	2.54	1.04	3.46	
There is a difference between the amount of funds approved and the amount released.	5.2	12.2	45.2	37.4	3.15	0.85	3.15	
The process for accessing UBEC matching grants at the state level is transparent.	18.3	29.6	38.3	13.9	2.48	0.96	3.52	
Funds for specific projects/programs are late.	4.3	10.4	40.9	44.3	3.25	0.83	3.25	
Total					**2.86**	**0.92**	**3.35**	**High**
Procurement and contracting								
The bidding process for contracts is competitive and transparent.	22.6	33.0	33.0	11.3	2.33	0.95	3.67	
Contracts are awarded to bidders who are not the most qualified.	3.5	9.6	47.0	40.0	3.23	0.77	3.23	
The contract values for projects are inflated compared to the market rate.	2.6	7.8	43.5	46.1	3.33	0.74	3.33	
Contractors are paid for work that is either not completed or not done to the specified standard.	3.5	11.3	47.0	38.3	3.20	0.78	3.20	
Variations to project costs are a major source of financial leakage in our system.	2.6	6.1	47.0	44.3	3.33	0.71	3.33	
Total					**3.08**	**0.79**	**3.35**	**High**
Payroll and Personnel Management								
The payroll system for teachers is ineffective.	25.2	37.4	29.6	7.8	2.20	0.91	3.80	
I believe that ghost workers are a problem on our payroll.	4.3	13.0	46.1	36.5	3.15	0.80	3.15	
Salaries and allowances are always paid correctly and on time to genuine staff.	30.4	33.9	26.1	9.6	2.13	0.97	3.85	
There are irregularities in the management of allowances for staff.	5.2	14.8	47.0	33.0	3.08	0.82	3.08	
Total					**2.65**	**0.88**	**3.47**	**High**
School-Level Financial Management								
Funds designated for direct disbursement to schools consistently reach them in full.	26.1	33.0	30.4	10.4	2.25	0.96	3.75	
School heads are pressured to misreport how they utilised funds.	6.1	15.7	47.0	31.3	3.04	0.84	3.04	
Financial records of schools are regularly and effectively audited.	27.0	33.9	29.6	9.6	2.22	0.96	3.78	
Schools are provided with clear guidelines and adequate training on grants management.	23.5	33.9	33.0	9.6	2.29	0.94	3.71	
Total					**2.45**	**0.93**	**3.57**	**High**
Internal Controls and Oversight								
Internal audit units are independent and effective in uncovering financial irregularities.	28.7	33.9	27.0	10.4	2.19	0.97	3.81	
Financial misconduct discovery leads to appropriate disciplinary action.	27.8	33.9	27.0	11.3	2.22	0.99	3.78	
Financial reports are easily accessible to relevant stakeholders.	26.1	33.0	30.4	10.4	2.25	0.96	3.75	
Pressure to meet unofficial kickbacks influences financial decisions.	3.5	10.4	47.0	39.1	3.22	0.77	3.22	
Total					**2.47**	**0.92**	**3.64**	**High**
Overall Grand Total					**2.70**	**0.89**	**3.48**	**High**

Note: n= Number of educational management graduates sampled (n=115), %= Percentage, = Mean score, S.D. Standard deviation score, W= Weighted Mean. Decision rule: Weighted mean score between 3.00-4.00 was rated as high extent, Weighted mean score between 2.50-2.99 was rated as moderate extent, Weighted mean score between 1.00-2.49 was rated as low extent.

Results presented in Table 2 show the mean, standard deviation, and weighted average scores of respondents on the extent to which corruption and financial leakages affect the disbursement of state-level education funds in Nigeria. The results showed that the overall weighted average score was 3.48, indicating that respondents perceived the extent of corruption and financial leakages in the disbursement of state-level education funds in Nigeria to be high. The total weighted average for corrupt practices and financial leakages in the budgetary allocation and fund flow was 3.35, indicating a high degree of corruption and financial leakage in the system. Table 2 showed that the process for accessing UBEC matching grants was perceived as non-transparent ($W\bar{X}$ = 3.52). Furthermore, respondents strongly agreed that funds for projects were often received too late, negatively impacting implementation ($W\bar{X}$ = 3.25), and that there was a significant, unexplained discrepancy between the approved and received funds ($W\bar{X}$ = 3.15).

The total weighted average for corrupt practices and financial leakages in procurement and contracting activities was 3.35, indicating a high degree of corruption and financial leakages in the procurement and contracting of needed school resources. Results indicated that respondents believed the contract values for projects were often inflated compared to market rates ($W\bar{X}$ = 3.33) and that "variations" to project costs were a major source of financial leakage ($W\bar{X}$ = 3.33). It was also a common perception that contracts were awarded to connected rather than qualified bidders ($W\bar{X}$ = 3.23). The total weighted average for the extent of corrupt practices and financial leakages in the payroll and personnel management system in the disbursement of state-level education funds in Nigeria was 3.47, indicating a high extent of corruption and financial mismanagement in this process. Table 2 shows that respondents agreed that the payroll system was effective ($W\bar{X}$ = 3.80) and that salaries were paid correctly and on time ($W\bar{X}$ = 3.85). However, respondents also believed that ghost workers remained a significant problem ($W\bar{X}$ = 3.15).

The total weighted average for the extent of corruption and financial mismanagement in school-level financial management was 3.57, indicating a high level of perceived financial integrity at the school level. Results showed that respondents believed funds designated for schools consistently reached them in full ($W\bar{X}$ = 3.75) and that school financial records were regularly and effectively audited ($W\bar{X}$ = 3.78). However, a significant perception remained that school heads were pressured to misreport fund utilisation ($W\bar{X}$ = 3.04).

The total weighted average for the extent of corruption and financial mismanagement in internal controls and oversight was 3.64, indicating a high degree of perceived control effectiveness. Table 2 showed that respondents viewed internal audit units as independent and effective ($W\bar{X}$ = 3.81) and felt that disciplinary action for misconduct was consistent ($W\bar{X}$ = 3.78). Paradoxically, there was a strong agreement that pressure for unofficial "political" contributions or kickbacks influenced financial decisions ($W\bar{X}$ = 3.22). Conclusively, Table 2 shows a high level of perceived corruption and financial leakages within the system. While certain control mechanisms are perceived to be effective, they are consistently undermined by practices such as late and incomplete fund releases, inflated contracts, political kickbacks, and pressures to misreport financial information.

Table 3: Summary of t-test statistics showing the extent of corruption and financial leakages in the disbursement of state-level education funds in the major regions of Nigeria

Variables		N	Mean	Std.D	T	Df	Sig.	Remark
Corruption &	Northern	58	3.38	0.76	4.56	113	$<.001$	Significant
Mismanagement	Southern	57	2.82	0.91				

Results presented in Table 3 show that an independent-samples t-test was conducted to compare the perceived mechanism and extent of corruption in the disbursement of state-level education funds between the Northern and Southern regions of Nigeria. As shown in Table 3, the analysis revealed a statistically significant difference in the mean scores between the two regions, $t(113) = 4.56$, $p < .001$. The mean score for the Northern region (M = 3.38, SD = 0.76) was significantly higher than the mean score for the Southern region (M = 2.82, SD = 0.91). This indicates that respondents from the Northern region perceive the level of corruption and mismanagement in the disbursement of education funds as more severe than those from the Southern region. The magnitude of the difference in means (mean difference = 0.56) suggests a substantial regional disparity in the experience or perception of these financial integrity challenges.

4.3. Mixed-methods findings

The integration of the qualitative narratives with the quantitative survey reveals a self-perpetuating ecosystem of corruption in Nigeria's state-level education funding. This synthesis, interpreted through the political economy framework established earlier, moves beyond cataloging symptoms to demonstrate how informal patronage networks hollow out the formal architecture of financial management. The findings converge on the existence of a deliberate "pipeline of loss". The qualitative and quantitative methodological strands provide corroborating evidence for the operation of designed mechanisms for fund diversion across all financial domains, confirming the study's assumption.

Qualitative data detailed a process of "deduction at source" and "operational sabotage", where funds are reduced and released too late for their intended purpose (e.g., post-workshop disbursements). This situation is also quantitatively substantiated, as the weighted mean score for this domain was high ($W\bar{X} = 3.35$). Respondents strongly agreed that funds are often received too late ($W\bar{X} = 3.25$) and that significant discrepancies exist between approved and released amounts ($W\bar{X} = 3.15$). This alignment suggests that delayed and incomplete funding is not an aberration, but rather a perceived norm. The interview participants described procurement as a "sham" and "theatre", where contracts are awarded through nepotism and costs inflated via "legalised looting" through contract variations. The quantitative data also echoe this. The procurement domain also scored high ($W\bar{X} = 3.35$), with agreement that contract values are inflated ($W\bar{X} = 3.33$), variations are a major source of leakage ($W\bar{X} = 3.33$), and contracts are awarded to connected rather than qualified bidders ($W\bar{X} = 3.23$). The convergence here confirms that procurement is widely perceived as a mechanism for converting public funds into private rents. The qualitative finding that ghost workers are a "protected anomaly" and that payroll systems "harbour them" is partially reflected in the quantitative data. While the payroll domain showed a high overall score ($W\bar{X} = 3.47$), the item-specific data reveal a contradiction: respondents agreed that ghost workers remain a significant problem ($W\bar{X} = 3.15$), even as they rated the payroll system as highly effective in paying genuine staff on time ($W\bar{X} = 3.85$). This suggests a system that is operationally efficient in executing payments, including illicit ones, rather than one that is effective in its control function.

Another finding of this study is the dissonance between quantitative perceptions of internal control effectiveness and qualitative descriptions of their utter collapse. This paradox is central to understanding the isomorphic façade of the system. As respondents rated Internal Controls and Oversight as the most effective domain ($W\bar{X} = 3.64$). They reported that internal audit units are independent and effective ($W\bar{X} = 3.81$) and that disciplinary action for misconduct is consistent ($W\bar{X} = 3.78$). However, in direct contrast, interviewees described the internal audit as a "toothless dog", a "puppet", and "under the thumb of those at the top". They reported punitive transfers for diligent auditors and a complete absence of meaningful sanctions. This contradiction is not a methodological flaw but the study's most critical empirical discovery. It provides evidence for the decoupling predicted by institutional isomorphism. Formal control structures (audit units, disciplinary procedures) exist and are perceived to function correctly in a survey context, likely because they fulfill a legitimacy function. However, in-depth narratives reveal they are actively co-opted and weaponised to protect the corrupt system, punishing integrity rather than enforcing it. Quantitative scores thus likely reflect the appearance of compliance, while qualitative data reveal the reality of capture.

The mixed-methods design reveals how the "pipeline of loss" corrupts every level in the disbursement of state-level education funds in Nigeria, imposing a fiscal injustice on schools. Qualitative data exposed the coercive diversion of School Improvement Grants through "handling fees", forcing principals to falsify records. Quantitative data corroborate this pressure, with respondents agreeing that school heads are pressured to misreport fund utilisation ($W\bar{X} = 3.04$). Additionally, the qualitative finding of "capacity sabotage", where inadequate training prevents schools from effectively challenging the system, explains why quantitative respondents simultaneously reported receiving clear guidelines and training ($W\bar{X} = 3.71$). This again points to a box-ticking formality (the training exists) that is decoupled from substantive empowerment.

The quantitative analysis also revealed a statistically significant regional dimension to this crisis. An independent-samples t-test revealed that respondents from Northern Nigeria ($M = 3.38$, $SD = 0.76$) perceived corruption and mismanagement as significantly more severe than those from the South ($M = 2.82$, $SD = 0.91$), $t(113) = 4.56$, $p < .001$.

This substantial disparity (mean difference = 0.56) suggests that the intensity and perhaps the operation of the "pipeline of loss" are modulated by subnational governance contexts, political economies, and the variable effectiveness of decentralised institutions. It indicates that the national pathology of patronage is exacerbated in regions with weaker subnational institutional checks, aligning with the theoretical risks of decentralisation outlined by Nakatani (2025)[32] and Shrestha and Hankla (2025).[33] Summarily, the mixed-methods findings present a picture of convergence on the existence of mechanisms of loss in the disbursement of state-level education funds in Nigeria. The qualitative data reveal how active sabotage, coercion, and cultural complicity drive these mechanisms. The quantitative-qualitative paradox reveals the reason for reform failure: the system has adopted legitimising structures that create a façade of control, which is hollowed out by political incentives for rent distribution. The regional disparity further confirms that this situation is not a monolithic bureaucracy, but a political-economic phenomenon shaped by local power structures. Together, the data demonstrate that the "pipelines of loss" are sustained not in spite of the formal control system, but by subverting it, confirming that technocratic solutions exist in a decoupled state, unable to address the political economy of patronage in the disbursement of state-level education funds in Nigeria.

5. DISCUSSION OF FINDINGS

This study reveals a governance pathology in which corruption is neither an aberration nor an administrative failure, but a deliberate feature of a subnational rentier system. The findings related to deliberate funding reductions, weaponised procurement, and a complicit payroll system validate the concept of the "pipeline of loss". This finding contributes to the political economy literature on Nigeria's patronage networks but shifts its focus from macro-structural analysis to the operational level.[34] We demonstrate how "godfatherism" and elite capture are executed: through the mundane, bureaucratic acts of delaying disbursements, pre-selecting contractors, and shielding ghost workers. Our findings provide a case study of the perils theorised by Nakatani and Shrestha and Hankla.[35] Nigeria's education financing exemplifies fiscal decentralisation devoid of the necessary complementary institutions for oversight and accountability. The regional disparity in perceived corruption (North › South) supports Gbesoevi et al.'s observation of divergent transparency outcomes across Sub-Saharan Africa.[36]

Another finding of this study is the paradox between the perceived effectiveness of internal controls (quantitative) and their documented ineffectiveness (qualitative). This offers empirical support for institutional isomorphism in a context of pervasive patronage.[37] Nigeria has adopted the isomorphic blueprints of modern public financial management: the TSA, GIFMIS, IPPIS, and internal audit units. Our data indicate that these structures are not simply ignored; they are ritually maintained to provide a façade of compliance and legitimacy to external funders and citizens. However, they are decoupled from the disbursement of state-level education funds in Nigeria. This explains the failure of technocratic solutions noted by Simon et al. and Olabode and Adetoro.[38] The study also uncovers the multi-level nature of this corruption, culminating in what we call coercive fiscal injustice. The diversion of School Improvement Grants and the "capacity sabotage" of school principals show how the "pipeline of loss" extends to the endpoints of service delivery (classrooms). Head teachers are transformed from beneficiaries into coerced accomplices, forced to falsify records. This finding deepens the ethical crisis described by Asemewalen and Ubabudu, revealing it as an active strategy of control rather than a passive outcome of neglect.[39]

These findings challenge the assumption that improving the "technical" aspects of financial management will curb corruption. Instead, the findings affirm Bambe's contention that technocratic tools alone are insufficient without complementary institutional quality.[40] In Nigeria's case, the complementary institution is a political settlement that incentivises rent distribution over service delivery.

32 Nakatani, *supra* note 8.

33 Shrestha & Hankla, *supra* note 8.

34 Nnajieto & Ihejieto, *supra* note 6; Umo-Udo, Ekpo, Udoaka & Udo, *supra* note 6.

35 Nakatani, *supra* note 8; Shrestha & Hankla, *supra* note 8.

36 Emmanuel Semako Gbesoevi, Margaret Iyabo Ogunkoya, Oludokun Sunday Odedele & Jide Pius Gbenu, *Comparative Analysis of Education Funding Policies in Sub-Saharan Africa: Implications for Education Outcomes*, 7 J. HUM. RES. & MGMT. SCI. 261, 261 (2025).

37 Meyer & Rowan, *supra* note 9.

38 Simon, Ojaide & Oki, *supra* note 5; Olabode & Adetoro, *supra* note 5.

39 Asemewalen, *supra* note 2; Mary Ubabudu, *Perception of Teachers on the Dilemma of Funding Public Secondary Schools in Abia State, Nigeria*, 9 INT'L J. EDUC. & EVALUATION 62, 62 (2023).

40 Bambe & Ouedraogo, *supra* note 12.

6. RECOMMENDATIONS

Based on the findings of this study, which reveal a system of institutionalised corruption rather than isolated malfeasance, this study recommends that for all LGEA contracts exceeding ₦10 million, a mandatory public "Social Audit Forum" should be convened in the ward where the project is located before final payment approval. This forum should be managed by a neutral civil society organisation (CSO) accredited by the Nigerian Financial Intelligence Unit (NFIU), which would require the contractor, supervising engineer, LGEA officials, and community representatives (including the school-based Management Committee) to publicly present the bill of quantities, work done, and funds received.

The Bureau of Public Procurement (BPP), in collaboration with the Corporate Affairs Commission (CAC), should mandate that all companies bidding for education sector contracts disclose their beneficial owners and any familial or political relationships with public office holders (State Commissioners, LGEA Chairmen, Heads of Service, other politically exposed persons). This registry should be publicly accessible online. Regarding ghost workers, we recommend that access to the UBEC matching grants be made conditional on states implementing a Biometric-BVN-Personal Identification Number (PIN) system with decentralised, school-level authentication. Every teacher should biometrically verify their presence at their specific school location using a dedicated terminal at the start of each month. The verification data should be cryptographically signed and uploaded. This system would include a "red-flag" algorithm that triggers an independent audit by UBEC if multiple verifications originate from the same device/IP address in a short period.

To circumvent the siphoning of School Improvement Grants through multiple "handling fees", we recommend piloting a "School Smart Grant Card" system. Upon approval of a grant, 100% of the funds are loaded onto a restricted-use debit card issued directly to the school principal and the SBMC (School Based Management Committee) chairman. The card is geo-blocked to work only with pre-vetted vendors of educational materials within the state. The card transaction ledger should be automatically published on a public dashboard.

Given the "toothless dog" nature of internal audits, we recommend that the Fiscal Responsibility Commission (FRC) sponsor a "Flying Audit Task Force" comprising auditors from different states, CSO representatives, and members of the House Committee on Basic Education. This team should conduct unannounced, forensic audits of randomly selected LGEAs, with a specific focus on contract variations and grant flows. Their reports should be submitted to the State House of Assembly's Public Accounts Committee and the UBEC board, bypassing the compromised state-level executive entirely.

7. CONCLUSION

This study employs a mixed-methods approach to investigate the mechanisms and extent of corruption in the disbursement of state-level education funds in Nigeria. It concludes that the financial leakages are best understood as the output of deliberately constructed "pipelines of loss", which function as the operational machinery of a subnational rentier political economy. The research makes two primary contributions. First, the study provides empirical substantiation for the limits of institutional isomorphism in contexts of deep-seated patronage. Second, the study exposed the coercive nature of this corruption, revealing how it extends its logic to force frontline educators into complicity, thereby perpetuating a cycle of fiscal injustice and silence.

The regional disparity finding further clarifies that this is not a monolithic national bureaucracy but a pathology whose intensity is mediated by subnational governance ecosystems. Ultimately, the "pipelines of loss" will not be sealed by better accounting software or more audit manuals alone. Their existence is a political outcome, sustained by political incentives. Therefore, meaningful reform requires a political realignment that increases the cost of corruption for elites while empowering vertical accountability from citizens and horizontal accountability from strengthened, independent oversight bodies.

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AI Use Disclosure

The authors declare that the content of this research article was accomplished through their own full intellectual contribution, without the use of any AI software.

Disclosure of interest

The authors have no competing interests to declare.