

**AN ASSESSMENT OF FINANCIAL MANAGEMENT OF  
COUNCIL IN YOLA SOUTH LOCAL GOVERNMENT**

***BY***

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***BEING A THESIS SUBMITTED TO THE DEPARTMENT OF  
MANAGEMENT TECHNOLOGY, SCHOOL OF MANAGEMENT AND  
INFORMATION TECHNOLOGY, MODIBBO ADAMA UNIVERSITY OF  
TECHNOLOGY, YOLA. IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR AWARD OF MASTER'S IN BUSINESS  
ADMINISTRATION (MBA) IN MANAGEMENT.***

**NOVEMBER, 2011.**

## **CERTIFICATION**

This is to certify that this thesis; “An Assessment of Financial Management of council in Yola South Local Government”, is carried out by Zainab Buba under the supervision of Mall. Haruna Isa Mohammed and is submitted to the School of Postgraduate Studies, Modibbo Adama University of Technology, Yola for its literary presentation and contribution to knowledge.

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## APPROVAL PAGE

This Thesis titled “An assessment of financial management of local governments in Adamawa State” was carried out by me which was supervised and approved by Mal. Haruna Isa Mohammed as part of the requirement for the award of Masters in Business Administration.

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## **DEDICATION**

This thesis is dedicated to my beloved children and Husband Alh. Dr.  
Umaru Adamu

## **DECLARATION**

I hereby declare that this thesis has been written by me and that it is a record of my own research work. It has not been presented in any previous application research for a higher degree.

All quotations are indicated by quotation marks and sources of information are specially acknowledged by means of references.

## **ACKNOWLEDGEMENT**

First and foremost, I Thank Almighty Allah (SWT) for bestowing upon me his endless bounties and for bestowing upon me his endless bounties and for sustaining me in good health to this day.

The research expresses his profound gratitude and appreciation to my supervisor, Mal. Haruna Isa Mohammed for his guidance, advice suggestion and sincere supervision during the period of this thesis.

The research acknowledge his gratitude to the Dean, school of Post Graduate studies Prof. Ahmed Nur, the Dean School of Management and information Technology Prof. Gbenga Fakuade. The head of Department Mal. Ahmed Umar Alkali and the entire members of staff of the department.

My sincere gratitude to my husband for his love courage, motivation you're always there for me through thick and thin.

To all my children, sister, brothers, friends, course mates, and well wishers, thank you for your love, assistance (in anyway) and prayers, I am forever grateful.

My heart-full appreciation goes to the people of Yola South Local Government Area and the staff of the finance Department Yola South; thank you for your hospitality.

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## ABSTRACT

*Local Government Councils in Nigeria are third tier of government created by Federal Government with the main objectives among others to bring government closer to the people at grassroots level. Their closeness guarantees provision of adequate basic facilities to their citizens. However, Local Government System in Adamawa State has been a vicious circle. The way funds are managed and the perpetual failure to deliver has attracted severe criticisms from concerned citizens. This thesis assesses management of fund in the Local Government System in Adamawa State with Yola South Local Government Council as a case study. The research raised and answered three (3) research questions which guided the study and three (3) hypotheses were tested. A total of 100 staff were selected using the stratified sampling technique. They were questioned on effective management of funds in the local government, facilities provided by the local government, sources of revenue generation among others. The data collected was analysed using the simple mean and percentages, while z-test statistics was used in testing the hypothesis. The analysis of the data revealed that the revenue realized by the local government is adequate, the funds realized is effectively and efficiently managed, there is effective adherence to management procedure, the State Statutory Allocation is promptly received, the Federal Allocation is promptly collected, there is proper utilization of funds and the local government council has been able to provide such services as Agriculture, Livestock, Health Facilities, etc. these findings provided the basis for the recommendations made to improve the management of funds in the local government. The study recommended the need for performance appraisal of the local government council from time to time, dedication of more funds to capital projects by the local government council, reduction in the number of overdrafts being taken by the local government and adequate sourcing of more revenue by the local government council.*

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background to the Study

A dynamic process of financial management is a critical requisite for any organization to know where it wants to go and how to get there. An English adage says, “If you don’t know where you are going any road will get you there”. A basic purpose of management should be to provide focus and consistency regarding the programmes of organization. These programmes are the plans of action which management should pursue with vigor to ensure that funds realized are prudently utilized according to the predetermined objectives. Management should involve a blending and directing of available human, physical and financial resources in order to achieve the organizational objectives and among these resources, finance is considered to be the life-blood upon which the whole organizational activities are dependent on. In the public sector, more especially local government councils, the efficiency and effectiveness of such councils are measured by their performances through provision of adequate basic welfare services to their people.

Samuelson (2003) referring to Adam Smith (1776), in his book, “Wealth of Nation’s” gave three model functions of a Sovereign State, which nowadays disintegrated into federal states and local governments councils for easy accessibility. These functions include among other things:

- a) Erecting and maintaining those public utilities such as water, power, health, roads, dams, bridges, recreational centers, relief and general infrastructures etc.
- b) Ability to administer government financial system such as revenues and expenditures, through budget implementation and fiscal control.

- c) Securing internal justices between citizens, e.g. security to redress situation, defending the community from violence and justice of independent society.

In this regard therefore, the objective of any government is to provide a standardized level of welfare services to the citizens as a whole through effective control and prudent management of the available scarce resources. Based on the foregoing, this study intends to assess the management of financial resources using Yola South Local Government Council.

## **1.2 Statement of the Problem**

The local government is the third tier of government in Nigeria. One of the main objectives of creating local governments in the first place was to bring development closer to the people in the grassroots. However, the performance of various local government councils has fallen below expectation. Some people believe the funds beings allocated to the local government councils are not being administered judiciously (Imam 1996). It is in the light of this problem that this research seeks to identify how funds are being managed in Yola-South Local Government Council.

## **1.3 Objectives of the Study**

The aim of the research is the assessment of financial management in Yola South Local Government Area. Specific Objectives include:

- a) To find out whether the Revenue realized by the local government councils are adequate enough to sustain its official responsibilities;
- b) To assess whether these funds realized by the local government council are effectively and efficiently managed.
- c) To find whether the facilities provided by the local government council are adequate to meet the needs of the people.

## **1.4 Research Questions/Hypothesis**

The following research questions were raised in line with the above stated objectives:

- a. Is the revenue realized by the local government adequate to sustain its official responsibilities?
- b. Are the funds realized by the local government council economically being controlled and managed to meet the social welfare services of the citizen?
- c. Are the facilities provided by the local government council adequate to meet the needs of the people?

## **Hypotheses**

The following hypothesis was developed in null form to guide the direction of the research.

1.  $H_{01}$ : The revenue realized by the local government council is not adequate to sustain its official responsibilities and functions.
2.  $H_{02}$ : The funds realized by the local government council are not properly controlled and managed to meet the social welfare of the citizens.
3.  $H_{03}$ : The facilities provided by the local government council are not significantly adequate to meet the needs of the people.

## **1.5 Significance of the Study**

This study will be significant when completed, in the sense that it will highlight some of the problems confronting the local government council in Yola South and Nigeria as a whole. Therefore, this study will help us to understand the problems facing the local government council and to proffer solutions to them. The thesis also contributes meaningfully to academic

research and adds to existing knowledge on management and control of finances in the local council.

Furthermore, the thesis will help the society to monitor and evaluate the performance of their council executives given the available information on management and control. In addition to this, the study will assist researchers to articulate subject of management and control of local government finances and to advice the local government council appropriately.

Finally, this thesis is going to assist policy makers in ensuring proper accountability, provision of infrastructural facilities at a minimal cost, good management and proper control of local government council resources to meet the need of the people.

## **1.6 Scope of the Study**

The scope of the research was limited to only a study of management of local government funds in the local government areas with specific reference to Yola South Local Government Area of Adamawa State. The scope of study restricted as much as possible, to the review and critical examination of management and control of local government funds in Yola South Local Government Council, from 2006-2010.

## **1.7 Limitation of the study**

The major limitation encountered in this work is the inability of the researcher to access some vital document which would have been a greater help in enriching the work. Also, most of the respondents in the local government do not understand the need for the project, hence they were not fully cooperative when oral/interview questions are put to them.

Though the researcher encountered this problem, the researcher still did her best in making the work a reliable one.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Philosophical Basis of Local Government**

The local government system in Nigeria has experienced several reforms since the early 1950s. According to Ekpo and Ndebbio (1998), during that period, the system was modernized and constituted on a representative basis. Colonial local administration revolved around traditional rulers, with the unit of local administration referred to as the native authority. Executive authority lay with the district officer. The authorities at that time created administrative organizations that were adhoc in nature. However, some success of this type of administration was noticeable in the centralized emirates of the former Northern Nigeria. The evolution of local government administration in the country must be seen in the context of regionalism. The old regions of the East, West and North, as a result of different levels of development traversed different paths to strengthen their systems of local administration. An analysis of the evolution of local government administration prior to the major 1976 local government reforms is in NCEMA (1990) and Gboyega (1983).

The 1976 reform represented a fundamental change in the development of local government in Nigeria. For the first time, the country was given a common, single-tier structure of local government in place of the different structures of various states. Our interest in the 1976 reform hinges on the restructuring of the financial system. The reforms instituted statutory allocations of revenues from the federation account with the intention of giving local governments fixed proportions of both the federation account and each state's revenue. This mandatory allocation was entrenched in the recommendations of the Aboyade Revenue Commission of 1977. The 1979 constitution empowered

the National Assembly to determine what proportion of the federation account and a state's revenue should be allocated to local governments. In 1981, the National Assembly fixed these proportions at 10% of the federation account and 10% of the total revenue of the state. In 1985, the States' proportion was reduced to 10% of internal revenue. Local government's allocation from the federation account was later amended to 20%. At present, statutory allocation to local governments stands at 25% of the federation account, reflecting the larger development role local governments are expected to play.

These changes were due to the 1976 local government reforms, which also stated that the internal revenue sources of local governments would include: Rates, which include property rates, education rates and street lighting; Taxes such as community, flat rate and poll tax; Fines and fees, which include court fines and fees, motor park fees, forest fees, public advertisement fees, market fees, regulated premises fees, registration of births and deaths and licensing fees; Miscellaneous sources such as rents on council estates, royalties, interests on investments and proceeds from commercial activities.

According to Imam (1996), local government constitutes the most critical level of government of which the momentum to sustain national development can be created. Looking at the opinion of Imam, it is the immediate and possibly the nearest tier of government that is in touch with the people. Therefore, it constitutes the most critical and sensitive level of government that requires closer attention.

It is in view of this that Imam contended that as from 1970, national leaders all over the world and even their followers started to change their erstwhile negative attitude towards local government. This however, according to him has led to re-awakening vis-à-vis the pivotal role of local government led to the 1976 nationwide local government reforms. These reforms recognized the level of government as a distinct tier of government. He further identified three

distinct levels of government as obtained in Nigeria's Federal System. These are the Federal, State and Local Government respectively. Each of these is unique and has spheres of functions and responsibilities.

### **2.1.1 Concepts of Local Government**

Since local government is the central focus of this thesis, it is imperative to understand the basic concept of local government.

Local government has some basic elements. These elements put together portray with defined territory and powers, as well as administrative authority with relative autonomy. Such administrative authority could be elected. However, in most countries of the world, the administration is decentralized by devolution. A synthesis of the reasons narrows them down to four basic one.

These are - To promote economic development from below, this includes infrastructural provision; to promote political integration and nation building; to promote local freedom of action/autonomy and To enhance grassroots democracy (Imam, 1996).

Awokokun (2005) said, the proposed new Constitution 2003 and Local Government councils, the 1999 constitution, as said earlier has been fundamentally flawed since the inception of the fourth Republic on May, 29, 1999. This was what probably informed the National Assembly in setting up a Committee with the view to amending the grey areas. The Committee of the National Assembly resolved that all the 774 Local Councils recognized by the Constitution should be scrapped. In other words, local government will not be recognized constitutionally as autonomous third tier of government. By this act, local government will revert to pre-1976 status, where they were mere appendages of state government. Local governments are to be funded and

operated inline with the whims and caprices of their respective states. Hence, by implication they would no longer be funded from the federation account.

### **2.1.2 Local Government, its Basis and Problems**

As earlier stated, a local government is an administrative unit with a defined territory, administrative authority, power and relative autonomy. However, it is obvious that a number of forces hinder and inhibit the realization of the objectives earlier mentioned.

Imam (1996) argued that: “Most critical in this connection are pecuniary distress, inadequate executive capacity, and suffocating controls by the State and Federal governments. Sometimes, conflicting directives from higher tiers of government..... one general approach, in the drive for solutions to these problems is to argue for clear and unambiguous constitutional functions for Nigeria local government, which should be matched with adequate financial resources, qualified effective and efficient administrative studies”.

### **2.1.3 Functions of Local Government Council**

Both the 1999 constitution Section 7(1) of the Federal Republic of Nigeria and Adamawa State of Nigeria Gazette No. 4 of (2000) specifies the main functions of local government councils as follows: - Debating, approving and amending the annual budget of the local government councils; the formulation of economic plans and development schemes for the Local Government area or area councils; Collection of rates and issuance of radio and television licenses; Establishment and maintenance of cemeteries, burial grounds and homes for the destitute or infirm; Licensing of bicycles, trucks (other than mechanically propelled trucks), canoes, wheel barrows and carts; Establishment, maintenance and regulation of slaughter houses, slaughter slabs,

markets, motor parks and public conveniences; Construction and maintenance of roads, street lighting, drainages, parks, gardens, open spaces or such public facilities as may be prescribed from time to time by the Executive Governor or the House of Assembly of a state; Naming roads and streets and numbering of houses; Provision and maintenance of public conveniences, sewage and refuse disposal; Assessment of privately owned houses of tenements for the purpose of levying such rate as may be prescribed by the Executive Governor or the House of Assembly of a State;

Control or regulation of: Out-door advertising and boarding; Movement and keeping of pets of all descriptions; Shops and kiosks; Restaurants, bakeries and other places for sales of food to the public; Laundries, and Licensing, regulation and control of the sale of liquor

Participation in the government of a State as it relates to the following matters, that is: The provision and maintenance of primary, adult and vocational education; The development of agriculture and natural resources, other than the exploitation of minerals; The provision and maintenance of health services; and Such other functions as may be conferred on a local government by the House of Assembly.

## **2.2 Concept of Management**

There is no generally accepted definition of management as an activity. According to paper presentation by Anyanwu (2005), “to manage is to forecast and plan, to organize, to command, to coordinate and to control”.

Drucker (1955), first put management is concerned with the ‘systematic organization of economic resources’. Management is tasks, management is a discipline, but management is also people. Every achievement of manager (Administrator) in Government, every failure is a failure of a manager; people

manage rather than “forces or facts”. The vision dedication and integrity of managers determine whether there is management or mismanagement.

### **2.3 Financial Mode**

According to Imam (1996), since 1976, both the Federal and State Governments became statutorily obliged to pass a certain percentage of their revenue to Local Governments. This development has brought with it an unconscious controlling effect on Local Government Finance. Though, the initiative was intended to bring relief and development to the local councils, but the Federal and State Governments has always used this avenue to manipulate the local councils and forth coming. It is in connection to this that Imam observed that: - “Most significant in this connection is the fact that the agreed percentages of financial transfer from both the Federal and State governments are most often irregular, unstable and inadequate for the functions of the Local Government Councils. In some extreme instances, especially during the second republic, the funds from the Federal Account through the State governments were misappropriated or confiscated by some state governments. Consequently, however, well-prepared their annual budgets/estimates and development plans were, only very little could be achieved”.

Furthermore, not only that the funds were only irregular, unstable and inadequate, but do not even reach the local council in full. The funds were often shared and diverted by government officials to either their pockets or into other projects that may not be absolutely relevant to the objectives and goals of the local government.

In addition to this, the central government has also been controlling the local councils through unfounded control and scrutinizing of local government annual budget/estimates.

Imam (1996), asserted that: “The second main area of financial control of local government councils is through the annual budgets or estimates. Since, it is realized that budgets are central to local government finance. The Central Governments in Nigeria arrogated to themselves the right to scrutinize and approve the Local Government Annual Budgets/Estimates. But, since mid 1991 when presidentialism was extended to Local Governments, the role of budgetary approval has devolved on the legislative arm of the local government. So, instead of the erstwhile central approval of budgets, there is now an internal system of check and balance amongst the various arms of local government, which measure has helped to enhance the autonomy of local government”.

However, with the present check and balance established in the local councils, which seems to mitigate the issue of financial control by the Central Government, is another issue of annual financial statement to be rendered to the Local Government Department in the Governor’s office, at least once every year, for the responsible Commissioner to scrutinize.

From the opinion of Imam, it is clear that the local governments cannot be said to be free per from the control of either Federal or State governments. They seem to go from one bondage to the other. He also observed that, “there is also the controlling power of the central government over local government’s borrowing”. The Local Councils are everywhere allow borrowing money for capital projects that would generate profit to amortize and service the debt or loan capital, also they can get loans that may not actually earn income. This is to enable them fund short-term cash flow deficits arising from uneven or abnormality in revenue and to finance deficits in annual budgets. However, the local government councils must be free and independent to initiate and execute its programmes and financial policies regularly and without interruption, if any meaningful development is to be rendered.

The issue of unnecessary control and perennial manipulations must be looked into and proper attention must be given to see that office holders stop misuse of public funds. It is only then that proper and meaningful development can be achieved.

### **2.3.1 The Pattern of Local Government Financial Before 1976**

Adedeji (1970) summarized the problems besetting local government in Nigeria in 1976 as: - Lack of a comprehensive functional role; Inappropriate structure; Low quality of staff; Low administrative efficiency and corruption; Poor performance or even total neglect of functions and Inadequate finances, he went further to state that panacea to all the problems was finance.

From the points outlined by Adebayo Adedeji, there is the issue of inadequacy in finance, which even though both scholars and practitioners bemoaned the inadequacy of finance at this level of government. There was then no comprehensive study to portray the true picture.

Imam (1996) noted that: “The first major attempt at comprehensively looking at the finances of Nigeria Local Governments took place in 1976 during the nationwide Local Government Reforms. The nationwide local government reform measures and the 1979 constitution identified reasonable adequate sources of revenue for the local government, among which was the mandatory statutory allocation from both the Federal and State government to local governments”.

The reforms did not only propose a statutory allocation process, but about ninety sources of local government taxes and user fees and charges were identified as genuine means of bettering the local government.

However, the local government lacks even proper accountability. There has been incessant cases of mismanagement and diversion of funds that are meant for development. In order to promote accountability at the local

government level, the new local government reforms have entrusted the department of local government in the Governor's Office the powers of ensuring proper accounting of local government finance and auditing same.

Even this task is not given proper attention as bribery and corruption practices within the system have eroded every sense of good reason. Also, with the recent establishment of Audit Alarm Committee for all Local Government to be located at the State Capitals. The committee is to check all the excesses of the local councils. For the local councils, among which was the mandatory statutory allocation from both the federal and state governments to local governments”.

### **2.3.2 The Diagnosis and Therapy of Financial Problem**

Finance is paramount to any organization and is the bedrock for any meaningful development. However, for any organization to achieve its goals there must be correspondence/recognition between the three critical variables on which it rests, i.e. financial, purposes and administrative structure (Imam, 1996). He further added that: “.....Though the importance of finance to functional performance is appreciated, the finances of Nigerian Local Governments are below expectations compared to their functions. The financial arrangement shows preponderance to external over internal sources of income and preponderance of recurrent expenditure over capital expenditure. There is also an ugly development of central allocation of functions and responsibilities to local government without commensurate financial resources. This upsets their originally approved development plans and indeed annual budgets”.

This financial dilemma has been the problem of local governments for long. Shortage of financial resources has not only crippled development, but completely inhibits the execution of capital expenditure projects. The local government should therefore, boldly but relentlessly address the issue of lack of adequate finance for execution of their services if they must not remain as white

elephants in the periphery. According to Akindele and Olaopa (2002), the most severe problem facing public institutions in Nigeria is the fiscal one, particularly in local government. This problem has been provoked by a number of factors, including 'over dependence' on statutory allocations from both the state and federal governments, deliberate tax evasion by the local citizenry, creation of nonviable local government areas, differences in the status of local governments in terms of the rural-urban dimension, and inadequate revenue and restricted fiscal jurisdiction.

Also the problem does not only stop in the shortage of finances, but the local governments are often manipulated and limited by the state and federal functionaries. Imam observed that: "The wisdom of curtailing the expenditure by way of stipulating spending limits for Local Government functionaries by the State governments, to whom they do not owe their mandate, is also very disturbing".

However, for effective and efficient development, there must be adequate financial resources to carry out functions and responsibilities in the local governments. The local governments should not be seen as mere agents of the Central Government, but partners in national development.

#### **2.4 Revenue Sources, Generation, Control and Problems**

According to Adedokun (2009), public revenue mobilization is one of the most keenly contested issues in Nigeria. A comprehensive review of the reports of the various commissions and government policies from the 1946 Philip sons commission to the activities of the National Revenue Mobilization, allocation and fiscal commission established in 1989 could be found in Kayode (1993), Emenuga (1993) and Ekpo (1994).

Local governments in Nigeria receive statutory allocations from the two higher tiers of government (federal and states). At the present, revenue sharing

formula, local governments receive 20 per cent from the federation account. They are also statutorily entitled to 10 per cent of states' internally generated revenue. As regards to Value Added Tax, local governments receive 30 percent in 1998. This was shared to local governments, on the following basis: equality (50 per cent): population (30 per cent) and derivation (20 per cent). In 1999, local governments received 35 per cent of the VAT proceeds. The federal government controls all the major sources of revenue like import and excise duties, mining rents and royalties, petroleum sales tax, petroleum profit tax and companies income tax among other revenues sources (see table 1). Local Government taxes are minimal hence this limits their ability to raise independent revenue and so they depend solely on allocation from the federation account. Much of the revenue collected by the federal government and distributed among the different tiers of government using the vertical revenue allocation formula is from the federation account. But the federal government seems to exercise too much control over its distribution. So many deductions are made from the total revenue collected before the rest is distributed according to the sharing formula. The federal allocation showed steady increases during the periods. In nominal terms, the allocation which stood at N100 million in 1976 jumped to N352.6 million in 1980, reflecting a compound growth rate of almost 29 per cent. During the structural adjustments programme (SAP), federal allocation to local governments increased remarkably by 45.7%. This jump could be as a result of the increase in the number of local governments.

Imam (1996) identified about five (5) districts of revenue for local governments. These are:

- i) Financial transfer
- ii) Local tax or community tax or poll tax
- iii) Property tax or rates

iv) Users fees and charges and

v) Loan

### **External Revenue Sources**

The external sources of revenue are so named because they are externally generated and are not determine or influence in any way by the local government.

### **Financial Transfer**

According to Imam (1996), financial transfer to local government consists of funds financed from the principal revenue sources of Central or State Government. These funds can be both generally income and trade taxes and also from Central Government borrowing.

However, financial transfer has been worldwide accepted and used by various governments. It is called “inter-governmental transfer”, statutory allocations, and “grants” among others. Though in Nigeria, it is called statutory allocation.

The practice of financial transfer by Central Government is predicated on:

To finance either wholly or partly, the cost of services or development programmes which are of national importance?

To encourage local governments to develop programmes and services in line with national policy;

To stimulate development in local economies, thereby contributing to national growth and by extension educing inter-local government or regional disparities;

To control local government expenditure with a view to ensuring compliance with national policies or standards;

To secure an equal, or more equal standard of services or development across the country;

To compensate local governments with low fiscal capacity, especially those with a relatively inferior potential for raising their own direct revenue, and

To assist local government to cope with emergencies.

With the points outlined as the main reasons for the financial transfer, no tangible result was said to have been achieved, as the State Governments then treated the issue of financial transfer with such levity that they dishonoured any form of transfer under the slightest pretext. Consequently, even when Nigeria was in the mid-system of an oil-boom, when State governments had colossal sums of money to pay with, financial transfer to Local governments did not improve commensurately.

However, the issue of financial transfer has been associated with serious policies in Nigeria. As from 1946 to 1989, about nine different ad-hoc commissions/committees have been set up to address this issue. It is worthy of note that financial transfer formulae differs from country to country.

In Nigeria, the financial transfer percentage to Local governments is 20%. However, the financial provisions, allocation of Revenue to Local Government in Adamawa State is as follows: -

Maintain a special account to be called “State Joint Local Account” into which shall be paid all allocations to the local government of the State from the Federation Accounts and from the Government of the State.

Pay to each local government from the account, the revenue that has accrued to the account from the Federal Account and from the revenue of the state on the following basis: -

- |                |   |     |
|----------------|---|-----|
| i) Equality    | - | 40% |
| ii) Population | - | 30% |

- iii) Land mass and urban - 10%  
(5% of 10% for each)
  - iv) Internal Revenue effort - 10%  
(25% of 10% of revenue effort, 75% of 10% equality)
  - v) Social development enrolment - 10%
    - a) Primary school enrolment - 40% of 10%
    - b) Hospital Beds - 30% of 10%
    - c) Water supply spread - 15% of 10%
    - d) Rainfall proportion - 15% of 10%
- 2) The indices for sharing of revenue in sub-section (10) above may be reviewed from time to time by the House of Assembly.
- 3) The State Joint Local Government Account Allocation Committee shall comprise of the following members: -
- a) Chairman - Deputy Governor
  - b) Vice Chairman - Permanent Secretary Local Govt. Affairs.
  - c) All Chairmen of the 21 Local Government Areas – Members
  - d) Director Local Government Affairs – Secretary
  - e) Auditor - General for Local Government
- 4) The State Joint Local Government account shall submit its monthly statement of Account to the State House of Assembly.

The Public Administration Law, defines government revenue as “all tolls, taxes, imprests, rates, fees, duties, fines, penalties, forfeitures, rents, dues, grants, and all receipts of government from whatever sources arising over which the legislature has power of appropriation including proceeds from loans raised”.

Local Government Revenue is categorized into these headings.-

**1. Recurrent Revenue:**

In line with the pattern of the Federal Government as contained in Financial Memoranda Section's 37-69, the revenue of the local government may be classified under two broad categories, namely:-

- a) Internally generated revenue
- b) Statutory allocation from State and Federal Government.

The classification of local government revenue heads and sources are as follows: -

Head 1001	-	Taxes
1002	-	Rates
1003	-	Local License fee, and fines
1004	-	Earnings from Commercial undertakings
1005	-	Rent on local government property
1006	-	Interest payment and dividends
1007	-	Grants (teachers)
1008	-	Miscellaneous
1009	-	Statutory allocations

There are several units of sub-heads under each and every heads numbered 1001 to 1009

**2. Capital Revenue:**

Capital Revenue is classified as follows: -

Head 3001	-	Internal Sources
3002	-	External loans

3003 - Grants

3004 - Miscellaneous

### **3. Statutory Allocation – Federal Government**

Under the 1979 constitution, the Federal Government is to pay all revenue collected by it into the “Federal Account” except the proceeds from the personal income tax of the personnel of the Armed Forces, the police, External Affairs Ministry and Residents of the Federal Capital Territory. The Federal Government monthly releases 20% to Local Government from the Federal Accounts as Statutory Allocation.

### **4. Statutory Allocation – State Government:**

Section 139 of the 1979 constitution provides that each state shall pay to the local government councils in its state such as proportion of its total internal revenue on such terms and in such manner as may be prescribed by the National Assembly. The Revenue Act, 1981 stipulates 10% of the State total revenue be given to Local Government Councils, and presently this is what is in practice.

The grants local government councils receives from both Federal and State Governments are insufficient to enhance adequate social services to their citizens. In view of this, Local Governments have been advised to gear up their efforts to tap every available sources of Internal Revenue to supplement the grants from the Federation Accounts as well as that of the State.

Despite constant Federal Government emphasis for Local Government to increase their locally generated revenue, many local government councils are still not putting serious efforts in exploring their revenue potentials. As a result most Local Government do not have adequate and surplus

funds to finance their projects and those whom have been embarked upon are abundant.

## **5. Internal Revenue Sources:**

Imam (1996) in his analysis; blame financial shortage in the local government on two factors.

- i) The systematic redline in their internal sources of revenue which does not keep pace with their functional expansion.
- ii) The systematic increase in their externally generated revenue which hampers the urge to exploit their internal sources.

According to him, the Dasuki report on Local Government Administration in Nigeria gave added credence to this position when it declared that:

“Whereas in 1978/79 the majority of the local government generated between 20 and 70 percent of the total revenue, by 1983, the corresponding figures had dropped to between 4 percent and 30 percent”.

It is not a secret that the local government has rely so much on the statutory allocation and thereby become virtually inactive and unproductive in its development. For instance, because of this location many local councils abolished the flat rate tax, which was the principal component of the internally generated revenue.

In addition, some state government usurped the most productive source of revenue of the local government, e.g. the development and control of markets by some governments instead of the local councils, is a clear example. In some cases however, the State Governments simply forbid their local government from exercising the power of taxation over property, may be in a bid to score or establish political relevance.

Furthermore, poll tax or community tax or flat rate tax a kind of levy imposed across the board by government on every eligible citizen. Another source of internal revenue is property rates or tenement rates, this is viewed by some a time as the solution to incessant insolvency of local government in Nigeria. This study did not intend to go into that, but it has many others advantages, like difficulty of evasion or avoidance among others.

Several more elaborative researches have been conducted at various times on the sources and formed of revenue generation procedures by the local governments. For instance, Adam conducted a research on “Book-keeping and Finance at the Local Government Level” in 1983. In it, he gave vivid and imaginative descriptions of revenue generation procedures. Due to the comprehensive nature of his work, this researcher shall rely heavily on it for this section.

According to him, the local governments as any other governments or organization need money to render services to its people. The State and Federal Governments subventions are not enough for the local governments to attend to the services of the people, pay its staff salaries and allowance, quickening the pace of development. He stated that the people within the local governments therefore pay some revenue to the local government before they are allowed to take up some commercial activities. He therefore delineated the nature of this revenue into three: -

**a) Natural Resources Revenue:**

He states that the local government charges some revenue on some commercial activities. The following people pay fees before they are allowed to practice their profession. Persons in this group identified by him include fishermen, hunters, market traders and all other professional people who derive their sources of living through nature.

**b) Commercial Revenue:**

These include fees for market stores, ceremonies, hall, dancing halls, sports centers and contract fees and deposits.

- c) Other revenue that arises as a result of services rendered to the people by the local government; such as payment of loans, rents and fees, vehicles, advances and taxes.

The literature on local government financing has indicated what revenue generation is all about. However, one of those which is most often relied upon is the Local government Edict of 1977.

The edict provides that: “Revenue and other funds of a local government are hereby declared to consist of all sums of money or funds that are lawfully in possession of the local government on the appointed day and of revenue accruing to a local government”.

The implication of this is that the revenue of a local government “consists of all money at hand and all others that are expected within a reasonable distant time”. He further adumbrated on the fact that such moneys or funds are the local governments’ lawful entitlement.

The edict goes further to identify the sources of the money legally accruing to a local government council. These are as follows: -

Money derived from licenses, permits, dues, charges or fees specified by any bylaws or rules made by such local government.

Receipts derived from any public utility belonging to or are maintained by local governments either in whole or in part.

Rents derived from the letting or releasing of any building or land belonging to the local government.

Moneys payable to a local government under the provisions of any other enactment.

Statutory allocation or grants out of the general federation's account of Nigeria, or of state or other public revenue.

Interests on the investment funds of a local government.

The edict further concluded by maintaining that: “....and other moneys lawfully derived by a local government from any other source not herein stated or specifically mentioned should be and form part of the revenue and funds of such local government”.

From the foregoing, “there are two broad classes of revenue accruable to any local government”. These are internally generated revenue and revenue from external sources”.

Revenue collections are the base for the life of the local governments considering their poor financial strength. The local government edict of 1977 sets out the various sources of revenue, which accrue to the local governments. Every years approved annual estimates will give details of the various kinds of revenue which the local governments will be responsible for collecting and, also the community taxes, rents, rates, license fees, markets fees, motor park fees, etc to be charged for the year in question. The edicts also stipulated that all monies due will have to be paid either to the treasury department or to a local government approved revenue collector.

In order to enhance accountability, all amounts collected by the cashier are supposed to be entered directly into his cash book and follow normal accounting procedures. Thus, while the revenue pay their collections into the local government funds, whether by handing them over directly to the treasury department cashier or by paying them into a bank for the credit of the local government bank account.

Furthermore, Jhingan (2004) called for fiscal operations whereby government would be charged with the functions of creating more jobs opportunities, build dams, roads, bridges, education and health institutions.

Again, Jhingan (1999) stressed that government should play an active role to regulate and control the economy by means of taxes and expenditure. This approach was referred to as “principal of functional finance”.

Samuelson and Nordhaus (2003) opined that some classical economists like Dalton and Pigou had arrived at principles that “Government is best when spends the least and imposes the lowest amount of taxes. This is called as the “principle of sound finance”.

The rules governing the preparation and issue of receipts are also set out in the edict for all local governments to follow. Treasury receipts are supposed to be made out in triplicates, (an original, and two carbons) copies dealt with follows: -

- a. Top copy issued to the payee
- b. Second copy used by the cashier as a receipt voucher to support the cashbook entry.
- c. Third copy must be retained in the receipt book.

The edict stipulates that if for any reason a receipt is cancelled, the original and the copies must be marked “cancelled” in red ink and left in the receipt book. A similar procedure must be followed with any item such as licenses, if a license is cancelled. It is to be marked “cancelled” and kept in the book of licenses.

The edict also stipulates that in the case of revenue becoming due at recurrent fixed internals, for example rent or plot fees, a register of recurring revenue must be kept showing the dates when the amount is due, and when paid. The register is kept for revenue, which becomes due each month. Such a

register must be periodically scrutinized to ensure that amounts due are paid on the due dates, and adequate steps taken to verify that new items are properly recorded in the register. At the end of every month, all revenue collectors ought to prepare a summary of their collections and present them together with the cash to the treasury department.

It is required under finance order and law that local governments should follow in all their financial transaction, the laid down analysis of revenue and expenditure heads and subheads. This analysis would provide information as to the amounts received from the various sources of revenue and how the revenue has been spent on the various services administered by the local governments' councils in Nigeria. Indeed, one cannot but agree that this information is of vital importance because it enables the state and local governments to review progress made which can be measured in financial terms, in administering the various duties and responsibilities delegated to the local government. It could be seen on how much has been spent on the various services. And the ways in which money has been raised to pay for these services. When the analysis is carefully viewed and used. Some questions can be answered without problem. - Is the total revenue distributed fairly over the various services for which the local government responsible, and in accordance with the state and local government Guidelines? Is the burden of revenue allocated fairly amongst the various services of revenue (e.g. local taxes, state grants, fees, licenses and the payment for such various services).

Indeed, the above discussions have revealed that a standard code of practice has therefore been laid down for the use of local government throughout the federation which is set out in the financial memoranda. The revenue and expenditure transactions ought to be classified under main heads and should be further analyzed under subheads. The main heads cover the principal sources of revenue, and the various services, for which the local

government is responsible, while the sub-head details the kinds of revenue and expenditure.

Hopkins (1988) identified revenue, budgeting and accounts as key areas in which local government staff need to be trained in order to enhance their efficiency. The individual heads and sub-heads under which also gives detailed explanatory notes on items to be included under the various heads and sub-heads, that is revenue which is available to meet the total expenditure of all kind of revenue under each of the four heads. Head 5 is for government statutory allocation or general grant payable to the local government.

Other measure to control revenue inflows in the local government includes the following: -

The treasurer must ensure that action is taken on return of Revenue Earning Books to the treasury.

A check should be made to verify that all sums recorded on the cash book and copies of individual receipts have been brought to the treasury.

Returned books should be checked to verify that all duplicate of receipts are intact, record the necessary details and that where receipts have been spoilt or duplicates must not be removed from the booklet.

Receipt book distribution register should be kept in the treasury store, which will be recorded, and the issuance and return of Revenue Earning Book to each collector.

Revenue collector issuing Revenue Earning Books to their subordinates shall keep distribution register to make sure that subordinates signs it before receipt is issued and the same when returning it.

Auditors are to issue certificates for exhausted or obsolete Revenue Earning Books, which are no longer required for audit purposes and order for their immediate destruction.

The steps are not exhaustive; there are other ways in which revenue control at the local government can be enhanced. From the foregoing therefore we can note correctly and positively that the question of revenue generation and control in the local government is very vital to the survival of Nigeria. But then a lot of problems are encountered by the local governments in the course of their revenue collection.

## **2.5 Framework and Purpose of Budget in Local Government**

Budget is any statement, which expresses future plans in financial terms; in other words, it is an act of putting together usually in writing or future plans by government, business as well as individuals. Because it usually covers a period of 12 months it is commonly referred to as annual budget or estimates. The origin of annual budget could be traced back to an attempt made by parliament to exercise control towards the activities of Federal Government. Budgeting could simply be considered to be the required instrument for regulating economic development in general. If budgeting is properly applied, it can contribute significantly to efficiency, effectiveness and accountability of financial resources of local government. Budget and estimates, although they are different in connotation, they mean the same thing. Most often, local government uses the word estimates.

Planning and budgeting are two closely related techno-bureaucratic activities that constitute the bedrock of resource management (particular financial resources), and control in the local government as indeed at other levels of Government.

Among other things, a well coordinated system of planning and budgeting provides the basis for the allocation of financial resources among the various competing responsibilities and activities of government over varying time periods short medium and long terms. Also, questions of economy (in the use of resources), control, accountability, etc are addressed largely within this

framework (of planning and budgeting). It is in recognition of their crucial role that the financial memoranda (FM) have made wide-ranging provisions to guide local government functionaries, at the various levels of responsibility and authority, in the conduct of their planning and budgeting functions.

A budget, more popularly known in local government circle as annual estimates is defined in its broadest sense as: “A conscious and systematic allocation of resources prepared in advance, relating to a future period and based on a forecast of key variables adopted to achieve certain policy objectives, which may not set explicit performance target for the achievement of objectives, relates anticipated expenditure to anticipated revenue and form the bases against which actual expenditure and revenue and form the bases against which actual expenditure and revenue can be measured and controlled (Abubakar 1985)”.

Budget system attempts to provide a frame work which will, in given circumstances and organizational contexts provide the most effective channel for efficient resource allocation and management, as well as ensure effective financial control and accountability. It is made clear that annual estimates are mandatory on the local government. The local government edit requires that each year, every local government shall prepare detailed estimated of revenue and expenditure the next financial year. The local government council approves the estimates and submits copies with their resolutions of approval to the executive council in accordance with the timetable laid down. The annual estimates provide the means where by the finance and the activities of the local government are controlled.

In view of this therefore, no local government can succeed without the management paying kin attention to its budget implementation. Ideally, local government budget is expected to serve the following functions: -

- i) It provides a financial plan of action for the financial year under review.

- ii) It serves as a tool of accountability.
- iii) It serves as a management tool for decision making, planning and controlling.
- iv) It serves as a tool of economics policy.

A good estimate of local government should feature the following: -

- a) Continuation of socio-economic development through the provision of social infrastructures and basic amenities to the people at grassroots.
- b) Opening up of rural areas and rural development programmes.
- c) Completion of on-going projects.
- d) Greater emphasis on maintenance culture through machinery for its enforcement.
- e) Creation of appropriate incentive and support services for non-governmental sectors such as clubs, associations to participate in development of rural areas.
- f) To provide a mechanism to ensure adequate control over Revenue and Expenditure.
- g) To provide legal authority for incurring expenditure.

The approved estimates also constitute the authority for the raising of revenues and of incurring expenditure, all of which have to be within the terms and limits of the estimate. And deviations, such as exceeding the approved limits of expenditures on any purpose, incurring expenditure on new purposes, or raising revenues from new sources, not approved in the estimate, must be specifically approved by the appropriate authority. The estimates, ideally, are divided into heads and sub-heads or vote's revenue and expenditure, and detailed in the estimate proforma with explanatory note.

That the estimate total recurrent revenue must be sufficient, so much enough to meet the estimated recurrent expenditure on all services and heads allowances having been made for expenditure generated by extension services and new capital development projects. It should also provide from recurrent revenue, the deficits needed to meet the net capital expenditure, this is, the amount by which expenditure exceeds capital revenue. It is also has to maintain sufficient expenditure. That is, the amount by which expenditure exceeds capital revenue. It also has maintained sufficient working capital.

In view of this therefore the annual estimates, as approved, are the authority for a local government to raise revenue and incurred expenditure, and the amount approved are knows as votes for the various individual items.

### **Units in Local Government**

The word “Accountability is the process in which a servant can justify his stewardship of the public trust vested in him/her. The management of local government is required to give accountability of its financial operations. Every kobo spend out of the public funds is expected to be accountable for. To prove a satisfactory level of accountability, all necessary and relevant books of accounts must be kept and maintained by the treasury department.

The adequacy of these accounting records provides a proof of the public funds being properly accounted for in accordance with section 18.3 of Local Government Financial Memoranda.

The following are the main books of accounts maintained by Local Government: -

1. Cash book (ordinary and columnar)
2. Department Vote Ledger (DVA)
3. Daily and Monthly Abstract of Revenue Account

4. Daily and Monthly Abstract of Expenditure Account
5. Personal Emolument Register
6. Deposits Ledger
7. Advances ledger
8. Investment ledger (general and renewal)
9. Remittances Account
10. Reserve funds account
11. Assets register
12. Allocated and unallocated stores accounts
13. Revenue Receipts register

Other books of account and documents, which are to be maintained permanently in Local Government Treasury, include the following: -

1. Monthly Reconciliation of Accounts
2. Bank Statement File
3. Annual Financial Statement (Annual Accounts)
4. Capital Expenditure Register
5. Loan Account

### **Cash Book**

All receipts and payments must be entered individually in the cash book in the order of double entry bookkeeping, i.e. debit the receiving account and credit the giving account. All monies received either in from of revenue or grants should be receipted and posted to the cash book on the debit side. While all monies paid out should be posted to the cashbook on the credit size. The cashbook is considered as the financial memory of the Local Government

financial activities. It contains 2-columns for cash and Bank on each side of the Debit and credit sides.

## **2.6 Accounting in Local Government**

Accounting is an act of identifying, recording, measuring and reporting of financial information. In a border sense, it is an information gathering system which records and measures economic events, which take place within an organization.

The objectives of local government accounting system are as follows: -

- a) To provide a management accounting service to the council, its committees and the departments in order to facilitate making prompt policy and management decisions on the basis of accurate and comprehensive financial information
- b) To provide financial accounting service by means of accurate and appropriately analyzed records of funds lawfully received by the local government and a detailed analysis of how these funds have been expended in discharging the local government function;

Accounting has always been an important component of bookkeeping and fiscal control functions of local government. These accounting control systems for the most part, are based on double entry accounting practices developed in the private sector management. The role of accounting in local governments is expanding unlike the system used during the colonial and early independent era. Today, because of operations of Local Governments the method of accounting has been well developed. Some Local Government Councils in the Country have already gone computerization. This type or system performs all sorts of accounting activities at greater speed accuracy and the ability to process bulky inputs. A typical example of these Local governments is: Yola South Local Government Council.

However, the social accounting measures all social activities in the public sector with a view to determining the efficient and effective utilization of resources in the provision of social services for members of the society. In a nutshell therefore, “social accounting”, otherwise referred to as “Government Accounting” or “Public Sector Accounting” deals mainly with the control and stewardship of receipts, payments and related activities in the public sector.

Government (Federal, State and Local) Accounting in Nigeria conforms to the finance (control and management) ordinance of 1958 and audit ordinance of 1956. The provisions of the two ordinances were entrenched in the 1960, 1999 constitution. The system of accounting in Nigeria (Federal, State, and Local) conforms to the world conventional principle of accounting i.e. double entry book-keeping system.

## **2.7 The Expenditure**

A formal approval of the annual estimates by the legislative council in a democratic government constitutes the legal authority for expenditure to be incurred by the Local Government Council. Section 64-69 of the Financial Memoranda requires that all officers responsible for Expenditure (i.e. officer controlling vote) to exercise due economy. Money must not be spent merely because it has been voted – before any expenditure is committed by spending departments, it is mandatory that the cash flow analysis rendered by the treasurer to the executive council of the local government be strictly adhered to.

A great deal of attention in development research and policy circles has recently focused on the efficacy of public expenditures in providing basic services to poor people, and on how actually making services work for the poor is constrained by weak incentives of public agents World Development Report 2004.

Local government expenditure responsibilities are financed largely through statutory allocations from the federal government, with Local Government Areas regularly receiving about 20 percent of total revenues in the divisible pool called the Federation Account.

**i) Classification of Expenditure**

Section 2.3 financial memoranda for local government gave some classifications of expenditures in to 2 major categories. The annual expenditure estimates of local governments shall be prepared under the following heads, each of which will be sub-divided into separate sub-heads according to activities, functions, services or sectors in line with the programmes.

A summary of expenditure classifications are as follows: -

**ii) Recurrent Expenditure**

- Head 2001 A - The council (executive)
- 2001 B - The council (Legislative)
- 2002 - Office of the Secretary
- 2003 - District Administration
- 2004 - Treasury
- 2005 - Planning and Budgeting
- Head 2006 - Education
- 2007 - Primary Health Care and Social Welfare
- 2008 - Community Development, Information & Culture
- 2009 - Works and Housing
- 2010 - Agriculture and Natural Resources
- 2011 - Commerce and Industries

2012 - Traditional Offices

2013 - Miscellaneous

**iii) Capital Expenditure**

**Economic Sector.**

Head 4001 - Agriculture and Rural Development

4002 - Livestock

4003 - Forestry

4004 - Fisheries

4005 - Irrigation

4006 - Rural Electrification

4007 - Commerce, Finance, Cooperation & Supply

4008 - Transport (Roads and Bridges)

**Social Services Sector:**

Head 4009 - Education

4002 - Health

4011 - Information

4012 - Social Development, Sport and Culture

4013 - Fire Services.

**Area Development Sector:**

Head 4014 - Water Resources and Water Supply

4015 - Environmental sewage & Drainage

4016 - Town and Country Planning

4017 - Community Development.

### **Administration Sector:**

Head 4018 - General Administration (office building)

4019 - Staff Housing

4020 - Workshop

### **Repayment of Capital Loan Sector:**

Head 4021 - Repayment of Loan and Interest.

The planned programme of action for local government council is envisaged in the annual estimate, which shall serve as a guide for implementation of the estimate. All the operational activities of the council are within the scope and limit of the annual estimates.

## **2.8 Financial Control System**

Planning and controlling are twin functions of management that played a vital role in the success of any organization. Control in management of finances, means all aspects of control measures be it administrative control, accounting control, internal checks and internal control adopted by management to ensure that Revenue and Expenditure systems are adequately accounted for in a manner that efficiency, effectiveness and economy being achieved.

In local government financial administrative, control measures are guided by some legal instruments, which led down all requirements, guidelines and procedures for a perfect control system. These instruments are: -

### **Financial Regulations**

Various laws guide the operations of local government and guidelines issued by the Federal and State governments from time to time as it deem fit. The foundation of indigenous management and control of public funds were laid through the audit acts 1956 and finance (control and management) Act

1958. The provision of these enactments were incorporated and integrated with the various constitutions since 1960-1999.

By definition, the accounting system of local government councils comprises the 2<sup>nd</sup> edition of the financial memoranda 1991 as amended by the implementation guidelines in the Local Government Service 1989 and relevant provision of Decree 15 local Government (Basic Constitutional and Transitional Provisions Decree 1989) and the 1991 Amendment signed by the then Vice President Admiral A.A. Aikhomu.

**Accountability:** In his paper “Accountability and Efficiency in Nigeria Local Government System” said that, “accountability is a major instrument of instilling public trust or confidence in any organizational setup any organization that lacks a good system of accountability will hardly accomplish its goals. It is therefore imperative that some one has to answer for the success or failure of an organizational set up which the local government system is one. It is perhaps on the basis of this consideration that the local government chairmen in Nigeria are held primarily accountable for what happens within the system”.

Points out that institution of local accountability in developing countries are often weak, with the attendant risk of “capture” of public resources by local elite. When local government revenues are largely coming from taxpayers outside the local jurisdiction through intergovernmental grants, as is often the case in developing countries with geographic concentration of national resources and low local revenue potential, there is greater risk of “capture” because local citizens might not be well informed about what resources are available to their local representatives for the delivery of public services. What can be done about this problem of local accountability? The technical design of intergovernmental transfers is unlikely to have the desired impact on the general problem of accountability, and that larger political economy solutions need to

be explored to promote better public service delivery by local government measures to ensure accountability: -

- Separation of powers
- Executive, council, the courts
- Re-call
- Probe/inquiry
- Financial instructions in writing
- Public accounts committee
- Chief accounting officer to give monthly returns to council/ committee.
- Quarterly returns to State Government, the Presidency and Central Bank.

Whatever the name is, the Chairman of Local Government in Nigeria is the Chief Executive and Accounting Officer of the Local Government. In other checks his excesses he is prevented from signing vouchers and checks. The Head of the Personnel Management Department and Treasurer to the Local Government signs vouchers and checks. Each payment voucher must have been attached to it, the written authorization of the competent officer or organ. The Local Government Chairman must observe and comply fully with the checks and balances spelt in the existing guidelines and Financial Regulation governing receipts and disbursement of public funds and other assets entrusted to his care and shall be liable for any breach thereof.

The mere fact that a Local Government Chairman is no longer a serving officer of the Local Government does not exonerate or insulate him from accountability. After leaving office, he could still be invited to account for his tenure as the Chairman. This control measure is aimed at preventing loots of government treasury as used to be the case in the past.

According to the Handbook on Local Government in Nigeria published by the Federal Government in 1991, the Chairman as Chief Executive and Accounting Officer shall face periodic checks in order to ensure full adherence to Finance (control and Management) Act of 1958. The Act and amendment stated as follows:

All instructions relating to expenditure of public funds by the Accounting Officer shall be in writing.

All accounting offices shall be responsible to account to the public accounts committee for all monies voted for each department and shall be peculiarly liable.

The Chairman as Chief Executive and Account Officer shall render monthly statements of income and expenditure and annual reports to the Local Government Council for it to consider and debate as order to ensure accountability and enforce the performance ethics. The format and content of the annual report shall place emphasis on performance and concrete achievements of the Local Government targets and output during the relevant year.

The Local Government Chairman shall render quarterly returns of actual income and expenditure of the Local Government to the state government for onward transmission to the office of the Vice-President of the Federal Republic of Nigeria with a copy to the Central Bank of Nigeria.

The Chairman as Accounting Officer shall be bound by the provisions of any other rules, regulation, guidelines, edict and laws governing the role and functions of a Chief Executive and Account Officer.

The Chairman shall ensure the strict observance of the spending limits by all concerned.

All reference to the Secretary as Accounting Officer in the Financial Regulations and any other rules, regulations, guidelines, edicts or laws shall be construed as reference to the Chairman.

The Chairman shall direct the affairs of the Local Government and shall allocate responsibility to the Vice-Chairman, Supervisors and Secretary to the Local Government.

The Chairman shall hold meetings with the members of the Executive Committee of Local Government, i.e. Vice-Chairman, Secretary and Supervisors at least once every week.

He shall maintain liaison with the Local Government Legislature and the leader of the Legislature in the interest of the local government.

The Chairman shall countersign the Annual Performance Evaluation Report of the Heads of Department of the Local Government, which shall be initiated by the Secretary to the Local Government.

The Chairman shall, at least once a year address the local government council and present to the council an account of his stewardship, stating clearly his achievements and problems during the year.

He shall, at the beginning of every year, present his budget proposals to the Local Government Council for it to consider and approve.

The Chairman can delegate financial powers but in exercise of these powers conferred on him, he is duty bound to consult his Vice-Chairman, Supervisors and the Secretary. If the Chairman is leaving office for reasons, he must prepare a handing-over note for his successor.

Even the Vice-Chairman may also be invited after leaving officer to account for his tenure. Of relevance to the accounting procedure also are the

role of Head of Personnel Management (HPM) and Local Government Treasurer.

In the process of ensuring accountability, it becomes the statutory role of the Head of Personnel Management to sign all checks, contractual agreements, Local Purchaser Order Forms and other documents relating to contracts, supplies, subject to the prior approval of the approving authority.

The Local Government Treasurer, in his capacity as the chief Financial Adviser to the Local Government, has the responsibility for the administration control of the financial department of the local government. He accounts for the receipts and payments of the Local Financial Memoranda is complied with by all Departments of the Local Government. The treasurer has the responsibility for budgetary control and must ensure proper supervision of the accounts of all the departments of Local Government. He prepares and publishes monthly and annual financial statements of the local government and must be a signatory to the local government checks and vouchers. All instructions relating to the expenditure of public funds are in writing. The treasurer must make all accounting officers to understand that they are responsible to the public accounts committee for all monies votes for each local government.

There is no spending limit for the Executive Committee of Local Government in Nigeria; instead provisions were made in the local government guideline to ensure checks on expenditure, contract, purchases, payments and personal advances procedures. Projects were to be contained in the approved budget or supplementary estimates of the local government of the year.

The executive council of the local government was also saved the rigor involved in referring contracts to State government for approval. They can now award any contract provided that the project had received the prior approval of the Legislative Arm of the Local Government during the normal process of

annual budget exercise. The following are the individual monthly spending limits of Nigerian Local Government.

All expenditure approved by an individual officer shall be reported within a week to the next higher authorizing officer for information;

Each officer authorizing expenditure shall be held personally accountable, even after leaving officer, for the expenditure approved by him;

The limit of authority to approve expenditure shall be subject, in the usual manner to budgetary appropriation, availability of funds and financial memoranda;

All expenditure beyond the individual spending limits shall be referred to the next higher officer or to the Executive Committee of the local government as the case may be;

The total monthly expenditure authorized by each officer shall be formally reported in the monthly statement of expenditure rendered to the Legislative Arm of each Local Government;

Until all local government can boast of qualified personnel in budget preparation, the staff of Ministry for Local Governments in ensuring that the budgets are prepared in accordance with stipulated guidelines;

All contractual agreements, local government purchase orders, job order forms or such other documents relating to contracts, supplies, etc. shall be signed by the head of Personnel management department only after the appropriate approving authority has given the necessary approval. If that authority insists, he shall raise an audit alarm and finally, all approvals for expenditure shall be in writing;

In furtherance to the accounting procedure of the Local Government, each Local Government in Nigeria has an Internal Audit Unit. The audit is headed by a qualified Accountant. However, the Internal Auditor is subject and

directly responsible to the Accounting Officer. He reports monthly to the Accounting Officer, as well as State Auditor-General for Local Governments, on the true progress of the Audit. In any Local Government where a system of stores stock verification does not exist, the Internal Auditor shall assume the control of stock verification staff and direct their program of inspection.

A further accounting procedure in the Local Government is carried out by the State Auditor-General for local governments. He is vested with the power to carryout, on regular basis, the auditing of Local Government accounts. He also has the power to sanction and surcharge any officer as stipulated in the guidelines governing offences and sanctions.

The State Auditor-General is also the Chairman of Local Government Audit Alarm Committee. He is empowered to have access to the State Governor through the Governor's representative on the Audit Alarm Committee. He is also to notify the Public Accounts Committee of audits of importance and serious pre-payment audit queries for which the Accounting Officer of Local Government is liable or responsible. In addition, any other sensitive issues, which because of its urgency cannot wait until the committee is convened, shall be dealt with by the State Auditor-General for Local governments.

As part of accounting process, Audit queries are supposed to be answered within the time limit stipulated in the rules governing offences and sanctions. Where the query concerns the accounting officer, he should answer it in person. If the accounting officer does not respond within the stipulated time to a query that affects his office, the State Auditor-General for Local governments shall inform the Public Accounts Committee, the Governor and relevant Legislative Arm of Local Government in writing. Where the failure to answer the audit query is by an officer other than the Chairman of Local Government, the State Auditor-General for local governments shall impose, through the local government service commission, the necessary sanctions or punishments on the

erring officer who shall have the right of appeal to the Public Accounts Committee.

To ensure effectiveness of audit functions, all Local Governments entering into contract agreements shall henceforth include a clause enabling the State Auditor-General for local government have access to sites for purposes of auditing or monitoring contract performance.

### **The Financial Memoranda**

This is a set of bended rules, regulations, procedure guidelines and sanctions regarding the administration of Local Government finances. It set out the basic accounting and reporting principles of Local Government Accounting system adopt the cash basis accounting. Under this basis, a transaction is recorded when cash is received or paid in respective of when goods or services were rendered.

Emphasis is placed on cash programming with a view to meeting a current commitment from currently expendable funds. The operations of Local Government finances being with the adoption and approval of the Annual Estimates of Revenue and Expenditure.

### **Functions of Ministry for Local Government And Chieftaincy Affairs.**

This ministry carryout Administrative and financial inspect, supervision and generally guiding the local government's operation to enable it to be effective, efficient and productive when dispensing the responsibilities.

### **Summary of Functions of Local Government Auditor General.**

There shall be established in each State the office of Auditor-General who shall be appointed by the Governor of State. The Auditor-General shall: -

Have power to carryout, on regular basis, the auditing of local government accounts;

Have power to sanction and surcharge any Officer as in Financial memorandum 39.3. However, appeals against such decision shall lie to the Public Account Committee;

Be the Chairman of the Local Government Audit Alarm Committee;

Have access to the State Governor through the Governor's representative on the Audit Alarm Committee;

Notify the Public Account Committee and the Local Government's Council of audit queries for which the Accounting Officer of the Local Government is liable or responsible. In addition, any other sensitive issue which, because of its urgency cannot wait until the committee is convened, shall be dealt with by the Auditor-General of Local Government Audit;

Inform both the Public Accounts Committee, the Local Government Council and the Government in writing where a Local Government Accounting Officer does not respond within the stipulated time to a query that affect his office;

Where the failure to answer the audit query is by an Officer other than the Chairman of a Local Government Service Commission, the necessary sanction on punishment on the erring Officer who shall have the right of appeal to the Public Accounts Committee;

Have access to site for purpose of auditing or monitoring contract performance.

There shall be established a local government audit alarm committee in each state comprising the following;

- i. Auditor-General for local government;
- ii. Director for local government matters representing the state governor's office;
- iii. Representative of the state accountant-general's office.

The work of the audit alarm committee shall be facilitate by the following local government officials;

- i. Head of personnel management;
- ii. Treasurer to the local government
- iii. Internal auditor to the local government

It shall be their individual and join responsibility to alert the local government audit alarm committee before irregular or illegal payments are made. Failure to do so promptly will make them liable to appropriate share of punishment as provided under financial memorandum. The Adamawa State law No.4 of 2000 specify the spending limit on local functionaries and auditing accounts of local governments as follows: -

The council and chairman of local government shall have the following as spending limits which be subject to review by the house of assembly;

The council that generates above N2million shall spend N200,000.00 to 500,000.00.

The council that generates above N2million shall spend N150,000.00 to 250,000.00.

The council that generates below N1million shall spend N50,000.00 to 150,000.00. Locally generated revenue shall be spent as follows;

Chairman – N100,000.00

Secretary – N20,000.00

Directors – N10,000.00

The council that less than N2million as local generated revenue, shall spend: -

Chairman – N50,000.00

Secretary – N15,000.00

Directors – N5,000.00

a. The council that generates less than N1 million shall spends: -

Chairman – N30,000.00

Secretary – N5,000.00

Directors – N3,000.00

Any expenditure above the amount stipulated for the council shall be referred to the state government for approval.

- 1) The accounts of local government and all other offices of the local government shall be audited annually in accordance with the provisions of this section.
- 2) The auditor-general shall, within 6 months from the end of each financial year, submit his report to the house of assembly.
- 3) For the purpose carryout of the duties under this section, the Auditor-General or any person authorized by him in that behalf, shall have access to all books, records returns and other documents relating to those accounts.
- 4) In exercise of his functions under this law, the Auditor-General shall not be subject to the direction or control of any other authority or person.

**Adamawa State House of Assembly Committee on Local Government and Chieftaincy Affairs.**

Thus, there shall be a committee to be known as Committee on Local Government and Chieftaincy Affairs consisting of not less than five members appointed at the commencement of the life of the House.

The committee jurisdiction shall cover: -

- a) Coordinating local government and policy management

- b) Liaising between local government and states
- c) Supervision of joint projects between local government and the state.

## **2.9 Study Area**

Yola South Local Government Area of Adamawa State lies between latitude 09<sup>0</sup>17 to 09<sup>0</sup>13 North and longitude 12<sup>0</sup>17 to 12<sup>0</sup>33 east of the Greenwich meridian with an altitude of about 185m above sea level; it has a total of landmass of 3128km/sq.

Yola south is bounded to the north by Yola North (Jimeta) and to the East by Fufore Local Government, to the West by Demsa Local Government Area.

### **Climate**

Yola South lies within the Guinea Savannah region with a tropical climate marked by wet and dry season. The wet season commences around April to May and ends in October. The climate is characterized by single maximum which is recognized in the month of August. The dry season stand in November and ends March. This is the period of hamatan, a period when the dust laden North-East trade wind from Sahara desert have marked effect on the climate of the study area.

The average minimum temperature recorded is about 40<sup>0</sup>Celsius. The hottest month is Mark and April with maximum temperature of about 43<sup>0</sup>Celsius (UBRBDA, 2006). Annual rainfall in this study area 956mm with highest recorded in August (UBRBDA, 2006).

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Research Design**

The research design adopted for this study is the survey research design. Here, the researcher conducts a survey through the administration of questionnaires to staff of Yola South local government.

#### **3.2 Population of the Study**

For the purpose of this research, the population consists of the staff of the Finance Department of Yola South Local Government Council. The population is 140 staff. The choice of this population is guided by the fact that the research is to be carried out in the Finance Department of Yola South Local Government Area.

#### **3.3 Sample of the Study**

For the purpose of this study, a sample of 100 employees of the Finance Department of Yola South Local Government Council was used. Because they are the staffs that have experience on financial matters.

#### **3.4 Sampling Techniques**

The sampling techniques used in this research were stratified sampling and simple random sampling. Stratified sampling technique is used where the population embraces a number of distinct categories. The stratified random sampling enables the whole population to be first divided into strata, then random sampling within each stratum is made and this is used to estimate the value of the parameters. In a simple random sample ('SRS') of a given size, all such subsets of the frame are given an equal probability. Each element of the frame thus has an equal probability of selection: the frame is not subdivided or

partitioned. Furthermore, any given *pair* of elements has the same chance of selection as any other such pair (and similarly for triples, and so on). This minimises bias and simplifies analysis of results. In particular, the variance between individual results within the sample is a good indicator of variance in the overall population, which makes it relatively easy to estimate the accuracy of results. This will give each member of the population an equal chance of being selected; this will be done through the use of table of random numbers.

### **3.5 Sources and Method of Data Collection**

The questionnaire was administered face-to-face to ensure clarity and confidentiality. The face-to-face administration of the questionnaire will enable proper introduction of the questionnaire and the purpose of the research to the respondents. They will be encouraged and assured that, their responses will be treated with confidentiality; therefore, they should give genuine, sincere and fearless responses which will be use for appropriate recommendation and improve the standard of living in the community. Finally, data will be collected from documentations on financial management records of local government.

### **3.6 Instrument for Data Collection**

The main instrument for data collection is the questionnaire.

### **3.7 Method of Data Analysis**

Since this research is descriptive research, the responses will be treated using available statistical measures. The analysis will be base on the success of the project undertaking by the local government council within the period of 2006-2010 respectively. The data to be collected is analysed using inferential statistics.

Data is analysed using tools of descriptive statistics such as tables and charts. However hypothesis will be tested using the Z-test.

The Z-test is usually adopted in a two sample test of hypothesis, when comparing two population means we wish to know whether they could be equal. We are investigating whether the distribution of the difference between the means could have a mean of zero (0). The test statistics is the standard normal (Z) if the samples both contain at least 30 observations known. In this test, no assumption about the shape of either population is required. Also, the samples are from independent population (Bazza and Vandibe, 2009).

The Z-test is expressed as:

$$Z = \frac{\bar{X} - u}{\delta / \sqrt{n}}$$

Where:      Z      =      Z statistics  
                   $\bar{X}$      =      Population mean  
                   $\delta$       =      Population standard deviation  
                   $n$       =      Population  
                   $u$       =      The mean of the standard normal curve which coincides with the median and the mode. It is assumed to be equal to zero.

### **3.8 Validation of Instrument**

The research instrument will be validated using expert opinion validity. This entails seeking the opinion of lecturers in the university and administrators at the local government level.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

#### 4.1 Data Presentation

This section of the chapter presents the data collected for this study. The general objective of the research is to identify how funds are managed in the local government areas with particular reference to Yola-South Local Government Council and in Nigeria in general for the period of three years from 2007-2010. A total of 100 questionnaire were administered and 87 were returned. However, section 'A' of the questionnaire deals with general information of the respondents.

**TABLE 4.1: this table show the Sex distribution of the Respondents**

S/N	Sex	Response	Percentage
1	Male	59	68
2	Female	28	32
	<b>Total</b>	<b>87</b>	<b>100</b>

*Source: Field Survey, 2011*

Table 4.1 reveals that 68% of the respondents that respondents were male, as compared to 32% female. This shows that there more Male respondents than female respondents.

**TABLE 4.2: this table shows the Qualification of the Respondents**

S/N	Qualification	Response	Percentage
1	General certificate of Education (GCE) / West African School Certificate (WASC)	12	14
2	Ordinary National Diploma (OND), Higher National Diploma (HND) and National Certificate of Education (NCE)	57	66
3	Bachelor of Science (B.Sc)/Arts	17	20
4	Masters Degree	1	1
	<b>Total</b>	<b>87</b>	<b>100</b>

*Source: Field Survey, 2011*

In table 4.2, 66% of the respondents were Ordinary National Diploma, Higher National Diploma and National Certificate of Education holders, making the higher percentage of the responses. However, only 1% were Master Degree holders.

**TABLE 4.3: this table show the years of experience of the Respondents**

<b>S/N</b>	<b>Years of Experience</b>	<b>Response</b>	<b>Percentage</b>
1	Less than 5years	28	32
2	6 – 10years	18	21
3	11 – 15years	16	18
4	16years and above	25	29
	<b>Total</b>	<b>87</b>	<b>100</b>

*Source: field survey, 2011*

In table 4.3 reveals respondent having years of experience of less than 5years made up to 32% of the respondents. However, others fall as 21%, 18% and 29% respectively.

**TABLE 4.4: this table show the duration in management position of the Respondents**

<b>S/N</b>	<b>Duration in Management</b>	<b>Response</b>	<b>Percentage</b>
1	0 – 2 years	20	23
2	3 – 4years	28	32
3	5 – 6years	7	8
4	More than 6years	32	37
	<b>Total</b>	<b>87</b>	<b>100</b>

*Source: Field Survey, 2011*

Table 4.4 shows that the ages of more than 6years responded up to 37% as against 23%, 32% and

**TABLE 4.5: this table shows the Revenue Generation and Utilization by the local Government Council**

S/N	Statement	Score (x)	Freq. (F)	FX	MEAN ( $\frac{\sum Fx}{\sum F}$ )
1	The revenue realized by the local government is adequate to sustain its official responsibilities.	1 2 3 4 5	8 31 4 26 18	8 62 12 104 90	3.17
2	The funds realized by the local government council was effectively, efficiently managed such as to meet the social welfare services of the citizens.	1 2 3 4 5	6 30 13 31 7	6 60 39 124 35	3.04
3.	More than half of revenue realized was used for re-current expenditure.	1 2 3 4 5	4 14 15 39 15	3 28 45 156 75	3.50
4	Less than half of revenue realized was used for capital project.	1 2 3 4 5	13 28 6 29 11	13 56 18 116 55	2.96
5	The funds at the disposal of the local government councils are properly utilized.	1 2 3 4 5	14 24 10 30 9	14 48 30 120 45	2.60
6	There was an effective procedure in management of funds in Yola-South Local Government Council.	1 2 3 4 5	3 21 11 45 7	3 42 33 180 35	3.36
7	The management of funds in the local government is effective.	1 2 3 4 5	4 29 13 30 11	4 58 39 120 55	3.17

S/N	Statement	Score (x)	Freq. (F)	FX	MEAN ( $\frac{\sum Fx}{\sum F}$ )
8	The local government functionaries are complying with the laid down management measures put place in carrying out their duties.	1 2 3 4 5	4 16 11 41 15	4 32 33 164 75	3.50
9	The budget implementation is properly followed.	1 2 3 4 5	8 18 15 33 13	8 36 45 132 65	3.20
10	The results of budget implementation are compared with the achievements at the end of the year.	1 2 3 4 5	4 19 16 36 12	4 38 48 144 60	3.30
11	The internal source of revenue is adequate.	1 2 3 4 5	9 31 14 26 7	9 62 42 104 35	2.80
12	The internally generated revenue is promptly collected.	1 2 3 4 5	4 24 15 30 14	4 48 45 120 70	3.20
13	The federal statutory allocation is promptly received.	1 2 3 4 5	0 11 6 39 31	0 22 18 156 155	4.03
14	The state statutory grant in promptly received.	1 2 3 4 5	4 16 14 30 23	4 32 42 120 115	3.50
	<b>Total</b>				<b>45.33</b>

Source: Field Survey, 2011

Table 4.5 shows responses on the revenue generation and utilization in the local government.

**TABLE 4.6: this table show the Responses on Facilities provided by the Local Government Council.**

S/N	STATEMENT	RESPONSES			
		ADEQUATE		INADEQUATE	
		Freq.	(%)	Freq.	(%)
1	Agricultural inputs	68	78	19	22
2	Livestock services	50	57	37	43
3	Education	71	82	16	18
4	Provision of Water	68	78	19	22
5	Transport Services	31	36	56	64
6	Rural electrification	21	24	66	76
7	Rural roads and bridges	66	76	21	24
8	Health facilities	77	89	10	11
9	Drainage and environmental sewage	66	76	21	24
10	Development of markets and motor parks.	60	69	27	31
11	Shopping complex	26	30	61	70
12	Television viewing center	77	89	10	11
13	Staff housing	46	53	41	47
14	Staff canteen	56	64	31	36
	<b>Total</b>	<b>Σ783</b>		<b>Σ435</b>	

*Source: Field Survey, 2011*

Table 4.6 shows the responses of respondents on the facilities provided by the local government council.

**TABLE 4.7: this table shows the Responses on Management of Funds**

S/N	STATEMENT	RESPONSES			
		ADEQAUTE		INADEQAUTE	
		Freq.	(%)	Freq.	(%)
1	Management of funds in terms of revenue generation.	52	60	35	40
2	Management of funds in terms of budget implementation.	48	55	39	45
3	Management of funds in terms of accountability.	60	69	27	31
4	Management of funds in terms of record keeping.	67	77	20	23
	<b>Total</b>	<b>Σ227</b>		<b>Σ121</b>	

*Source: Field Survey, 2011*

Table 4.7 shows the responses of respondents on the management of funds in the local government council.

**TABLE 4.8: this table show the Responses on Proper Utilization of Funds in Local Government Council**

S/N	STATEMENT	RESPONSES			
		ADEQUATE		INADEQUATE	
		Freq.	(%)	Freq.	(%)
1	In terms of developmental projects	62	71	25	29
2	In terms of security of lives and properly of the people in the local government.	76	88	11	12
3	Prompt payment of staff salary and allowances.	83	95	4	5
4	Provision of equipment, working materials and stationeries.	60	69	27	31
5	Maintenance and services	67	77	20	23
	<b>Total</b>	<b>Σ348</b>		<b>Σ87</b>	

*Source: Field Survey, 2011*

Table 4.8 shows the responses of respondents on the proper utilization of funds in the local government.

#### 4.2 Data Analysis

From the Likert four scale table with mean scale of 3.00, the researcher choose any value below the mean as No or negative while the mean that falls 3.00 as Yes or positive example.

#### 4.9 Scoring Method

S/N	Score (x)
1	1
2	2
3	3
4	4
5	5
<b>Total</b>	<b>15</b>

$$N = 5$$

$$\sum x = 15$$

$$\frac{\sum x}{n} = \frac{15}{5} = 3.00$$

The man scale is 3.00 form the computation above. As earlier stated any mean that falls below 3.00 is “No” or “Disagreed”, while the mean that falls above 3.00 is “Yes” or “Agreed”.

**TABLE 4.10: this table shows the Revenue Generation and Utilization by the Local Government Council in Yola South Local Government.**

S/N	STATEMENT	SCORE (X)	FREQ. (F)	FX	MEAN ( $\frac{\sum FX}{\sum F}$ )	REMARKS
1	The revenue realized by the local government is adequate to sustain its official responsibilities.	1 2 3 4 5	8 31 4 26 18	8 62 12 104 90	3.17	Agreed
2	The funds realized by the local government council was effectively, efficiently managed such as to meet the social welfare services of the citizens.	1 2 3 4 5	6 30 13 31 7	6 60 39 124 35	3.04	Agreed
3	More than half of revenue realized was used for recurrent expenditure.	1 2 3 4 5	4 14 15 39 15	4 28 45 15 75	3.50	Agreed
4	Less than half of revenue realized was used for capital project.	1 2 3 4 5	1 28 6 29 11	13 56 18 116 55	2.96	Disagreed
5	The funds at the disposal of the local government council are properly utilized.	1 2 3 4 5	14 24 10 30 9	14 48 30 120 45	2.60	Disagreed

S/N	STATEMENT	SCORE (X)	FREQ. (F)	FX	MEAN ( $\frac{\sum FX}{\sum F}$ )	REMARKS
6	There was effective procedures in management of funds in Yola-South Local Government Council.	1 2 3 4 5	3 21 11 45 7	3 42 33 180 35	3.36	Agreed
7	The management of funds in the local government is effective.	1 2 3 4 5	4 29 13 30 11	4 58 39 120 55	3.17	Agreed
8	The Local Government functionaries are complying with the laid down management measures put in place in carrying out their duties.	1 2 3 4 5	4 16 11 41 15	4 32 33 164 75	3.50	Agreed
9	The budget implementation is properly followed	1 2 3 4 5	8 18 15 33 13	8 36 45 132 65	3.20	Agreed
10	The results of budget implementation are compared with the achievements at the end of the year	1 2 3 4 5	4 19 16 36 12	4 38 48 144 60	3.30	Agreed

S/N	STATEMENT	SCORE (X)	FREQ. (F)	FX	MEAN ( $\frac{\sum FX}{\sum F}$ )	REMARKS
11	The internal sources of revenue is adequate	1 2 3 4 5	9 31 14 26 7	9 62 42 104 35	2.80	Disagreed
12	The internally generated is revenue is promptly collected	1 2 3 4 5	4 24 15 30 14	4 48 45 120 70	3.20	Agreed
13	The Federal statutory allocation is promptly received	1 2 3 4 5	0 11 6 39 31	0 22 18 156 155	4.03	Agreed
14	The State Statutory Grant is promptly received.	1 2 3 4 5	4 16 14 30 23	4 32 42 120 115	3.50	Agreed

*Source: Field Survey, 2011*

Summary from table 4.10, which deals with the revenue generation and utilization, the respondents agree Yes that the revenue realized is adequate to sustain the local government, the funds realized were efficiently managed to meet welfare services, more than half of the revenue was used for re-current expenditure. Here as effective procedure in management of funds, management of funds were effective, the local government functionaries are complying with

the laid down management measures, the budget implement are compared with achievements, the internally generated revenue was promptly collected. The federal statutory allocation was promptly received, while other respondents said No on the fact that less than half of revenue realized was use for capital projects, the funds at the disposal of local government were properly utilized and the internal generated revenue was promptly collected.

**TABLE 4.11: this table shows the Responses on Facilities Provided by the Local Government Council.**

S/N	Statement	Responses				Decision
		Yes		No		
		Freq.	(%)	Freq.	(%)	
1	Provision of agricultural inputs	68	78	19	22	Adequate
2	Livestock services	50	57	37	43	Adequate
3	Education	71	82	16	18	Adequate
4	Provision of water	68	78	19	22	Adequate
5	Transport services	31	36	56	64	Inadequate
6	Rural electrification	21	24	66	76	Inadequate
7	Rural roads and bridges	66	76	21	24	Adequate
8	Health facilitates	77	89	10	11	Adequate
9	Drainage and environmental sewage	66	76	21	24	Adequate
10	Development of market and motor parks	60	69	27	31	Adequate
11	Shopping complex	26	30	61	70	Inadequate
12	Television viewing centers	77	89	10	11	Adequate
13	Staff housing	46	53	41	47	Adequate
14	Computer services	56	64	31	36	Adequate
	<b>Total</b>	<b>Σ783</b>		<b>Σ435</b>		

*Source: Field Survey, 2011*

From table 4.11, it is shown that the respondents agreed with statements 1, 2, 3, 4, 7, 8, 9, 10, 12, 13, and 14, while they disagreed with 5, 6 and 11 on the facilities provided by the local government.

**TABLE 4.12 this table show the Revenue Realized by the Local Government Adequate to Sustain its Official Responsibilities**

S/N	STATEMENT	SCORE (X)	FREQUENCY	FX	MEAN	REMARKS
1	The revenue realized by the L.G is adequate to sustain its official responsibilities.	1	8	8	3.17	Yes
		2	31	62		
		3	4	12		
		4	26	104		
		5	18	90		
2	More than half of revenue realized was used for recurrent expenditure.	1	4	4	3.50	Yes
		2	14	28		
		3	15	45		
		4	39	156		
		5	15	75		
3	Less than half of revenue realized was used for capital.	1	13	13	2.6	No
		2	28	56		
		3	6	18		
		4	29	116		
		5	11	55		

*Source: Field Survey, 2011*

From table 4.12 reveals that the respondents all agreed with statements 1 and 2, while they disagreed with statement 3 on the sufficiency of funds to sustain the official responsibilities of the local government.

**RESEARCH QUESTION TWO:** Is the funds realized by the local government council effectively managed to meet the social welfare services of the citizens?

**TABLE 4.13: this table show the Responses on the Effective Management of Funds.**

S/N	STATEMENT	SCORE (X)	FREQ	FX	MEAN	REMARKS
1	The funds realized by the L.G council was effectively, efficiently managed such as to meet the social welfare services of the citizens.	1 2 3 4 5	6 30 13 31 7	6 60 39 124 35	3.04	Agree
2	The local govt. functionaries are complying with the laid down management measures put in place in carrying out their duties.	1 2 3 4 5	4 16 11 41 15	4 32 33 164 75	3.50	Agree
3	The internal sources of revenue is adequate.	1 2 3 4 5	9 31 14 26 7	9 62 42 104 35	2.80	Disagree
4	The internally generated revenue is promptly collected.	1 2 3 4 5	4 24 15 30 14	4 48 45 120 70	3.20	Agree
5	The Federal stationary allocation is promptly received.	1 2 3 4 5	0 11 6 39 31	0 22 18 156 155	4.03	Agree
6	The state grant is promptly received.	1 2 3 4 5	4 16 14 30 23	4 3 42 120 115	3.50	Agree

Source: Field Survey, 2011

In table 4.13, the respondents in statements 1,2,4,5 and 6 all agreed that the funds realized by the local government are properly canceled and managed towards meeting the social welfare needs of the people, while in statement 3, the respondent disagreed.

**TABLE 4.14: this table show the Responses on the Proper Management of funds by the Local Government Council**

S/N	Statement	Responses				Decision
		Yes		No		
		Freq.	(%)	Freq.	(%)	
1	In terms of revenue generation	52	60	35	40	Agree
2	In terms of budget implementation	48	55	39	45	Agree
3	In terms of accountability	60	69	27	31	Agree
4	in terms of record keeping	67	77	20	23	Agree
	<b>Total</b>	$\Sigma 227$		$\Sigma 121$		

*Source Field Survey, 2011*

In table 4.14, reveals the result of 2 point scales. Here the respondents all agreed on statements 1, 2, 3 and 4 on the effective management of funds in the local government council.

**RESEARCH QUESTION THREE:** Are the funds at the disposal of the local government council properly utilized?

**TABLE 4.15: this table shows the Response on the Funds at the Disposal of Local Government Council.**

S/N	STATEMENT	SCORE	F	FX	MEAN	REMARKS
1	The funds at the disposal of the local government council are properly utilized.	1 2 3 4 5	14 24 10 30 9	14 48 30 120 45	2.60	Disagree
2	The management of funds in the Local Government is effective.	1 2 3 4 5	4 29 13 30 55	4 58 39 120 55	3.17	Agree

*Source: Field Survey, 2011*

In table 4.15 shows that the respondents agreed on statement 2 and disagreed on statement 1 on the proper utilization of funds on at disposal of the local government.

**TABLE 4.16: this table shows the Responses on proper Utilization of fund by the Local Government.**

S/N	Statement	Responses				Decision
		Yes		No		
		Freq.	(%)	Freq.	(%)	
1	In terms of developmental projects.	62	71	25	29	Yes
2	In terms of security of lives and property of the people in local government.	76	87	11	12	Yes
3	Prompt payment of staff salary and allowances.	40	56	47	54	No
4	Provision of equipment, working materials and services.	60	69	27	13	Yes
5	Maintenance and services.	67	77	20	23	Yes
	<b>Total</b>	<b>Σ305</b>		<b>Σ130</b>		

*Source Field Survey, 2011*

Table 4.16 is the responses gathered from 2-point terms raised in the questionnaire. The respondents all agreed on statements, 2,4 and 5, on the proper utilization of funds in the local government, while disagreed with statement 3, on prompt payment of staff salary and allowances.

### **4.3 TESTING OF HYPOTHESIS**

#### **Hypothesis One:**

Ho: The revenue realized by the Local Government Council is not adequate to sustain its official responsibilities and functions.

The hypothesis put forward that the staff of the local government strongly agreed that the revenue by the local council is not adequate to sustain its functions.

The variables utilized are the opinion of staff of the local government. The z-statistic was used to test the hypothesis. In this test, if the resultant calculated value is above 1.96 on the 5% level of significance, the hypothesis can be rejected but if below; it will be accepted as having been validated.

**TABLE 4.18 this table shows the Responses of Local Government staff on the Revenue Realized**

**From table 4.11 and 4.12**

Score (x)	Scale	Freq. (F)	FX	X- $\bar{x}$	(X- $\bar{x}$ ) <sup>2</sup>	F (X- $\bar{x}$ ) <sup>2</sup>
1	No	174	174	-0.8	0.64	111.4
2	Yes	609	1218	0.2	0.04	23.8
<b>Total</b>		<b><math>\Sigma 783</math></b>	<b><math>\Sigma 1392</math></b>		0.68	135.2

Source: Field Survey, 2011

$$\bar{X} = \frac{\Sigma fX}{\Sigma f} = \frac{1392}{783} = 1.777778 = 1.8$$

$$\text{Standard Deviation} = \sqrt{\frac{\Sigma f(x-\bar{x})^2}{\Sigma f}}$$

$$S D. = \sqrt{\frac{135.2}{768}} = 0.415534861 \cong 0.42$$

The Z statistics is given by the relation.

$$Z = \frac{\text{Difference in mean score}}{\text{Standard Deviation}}$$

$$Z = \frac{1.8}{0.42} \qquad Z = 4.28$$

$$Z = 4.3.$$

**Inference:** Since our resultant Z – Statistics Value of 4.3 is greater than tabulated Z (1.96) at 5% level of significance, the hypothesis will be rejected hence, the hypothesis will be re-stated as an alternative hypothesis: That the revenue realized by the local government council is adequate to sustain its official responsibility and function.

**Hypothesis Two:**

Ho: The funds realized by the local government council is not properly managed to meet the social welfare of the citizens.

This hypothesis intends to put forward the opinion of the local government staff on the proper management of funds to provide and meet the social needs of the people. In other to test this hypothesis, data from Table 4.10 will be utilized.

**TABLE 4.19: this table shows the Response on the proper Utilization of funds by the Local Government Council**

**From table 4.9**

Score (x)	Scale	Freq. (F)	FX	X- $\bar{X}$	(X- $\bar{X}$ ) <sup>2</sup>	F (X- $\bar{X}$ ) <sup>2</sup>
1	No	261	261	-0.79	0.624	162.86
2	Yes	957	1914	0.21	0.044	42.20
<b>Total</b>	$\Sigma$	<b>1218</b>	<b>2175</b>			205.06

Source: Field Survey, 2011

$$\bar{X} = \frac{\sum fx}{\sum f} = \frac{2175}{1218} = 1.79$$

$$\text{Standard Deviation} = \sqrt{\frac{\sum f(x-\bar{x})^2}{\sum f}}$$

$$S D. = \sqrt{205.06/1218} = 0.410314469 = 0.41$$

The Z-test statistic is given by

$$Z = \frac{1.79}{0.41} = 4.37$$

**Inference:** Since our resultant Z-Vale of 4.37 is greater than 1.96 at 5% level of significance, the hypothesis will be rejected. Hence, the hypothesis will be re-stated as an alternative hypothesis: That the funds realized by the local government council was properly managed to meet the social welfare of the citizens.

**Hypothesis Three:**

Ho: The facilities provided by the LGC are not adequate to meet the needs of the people.

This hypothesis strongly holds the opinion that there are no adequate facilities provided by the local government to meet the needs of the people. Table 4.20 is derived from Table 4.6. It shows respondents view on the adequacy of facilities provided by the LGC.

**TABLE 4.20:** this table show the Responses on Facilities Provided by the Local Government Council.

S/N	Statement	Responses				Decision
		Yes		No		
		Freq.	(%)	Freq.	(%)	
1	Provision of agricultural inputs	68	78	19	21	Agree
2	Livestock services	50	57	37	43	Agree
3	Education	71	82	16	18	Agree
4	Provision of water	68	78	19	22	Agree
5	Transport services	31	68	56	64	Disagree
6	Rural electrification	21	24	66	76	Disagree
7	Rural roads and bridges	66	76	21	24	Agree
8	Health facilitates	77	89	10	11	Agree
9	Drainage and environmental sewage	66	76	21	24	Agree
10	Development of markets and motor parks	60	69	27	31	Agree
11	Shopping complex	26	30	61	70	Disagree
12	Television viewing center	77	89	10	11	Agree
13	Staff housing	46	53	41	47	Agree
14	Computer services	56	64	31	36	Agree
	<b>Total</b>	<b>Σ783</b>		<b>Σ435</b>		

Source: Field Survey, 2011

**TABLE 4.21:** this table show the facilities provided By local government

Score (x)	Scale	Freq. (F)	FX	X- $\bar{x}$	(X- $\bar{x}$ ) <sup>2</sup>	F (X- $\bar{x}$ ) <sup>2</sup>
1	No	435	435	-0.64	0.4096	178.175
2	Yes	783	1566	0.36	0.1296	101.477
<b>Total</b>	<b>Σ</b>	<b>1218</b>	<b>2001</b>		0.68	279.653

Source: Field Survey, 2011

$$\bar{x} = \frac{\sum fx}{\sum f} = \frac{2001}{1218} = 1.64$$

$$\text{Standard Deviation} = \sqrt{\frac{\sum f(x-\bar{x})^2}{\sum f}} = \sqrt{279.653/1218} = 0.479$$

The Z – test statistics is,

$$Z = \frac{1.64}{0.479} = 3.42$$

**Inference:** From the Z-Statistics the resultant value is 3.42 and is greater than 1.96 at 5% level of significance, the null hypothesis will be rejected. Hence, the hypothesis will be re-stated as an alternative hypothesis: The facilities provided by the Local government are adequate to meet the needs of the people.

#### 4.4 Findings

Based on the data collected and analyzed, the major findings of this study can be identified as follows:

- a) The revenue realized by the local government was adequate to sustain its official responsibilities. That is to say that both the internally generated revenue by the local government council is sufficient to meet its expected undertakings
- b) The funds often realized by the local government council is effectively and efficiently managed to meet the socio-economic needs of the people.
- c) There is effective adherence to management procedures in disbursement of funds in Yola South Local Government.
- d) There is no proper utilization of funds that is at the disposal of the local government council.
- e) The local government budget estimates was properly implemented and religiously followed.
- f) The internally generated revenue was promptly collected.
- g) The federal statutory allocation was not promptly collected.
- h) The statutory allocation was promptly received.
- i) The local government council has been able to provide such services as agricultural, livestock, water, roads, health, environmental television, housing and market facilities to the people.

- j) Transport services, electrification and shopping complex, were inadequate provided to the people.
- k) There is effective management of funds in terms of budget implementation, accountability, revenue vitalization and recordkeeping.

#### **4.5 Discussion Of Findings**

The finding of the search based on the results from the presentation and analysis of data in table 4.10 to 4.16 suggest that, the revenue realized by the local government was adequate to sustain the revenue realized by the official functions and responsibilities, there is effective management procedure in funds management, the Federal and State allocation and grant were promptly received. These findings disagree with Imam (1999) and Financial Memorandum Section 37.69, that the grants local government are insufficient to enhance adequate social services to their citizens. However, this research agreed with Adams (1983) and Imam (1996) on the inadequately of the internally generated revenue accruing to the local government council.

Analysis of table 4.11 shows that the local government council provided facilities such as agricultural facilities, water, good roads among other which are in line with the 1999 constitution section 7(1) of the Federal Republic of Nigerian and Adamawa state of Nigeria Gazette No.4 (2000:19-20). On the contrary, statements 5, 6 and 11 were inadequate. These statements are transport facilities, rural electrification and shopping complex. However, on the budget planning and execution between 2007-2009 in Yola South Local Government Council, there are gross abnormalities noticed. There is disagreement in the values of the budget summary reviewed. For instance in table 2.1b on budget review for the year for the year ended 2007 in which about N360,362.46 representing 49% of the sum budgeted for the year 2007. The deficit from that budgeted was N185,334,637.54 representing 51%. The locally generated revenue budgeted was N10,850.00 as against the actual N1,827,860.00.

Equally, in 2008 about N362,695,000 was budgeted and N240,660,291 was the actual sum collected representing 66% and with a deficit of 34% respectively. From these results, that is, 2007 and 2008 budgets, the state statutory grants were conspicuously missing though the respondents claimed such grants were collected regularly. However, the researcher has noticed irregularities and discrepancies in the budget, which can be generally, attributed lack of proper budget planning and implementation. These is seems to be lack of adequate knowledge in budget and training. The huge deficits in 2007, 2008 and 2009 budgets grossly hinders efficient management. These deficits which were to the tune 30%, 50% and 36% respectively, are too large to allow for development.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATION

#### 5.1 Summary

This research has been carried out from a presupposition that good financial management in the local council should involve a blending and directing of available human, physical, material and financial resources in order to achieve the organizational objectives. It is against this background that the study looks into this problem. There is ineffective management of Local government's finances in Yola South Local Government. This is based on the fact that there is dearth in empirical knowledge of what is the nature of management of local government funds. Thus, the main purpose of the study has been to critically assess whether these funds realized by the local governments are effectively and efficiently managed in such a way that basic social welfare services were adequately provided to the citizens as well as to find out whether the Revenue realized by the local government council are adequate enough to sustain their official responsibilities.

Yola-South Local Government of Adamawa State has been chosen as the case study. The staffs of the local government were selected by stratified random sampling technique to include all the various categories of staff. A total of one hundred (100) structured questionnaire were administered while eighty-seven (87) were returned. The questionnaire focused on the general information, management of funds, facilities provided by the local government and effective utilization of funds.

The following are the summary of the Findings: -

- a) The revenue realized is adequate to provide for official functions.

- b) The funds realized by the local government were effectively and efficiently managed.
- c) The funds were mostly used for re-current expenditure.
- d) More than half of the revenue realized was used for re-current expenditure.
- e) The funds at the disposal of the local government were not properly utilized.
- f) There is effective management of funds and adherence to procedure in management of funds which shows that government functionaries complied with laid down management measures.
- g) The budget is properly implemented and the results always compared with the achievements of the local council at the end of the year.
- h) The internal sources of revenue were grossly inadequate.
- i) The internally generated revenue, Federal statutory and State Statutory allocations were promptly received. From the findings outlined above it has been established that there is need for continued assessment of management of funds in the Local Government Councils in Adamawa State.

## **5.2 Conclusion**

The study revealed that the local government councils generate enough revenue or funds and we efficiently and effectively managed. There is adherence to procedure in the management of funds and compliance with management measures. However, the budget review statement of 2007-2009 as shown in the literature review showed gross abnormalities compared to the responses which claimed adequate implementation (statements 9 and 10 in table 4.10) and proper execution of financial control measure. The statutory allocations and the internally generated revenue were promptly released for

projects and re-current expenditures. There are adequate facilities for the people with the except the transport services, rural electrification and shopping complex which were adequately provided. Also, the local government council has properly utilized its funds in terms of provision of equipment, working materials, stationeries, maintenance and services, staff salaries and allowances, security of lives and property and developmental projects. There is also some remarkable performance in management that is in terms of accountability, budget implementation, record keeping and revenue generation. However, the researcher noticed that with the huge resources and funds allocations at the disposal, the local government councils did not perform up to expectations. Therefore, there is need for proper checks and balances in the activities of the local governments. The Ministry for Local Government and Chieftaincy Affairs, the Local Government Auditor General and the Legislative Arm of the Councils which are charged with monitoring of the local government should intensify their efforts toward effective monitoring and evaluation, to ensure compliance in all financial matters. This is because the research however, reflects an unwarranted positive performance, since the local government council has not performed to expectations.

Nevertheless, the result from the data collected and analyzed still stands that the Local Government Council (Yola South) has performed to expectation.

### **5.3 Recommendations**

Based on the findings of this research, the following recommendations are suggested for action in other to improve the performance of the local governments in management of funds.

- a) There is need to re-appraise the performance of local government councils from time to time.

- b) The local government councils should be inspected to check financial mis-appropriation and mis-management from time to time and make it public.
- c) The local government council should be instructed by law to execute certain number of capital projects so as to enhance grassroots development.
- d) There is need for capacity building in the local governments, especially in area of budget planning, implementation, revenue generation and treasury management etc.
- e) More funds should be dedicated to capital projects that have direct bearing on the people.
- f) There is need for insurance of separation of powers between the executive arm and the legislative arm of the local government council, which will serve as check and balance to system.
- g) Looking at the expenditure in table 4.12 which revealed that more than half of the revenue realized was used for re-current expenditure. This shows that, the local government council does not adequately manage its manpower needs and is likely over staffed. This issue needs to be looked into so as to save money for capital projects.
- h) The deduction of Federal Allocation by the State Government is affecting the performance of the councils, more especially in areas of capital projects execution. Therefore, the practice should be minimized so as to foster development in the local government councils.
- i) The local government councils should decrease from getting unnecessary over draft since its affects the performance and management of local government funds and put undue pressure on the local councils.

- j) Special projects are to be sited in communities with high and prompt revenue collection to encourage development.
- k) The executive and legislative arm, when elected should be trained on leadership and management of the local government council to enable them understands their functions and responsibilities so as to perform reasonably.
- l) The local government councils are to ensure that revenue sources are adequately tapped to meet up and possibly exceed the budgeted estimate. Also, the revenue realized is to be paid direct to bank account to avoid cash mis-management.
- m) Local government councils are to ensure that revenue sources are adequately tapped to meet up and possibly exceed the budgeted estimate. Also, the revenue realized is to be paid direct to bank account to avoid cash mis-management.
- n) The Chief Accounting Officer, Director of Finance and Supply and Internal Auditor should ensure that only correct bank charges are charged in their respective accounts monthly to avoid over charge of accounts by bank officials.
- o) The local government councils should determine their total liability vouchers at the beginning of every year and be kept departmentally.
- p) The local government councils should employ the services of private consultants on the financial matters from time to time on how best to manage their funds efficiently and effectively.
- q) A conclusive research is required to verify how local government's budgets are prepared.

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## **APPENDIX I**

Federal University of Technology  
Yola Adamawa State, Nigeria  
May, 2011.

Dear Sir,

An Assessment of Financial Management in Yola South Local Government of Adamawa State (A Case Study of Yola South Local Government Council) from 2007-2009.

I am a student of the above University undergoing masters degree in Business Administration (MBA).

This thesis has nothing to do with taxation, investigation in your business or otherwise. Therefore, you are assured that, any information given will be treated with confident.

I am appealing for your kindness, help and co-operation by filling this questionnaire properly.

Thanks from your anticipated assistance and co-operation, please.

Yours faithfully,

**(Zainab Buba)**

**MBA/MT/08/0130**

## QUESTIONNAIRE

An Assessment of Financial Management in Yola South Local Government of Adamawa State (a case study of Yola-South Local Government Council).

### SECTION 'A' PERSONAL DATA

*Please you may wish to tick the appropriate answer.*

1. Sex                      Male [   ] Female [   ]
2. Marital Status  
Single            [   ]  
Married        [   ]
3. Qualification  
GCE/WASC    [   ]  
NDD/NCE     [   ]  
B.Sc./BA/B.Eng [   ]  
MPA/MSc/MBA [   ]  
Others:\_\_\_\_\_
4. Occupation  
a) Farmer        [   ]  
b) Civil Servant    [   ]  
c) Business       [   ]  
d) Student        [   ]  
e) Others         [   ]
5. How many years of working experience have you?  
a) Less than 5 years [   ]  
b) 6-10years        [   ]  
c) 11-15years       [   ]  
d) 16years and above [   ]
6. For how long have you been in management position?  
a) 0-2years         [   ]  
b) 3-4years         [   ]

c) 5-6years [ ]

d) More than 6years [ ]

### SECTION B: QUESTIONNAIRE

*Please, you may choose option that suits your opinion in the following questions and tick.*

Strongly Agree - SA

Agree - A

Undecided - UD

Disagree - DA

Strongly disagree - SD

		SA	A	UD	DA	SD
1.	The revenue realized by the local government is adequate to sustain its official responsibilities.					
2.	The funds realized by the local government council was effectively, efficiently managed such as to meet the social welfare services of the citizens.					
3.	More than half of revenue realized was used for recurrent expenditure.					
4.	Less than half of revenue realized was used for capital project					
5.	The funds at the disposal of the local government council were properly utilized.					
6.	There was effective procedures in management of funds in Yola South Local Government Council.					

		<b>SA</b>	<b>A</b>	<b>UD</b>	<b>DA</b>	<b>SD</b>
7.	The Management of Funds in the Local Government is effective.					
8.	The local government functionaries are complying with the laid down management measures put in place in carrying out their duties.					
9.	The budget implementation is properly followed.					
10.	The results of budget implementation are compared with the achievements at the end of the year.					
11.	The internal sources of revenue is adequate					
12.	The internally generated revenue is promptly collected.					
13.	The federal statutory allocation is promptly received.					
14.	The state statutory grant is promptly received.					

15. What further comments/contributions will be made to improve the management of Yola South Local Government Funds?\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## SECTION 'C'

*Tick Yes or No, if you think the following are provided by the local government council.*

1. Agriculture inputs - Adequate[ ] or Inadequate[ ]
2. Livestock services - Adequate[ ] or Inadequate[ ]
3. Education - Adequate[ ] or Inadequate[ ]
4. Provision of water - Adequate[ ] or Inadequate[ ]
5. Transport services - Adequate[ ] or Inadequate[ ]
6. Rural electrification - Adequate[ ] or Inadequate[ ]
7. Rural roads and bridges - Adequate[ ] or Inadequate[ ]
8. Health facilities - Adequate[ ] or Inadequate[ ]
9. Drainage and environmental sewage - Adequate[ ] or Inadequate[ ]
10. Development of markets and motor parks- Adequate[ ] or Inadequate[ ]
11. Shopping complex - Adequate[ ] or Inadequate[ ]
12. Television viewing centre - Adequate[ ] or Inadequate[ ]
13. Staff housing - Adequate[ ] or Inadequate[ ]
14. Staff canteen - Adequate[ ] or Inadequate[ ]
15. Computer services - Adequate[ ] or Inadequate[ ]
16. Others (specify):\_\_\_\_\_

### **Funds are properly utilized by the Local government Council**

*Please tick the appropriate answer*

1. In terms of developmental project Yes [ ] or No[ ]
2. In terms of security of lives and property of the people in the local govt.  
Yes [ ] or No[ ]
3. Prompt payment of staff salary and allowances Yes [ ] or No[ ]
4. Provision of equipment, working materials and stationeries  
Yes [ ] or No[ ]
5. Maintenance and Services Is there proper management of Funds?  
Yes [ ] or No[ ]

*Please, tick the appropriate answer*

1. In terms of revenue generation      Yes [  ] or No [  ]
2. In terms of budget implementation      Yes [  ] or No [  ]
3. In terms of accountability      Yes [  ] or No [  ]
4. In terms of record keeping      Yes [  ] or No [  ]

**APPENDIX II**  
**INTERVIEW QUESTIONS**

Federal University of Technology,  
Yola,  
Adamawa State, Nigeria.  
May, 2011.

**Research Thesis:** An Assessment of Financial Management in Yola South Local Government of Adamawa State (A Case Study of Yola South Local Government Council) from 2007-2009.

Sir,

I am a student of Federal University of technology, Yola. This interview is to enable me access the performance of the local government councils in terms of management and control of funds.

Thanks for cooperation.

Yours faithfully,

**(Zainab Buba)**

**MBA/MT/08/0130**

## QUESTIONS

1. Sir, would you please introduce yourself?
2. In your assessment, what can you say on financial management in Yola-South Local Government Council?
3. What can you say on the revenue accruing to the local government, is it adequate?
4. Do you think the local government has been able to explore all of its revenue sources?
5. Are there adequate facilities provided by the local government councils?
6. Can you please list some of the facilities provided so far?
7. What can you recommend for the furtherance of the local government council?

Thank you