

**AN APPRAISAL OF PUBLIC EXPENDITURE MANAGEMENT AT
LOCAL GOVERNMENT LEVEL IN KATSINA STATE**

BY

**SAGIR LAWAL
SPS/09/MAC/00004**

**BEING A DISSERTATION SUBMITTED TO THE SCHOOL OF POST
GRADUATE STUDIES, BAYERO UNIVERSITY, KANO. IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF
MASTERS OF SCIENCE (M.Sc.) DEGREE IN ACCOUNTING**

FEBRUARY, 2014

DEDICATION

This dissertation is dedicated to my parents, my wife and my children.

DECLARATION

I hereby declare that this dissertation was conducted by me under the supervision of Dr. Junaidu Muhammad and that the research has not been submitted previously to any institution for the award of degree, certificate or academic publication. All contributions and materials used were duly, properly and adequately acknowledged in the references. Any errors of commission or omission are entirely mine and are highly regretted.

SAGIR LAWAL
SPS/09/MAC/00004

APPROVAL

This dissertation titled “An Appraisal of Public Expenditure Management at Local Government Level in Katsina State” by Sagir Lawal, has been examined and approved as meeting the requirements for the award of Master of Science (M. Sc.) Degree in Accounting of Bayero University, Kano-Nigeria and is approved for its literary presentation and contribution to knowledge.

Dr. Junaidu Muhammad

Supervisor

Dr Kabir Tahir

Internal Examiner

Representative, School of Post

Graduate Studies

Prof. Bashir Jijjani

Head of Department

External Examiner

Dean School of Post Graduate Studies

Date

Date

Date

Date

Date

Date

ACKNOWLEDGEMENTS

In the name of Allah the beneficent the merciful. All praise is due to Almighty Allah (SWT) for giving me good health and vigour to pursue this study to its completion. May His peace and blessings continue to be with us up to the day of reckoning.

I wish to acknowledge my sincere appreciation to my able supervisor Dr. Junaidu Muhammad for his patience, encouragement and guidance in making this dissertation a reality, despite his tight schedule. I equally appreciate and acknowledge the immense contributions of all the lecturers in the department for their moral support and guidance without which this programme would not have been a success. Notably are; Professor K. I. Dandago, Professor A. S. Kantudu, Professor Bashir Tijjani, Professor M. L. Muhammad, Dr. J. Muhammad, Dr. K. T. Hamid, Dr. A. M. Isa, Dr. I. M. Barde and Isyaku Alhaji Samaila.

My heartily gratitude goes to my parents Malam Lawal Ibrahim and Fadimatu Aliyu for their upbringing and immense support and encouragement. I am indeed very grateful to them. Also, my appreciation goes to my wife (Jamila Nasir) and her mother (Fadimatu Abdullahi), Dr Ibrahim Muazzam (Mai Bushira) and Prof. Aminu Kado Kurfi for their moral and elderly advise. I cannot conclude without acknowledging the support and cooperation of all my course mates and colleagues, notably, Mohammed Ibrahim, Abubakar Yakasai, Umar Dauda, Umar Kutigi and Idris M. Kwaru (my host in Kano).

Finally, I wish to acknowledge the cooperation and understanding of my respondents from the selected local governments and the Auditor General for Local Government Katsina State, Bashir Shu'aibu. I thank them most sincerely and wish them Allah's blessings at all times.

TABLE OF CONTENTS

Dedication	-	-	-	-	-	-	-	-	-	-	i
Declaration	-	-	-	-	-	-	-	-	-	-	ii
Approval -	-	-	-	-	-	-	-	-	-	-	iii
Acknowledgements	-	-	-	-	-	-	-	-	-	-	iv
Table of Contents -	-	-	-	-	-	-	-	-	-	-	v – vii
List of Tables -	-	-	-	-	-	-	-	-	-	-	viii - ix
Abstract -	-	-	-	-	-	-	-	-	-	-	x

CHAPTER ONE: INTRODUCTION

1.1	Background to the Study -	-	-	-	-	-	-	-	-	1
1.2	Statement of the Problem-	-	-	-	-	-	-	-	-	3-4
1.3	Objectives of the Study	-	-	-	-	-	-	-	-	4-5
1.4	Research Questions	-	-	-	-	-	-	-	-	5
1.5	Statement of Hypotheses	-	-	-	-	-	-	-	-	5 - 6
1.6	Significance of the Study -	-	-	-	-	-	-	-	-	6
1.7	Scope and limitation of the study	-	-	-	-	-	-	-	-	6-7
1.8	Definition of Terms- -	-	-	-	-	-	-	-	-	7

CHAPTER TWO: LITERATURE REVIEW

2.1	Introduction- -	-	-	-	-	-	-	-	-	8
2.2	The Concept of Public Expenditure Management -	-	-	-	-	-	-	-	-	8
2.2.1	Classification of Public expenditure -	-	-	-	-	-	-	-	-	8 - 10
2.3	Concept of Public expenditure Management	-	-	-	-	-	-	-	-	10 – 19
2.3.1	Public Expenditure and Economic Growth - -	-	-	-	-	-	-	-	-	19 - 22
2.3.2	Development of Public expenditure Management	-	-	-	-	-	-	-	-	22 - 24

2.4	Expenditure Control in Local Government	-	-	-	-	-	-	24-25
2.4.1	Classification of Local Government Expenditure	-	-	-	-	-	-	25
2.4.1.1	Recurrent Expenditure		-	-	-	-	-	25-26
2.4.1.2	Capital Expenditure		-	-	-	-	-	26
2.4.2	Dimension of Expenditure Control	-	-	-	-	-	-	26- 28
2.4.3	Problems of expenditure control in Funtua Local Government	-	-	-	-	-	-	28 – 29
2.5	Fund Disbursement in Local Government	-	-	-	-	-	-	30 - 31
2.5.1	Payment Controls	-	-	-	-	-	-	31
2.5.2	Payment Procedures	-	-	-	-	-	-	32
2.5.3	Preparation of Payment Voucher	-	-	-	-	-	-	32-33
2.5.4	Authorization of Payment	-	-	-	-	-	-	33
2.5.5	Check on Payment Voucher	-	-	-	-	-	-	33-34
2.6	Empirical Study on the Relationship between Capital Recurrent Expenditure							34-35
2.7	Summary of Chapter-	-	-	-	-	-	-	36

CHAPTER THREE: RESEARCH METHODOLOGY

3.1	Introduction	-	-	-	-	-	-	37
3.2	Research Design-	-	-	-	-	-	-	37
3.3	Population of the Study-	-	-	-	-	-	-	37
3.4	Sample Size and sampling technique	-	-	-	-	-	-	38-39
3.5	Sources and Methods of Data Collection-	-	-	-	-	-	-	39
3.6	Techniques for Data Analysis-	-	-	-	-	-	-	40 - 41
3.7	Summary of the Chapter-	-	-	-	-	-	-	41

CHAPTER FOUR: RESULTS AND DISCUSSION

4.1	Introduction - - - - -	42
4.2	Analysis of Responses to the Research Questionnaire-	42
4.3	Analysis of Primary Data- - - - -	42
4.3.1	Demography of the Respondents-	43 – 45
4.3.2	Analysis and Discussion of Other Questionnaire Data	45 - 48
4.4	Analysis of Secondary Data- - - - -	48 – 57
4.5	Summary of the Chapter-	57

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1	Summary - - - - -	58
5.1.1	Summary of Work Done-	58
5.1.2	Summary of Findings-	59
5.2	Conclusion- - - - -	59-60
5.3	Recommendations- - - - -	60
5.4	Frontiers for Further Research-	60
	REFERENCES- - - - - -	61-63
	APPENDIX I- - - - - -	64

LIST OF TABLES

Table 3.1: Population of the Study	-	-	-	-	-	-	-	- 38
Table 3.2: The Sampled Local Government	-	-	-	-	-	-	-	- 39
Table 4.1 Distribution of Questionnaire and Response rate	-	-	-	-	-	-	-	- 42
Table 4.2: Number of Respondents per Local Government	-	-	-	-	-	-	-	- 43
Table 4.3: Working Experience of the Respondents	-	-	-	-	-	-	-	-43
Table 4.4: Qualification of the Respondents	-	-	-	-	-	-	-	-44
Table 4.5 Grade Level of the Respondents	-	-	-	-	-	-	-	-44
Table 4.6: Descriptive Statistic on the Effective Utilization of Revenue by Local Governments in Katsina State	-	-	-	-	-	-	-	46
Table 4.7: Chi-Square Result on Effective Utilization of Revenue by Local Governments in Katsina State	-	-	-	-	-	-	-	48
Table 4.8: Analysis of Secondary Data	-	-	-	-	-	-	-	49
Table 4.9: Total Expenditure Variances for Sampled Local Governments in Katsina State from 2005 – 2010	-	-	-	-	-	-	-	50
Table 4.10: Paired Sample Statistics on Expenditure Variance of Local Governments in Katsina State	-	-	-	-	-	-	-	52
Table 4.11: Paired Sample Correlation on Expenditure Variance of Local Governments In Katsina State	-	-	-	-	-	-	-	53
Table 4.12: Paired sample Test on Expenditure Variance of Local Governments in Katsina State	-	-	-	-	-	-	-	53
Table 4.13: Percentage of Fund Allocation between Recurrent and Capital Expenditure	-	-	-	-	-	-	-	54
Table 4.14: Summary of Fund Allocation between Recurrent and Capital Expenditure	-	-	-	-	-	-	-	54

Table 4.15: Paired Sample Statistics on the Proportion of Recurrent and Capital

Expenditures to Total Revenue -	-	-	-	-	-	55
---------------------------------	---	---	---	---	---	----

Table 4.16: Paired Sample Correlations on Proportion of Recurrent and Capital

Expenditures to Total Revenue -	-	-	-	-	-	56
---------------------------------	---	---	---	---	---	----

Table 4.17: Paired Sample Test Result on Proportion of Recurrent and Capital

Expenditures to Total Revenue -	-	-	-	-	-	57
---------------------------------	---	---	---	---	---	----

Abstract

This study was aimed at assessing the level of Public Expenditure Management at the Local Government level in Katsina State. The population of the study was made up of all the 34 Local Governments in Katsina State. The study employed survey and ex-post factor research design to collect data from a sample of six local governments. A Stratified Sampling Techniques was used to select six Local Governments from the population. Two Local Governments were selected each from the three senatorial zones of the State. One hundred and twenty (120) copies of questionnaire were distributed to the general public, twenty (20) copies of questionnaire for each of the sampled Local Government, while the secondary data was obtained from the approved budget of the local governments (2005-2010) and the reports from the office of the Auditor General of the local government, Katsina State. Descriptive statistics, Chi-Square (X^2) Test and Paired Samples T-test were used as the techniques for data analysis. It was found that there was significant difference between the proportion of recurrent expenditure to total revenue and the proportion of capital expenditure to total revenue of local governments in Katsina State as regards the amount spent on each item of expenditure. Thus, it was concluded that no meaningful development would be achieved with this pattern of expenditure. Based on the findings of the study it was recommended that the Katsina State House of Assembly should provide law which would ensure that 70% of the revenue of Local Governments is spent on capital expenditure.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Local Governments are part of the government of a nation or states, concern mainly with the administration of people of a particular district or place and are governed by Local Authorities that are directly under the states. The Local Governments have been described as government at Local level exercised through representatives' council, established by law to exercise specific powers within defined areas (Federal Republic of Nigeria guidelines, 1976). The powers and functions of Local Government are assigned by law. This makes them the third tier of government in the Federal Republic of Nigeria. The expectation is that as third tier of government, it would act as catalyst and aid rapid and sustainable development at the grass root level. As they are close to the people, they could effectively improve socio- economic and political conditions of the people within their jurisdictions. Apart from providing and maintaining basic infrastructures, Local Government can complement the economic activities of other levels of governments. The activities of States and Federal Government can have more positive impact at the grassroots level when they are in conjunction with the Local Government.

The number of Local Government Areas has risen from 301 in 1976 to 774 currently, as listed in the first schedule, part 1 of the Constitution of Federal Republic of Nigeria, 1999. Katsina State has 34 Local Governments out of the 774 Local Governments of the Federation. These Local Governments were divided into the 3 senatorial zones of the state i.e. Katsina Zone, Funtua Zone and Daura Zone.

A rampant fiscal imbalance at the Local Government level, compliance with the stated guidelines on expenditure has been an issue that attract the attention of the entire country. The problem is more complex as most of the Local Governments never

meet their expenditure requirements, simply because they do not have enough financial resources.

The responsibilities of state government includes provision of education, healthcare, roads, water supply among others. The local government, being the closest tier of government to the people plays a significant role in bringing governance closer to the people, facilitate development through initiating and attracting developmental projects to the people such as provision and maintenance of access roads, water, rural electricity, primary education, and preserving the cultural heritage and common interest of the people (Hurilaws, 2004). Federal consolidated revenue account is established into which major taxes revenue, and other receipts are paid and the revenues are shared among the three tiers of government using a statutory allocation formula. There are also independent revenues of states and local government generated internally and part of the primary sources of local government generated revenue.

Despite the revenue from the statutory allocation and the internally generated revenue, expenditures of the local governments in Nigeria do not contribute to economic growth and development of the country (Ma'aruf, 2005).

Public expenditure at the Local Government level is the expenses which the Local Government incurs for the maintenance of the government and for initiating and attracting developmental projects to the people such as provision of access roads, water supply, rural electrification and Primary Health Care among others. Local Government expenditure is classified into capital and recurrent expenditures.

Bhatia (2008) stresses that to accelerate economic development in the developing economies; public expenditure plays a crucial role. It facilitates social overheads, roads, electricity, irrigation etc development of private industries and agriculture is thus assisted, markets expanded and the rate of investment increased. If public

expenditure is unproductive, it will only result in price hike. Public expenditure management necessitates accomplishing some complicated and determined duties. The basic goals or principles of Public Expenditure Management [PEM] are accomplishing macro financial discipline, strategical priorities and functional application (World Bank, 1998).

Furthermore, Public Expenditure Management is an instrument of government policy used in distributing resources productively, effectively and efficiently. However, the expenditure pattern exhibited at any level of government plays a vital role in accelerating the socio-economic performance of the society. This pattern involves the manner of fund allocation between capital and recurrent expenditure of the Local Government. The expenditure pattern of local governments is not assisting the economic growth and development at the grassroots. According to Bashir (2008), there has been almost total neglects of functions at Local Governments because the Local Government have not been pursuing the policy of public expenditure management and this resulted into minimum overall impact of fiscal federalism on economic development at the grassroots.

Given the above background, this study seeks to assess the quality of public expenditure management at the Local Government level in Katsina State with a view to ascertaining how the expenditure can be made very effective for the attainment of the socio – economic development which would positively impact on the lives of the citizenry.

1.2 Statement of the Problem

Financial management remained consistently one of the major constraints undermining the performance of Local Governments in bringing government and development closer to people at the grassroots level. Obasanjo (2003) pointed out

three disturbing problems of the Nigerian Local Governments which include non performance, high recurrent expenditure and the division of local government council into unworkable mini Local Governments by the state governors on political reasons. These trends are inimical to the development of local governments and the nation in general.

It appears that there is no good expenditure management at the local government level as Bashir (2007) opines that most local governments were unable to make efficient use of fund allocated to them, and also neglect some important sources of revenue generation.

Most studies on local government's financial management do not consider the concept of Public Expenditure Management. For example, Ma'aruf (2005) in his study on financial management of Local Governments in Kaduna State discovered that there was poor financial management as actual expenditure always exceeded the estimated expenditure with a wide margin. Similarly Bashir (2007) discovered that Government spending at all levels of Government in Nigeria was dominated by recurrent or consumption expenditure to the detriment of capital or investment expenditure. Ma'arufs study focused on the financial management of local governments, while Bashir dwelled on Growth pattern of local governments expenditure, their studies failed to examine Public Expenditure Management of local governments. In view of the absence of conducted studies on the public expenditure management in Katsina State local Governments, this study would therefore strive to assess the quality of public expenditure management at the Local Government level in Katsina State.

1.3 Objectives of the Study

The aim of this study is to assess the quality of public expenditure management at the Local Government level in Katsina State. The specific objectives of the study are to:

1. Examine the extent of effective utilization of revenue generated at Local Government level in Katsina State;
2. Determine whether there is significant difference between the estimated and actual expenditures in the Local Governments of Katsina State;
3. Find out whether there is significant difference between the percentage of capital expenditure to total revenue and the percentage of recurrent expenditure to total revenue generated at Local Government level in Katsina State;

1.4 Research Questions

In order to achieve these objectives the following research questions are raised:

1. How do the Local Governments in Katsina State make effective utilization of the financial resources generated by them?
2. How do the estimated and actual expenditures of Local Governments in Katsina State differ?
3. How do the proportion of capital expenditure in relation to total revenue differs with the proportion of recurrent expenditure in relation to total revenue generated by the local governments in Katsina State?

1.5 Statement of Hypotheses

In line with the stated objectives the following research hypotheses were developed to guide the study.

H_{01} – Local Governments in Katsina State do not make effective utilization of their financial resources.

H_{02} – There is no significant difference between the actual and estimated revenue in Katsina State Local Governments.

Ho₃ – There is no significant difference between the proportion of capital expenditure in relation to total revenue and the proportion of recurrent expenditure to total revenue generated by the local governments in Katsina State.

1.6 Significance of the Study

This study expects to evaluate how Local Government Councils in Katsina State manage and utilize their financial resources. In the light of the above, this study would be beneficial to the following stakeholders.

1. **Government:** The Federal and State Government would use the result of this study for appraisal of performance of Local Government Councils in order to assess their effectiveness and efficiency in the management and utilization of funds at grass root.
2. **Local Government Staff:** It will reawaken their focus on attitudes towards effective and efficient resource management.
3. **Researchers:** Other researchers would find the study useful as it would serve as a good library material.
4. **The Non-Governmental Organizations:** (UNDP, UNICEF, USAID etc) being key partners in the struggle for grassroots development with the government would find this study very useful as a bases to advocate for accountability and prudence in the management of funds allocated to the Local Government Councils.
5. **General Public:** The general public would be enlightened on how their resources are being utilized by the local government officials.

1.7 Scope and Limitation of the Study

The study assesses the Local Government expenditure and also the pattern of allocation of fund between capital and recurrent expenditure for the promotion of

grassroots development. The period covered by the research was six years (2005 – 2010). There was problem of transportation to the six local governments that are dispersed in the three senatorial zones. Also, there was difficulty in obtaining the secondary data from the office of Auditor General for local government. Lastly, this research focused effectiveness in utilization of financial resources as regard the volume of capital project executed by each local government considering the revenue generated by the local government.

1.8 Definition key of Terms

Expenditure Pattern: This refers to the proportion of Local Government funds allocated to capital and recurrent expenditures in the budget of a particular year.

Public Expenditure: Refers to the expenses a Local Government incurs for its maintenance and for developmental projects within its territory.

Public Expenditure Management: Is the instrument of government policy used by Local Government for effective utilization of the statutory allocations and internally generated revenue available to them.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews related literature and provides discussion on the concept of public expenditure, public expenditure management, the essential requirements of public expenditure management, expenditure control and fund disbursement in Local Government, to clarify how effective public expenditure helps the achievement of growth and development in a developing economy like Nigeria. Finally, the literature was also reviewed on fund disbursement system at Local Governments in Nigeria was also discussed.

2.2 Concept of Public Expenditure

Bhatia (2008) defines Public expenditure as the expenses which a government incurs for (i) its own maintenance, (ii) the society and the economy; and (iii) helping other countries. Public expenditure refers broadly to expenditure made by local, state and national government agencies as distinct from those of private individuals. Public Expenditure also comprises of government payments for the goods and services acquired and for the works done pursuant to their respective laws, social security contributions, interest payments of domestic and foreign debts, general borrowing expenditures, payments resulting from the discounted sale of borrowing instruments, economic, financial and social transfers, donations and grants, and other expenditures

2.2.1 Classification of Public Expenditure

It is conventional to classify public expenditure into various economic categories. Accounting classification has been there for centuries because it enables the State Executives to maintain an effective control and check over public expenditure and possible leakages and wastage, diversion and misappropriations (Bhatia, 2008).

There is departmental classification or classification according to heads of expenditure. Such a classification is good for auditing and for safeguarding against misappropriations. But it does not help in the understanding of its effects. It is therefore, difficult to formulate an appropriate expenditure policy on this basis.

Scully (1989) opines that a distinction between obligatory (or legally committed) expenditure and optional expenditure can only highlight the constraints under which the government's budgetary policy has to work. It cannot bring out fully the possible effects of different expenditure policies. There is an increasing need for useful classification and effective classification of public expenditure to enable the gauging of the economic effects and proper formulation of policies.

Economists classify government expenditures into three main types (Gerson, 1998): (i) Government purchases of goods and services for current use are classed as government consumption; (ii) Government purchases of goods and services intended to create future benefits, such as infrastructure investment or research spending are classed as government investment; and (iii) payments for debt services are classified as transfer payments. The classification of expenditure involves the division of government transactions into categories that would serve the purposes of government.

Anyafu (1996) identifies five ways of classifying public expenditures: by levels of government, by ministries, extra-ministerial departments and parastatals by economic life span, object of expenditure and by sectoral economic functions. Public expenditures are functionally classified into four in Nigeria (CBN, 2008): Administration, Economic services, Social and Community services, and Transfers with capital and recurrent expenditure compositions. Administration expenditure comprises of general administration, National Assembly, defence and internal security. Economic services include agriculture, construction, transport and communication and others; social and community services is made up of education,

health and others; and transfer comprises of public debt charges, internal and external debts. Such a functional classification helps in analyzing how much the Government is allocating to different functions or purposes in accordance with the annual priorities (Ukwu, 2002). Infrastructure expenditures refer to the disbursement of funds for the construction of various basic public works of the country, such as roads, ports, airports, water supply, irrigation, and other capital investments, as well as the benefits of which extend to the general public. In the national budget, infrastructure expenditures generally refer to the capital outlays of the ministries (Anyafu, 1996).

An alternative characterization of expenditures divides total expenditure into the absorptive and transfer expenditures (Gerson, 1998). Absorptive expenditures are those that involve the transfer of funds from government to the private sector in return for goods and services while transfer payments do not have such quid pro quo status. In the Nigerian context transfer payments include debt service, pension and gratuities, external obligations and others; absorptive expenditures are those on administration, economic, social and community services. Partington (1989) opines that that the popular classification comprises of recurrent and capital expenditures.

2.3 Concept of Public Expenditure Management.

Public Expenditure Management (PEM) is a new approach to an old problem. The problem is the allocation of public money through collective choice. For more than a century these allocations have been made through the machinery of budgeting the routines and procedures devised by government to decide the amounts spent, the balance between revenue and expenditure, and the allocation of funds among public activities and entities. Public Expenditure Management operates through budget decisions, but differs in two important ways from conventional budgeting. First, it supplements the conventional procedural rules with substantive policy norms.

Public Expenditure Management is not entirely a matter of policy planning, but essentially a matter of implementation, as argues by Shick (1999), "it is not enough that governments apply the right procedures; it is also essential that they strive to efficiently achieve desired policy outcomes. Second PEM covers a broad range of institutional and management arrangements, not just those traditionally associated with budgeting. PEM recognizes that budget outcomes are not likely to be optimal if the public sector is poorly structured and managed. States budgets, through revenue and expenditures units, keep their importance in economy increasingly today as in the past. The increasing significance of the budgets has obliged utilizing new technique in managing it. Particularly, the significance of the budget's expenditure units has stressed the application of initial state budgets, the achieving of re-sources, effective and productive usage, resource allocation, deficits and gradually increasing public loans have continued to become a problem. Owing to these reasons, scientific studies made heavily depend on state budgets expenditure direction in the last twenty years in particular. The public expenditure management presents new approaches for the former problems mentioned ".

Public Expenditure Management (PEM) is an instrument of government policy and a basic means of government policy for distributing and utilizing sources productively, effectively and sensitively (Allen and Tommasi, 2001: 19). Although public expenditure management system varies from one country to another, yet, it necessitates accomplishing some complicated and determined duties (Campos and Phradhan, 1997: 425).

The basic goals (principles) of public expenditure management are accomplishing macro financial discipline; strategical priorities (productive source allocation) and functional application (technical productivity). The three goals are in very strong

interaction both theoretically and practically (World Bank, 1998:3). These three objectives are complementary and interdependent. Without fiscal discipline, it is impossible to achieve effective prioritization and implementation of government policy and programmes. Improving the internal management systems to achieve efficiency without a hard constraint is not credible. But mere fiscal discipline in the presence of arbitrary resource allocation and inefficient operation is inherently unsustainable.

Every country (developed or developing, rich or poor, small or big) need financial resources for its existence. All governments have to collect resources from the economy, in a sufficient and appropriate manner; and allocate and use those resources responsively, efficiently and effectively.

The national budget is the main instrument through which these transactions are planned and carried out. However, the growing fiscal burdens as a result of the expansion of the state economy have become a barrier in the development of the economy. The government expenditures as in the past, still keep its importance today. Especially, despite the fact that it has already been proved in literature that public expenditures have continually been increasing owing to various reasons, the problems related to essential, effective, productive and on time using of the increasing public expenditures have gradually been enlarged. But in every situation where we talk about public expenditures we have to keep in mind the integral relationship between revenue and expenditure i.e. between the money collected directly or indirectly from the people and the use of that money in a manner that reflects most closely the people's preferences. (Shah and Von, 2007).

Public Expenditure Management (PEM) is one instrument of government use in distributing and utilizing resources productively, effectively and sensitively (Allen and Tomassi, 2001). A clear distinction occurs between expenditure management and expenditure policy. While expenditure policy is trying to find answer to the questions

“what” is to be done, expenditure management tries to find an answer for the question “how” it is to be done. However, the distinction between soundness of PEM procedures and processes and the goals that are meant to achieve remains very important. Among other things, the mechanism, techniques skills and data required for good PEM are different from those needed to formulate good policy (Marina, 2009). Although public expenditure management system varies from one country to another, it necessitates accomplishing some complicated and determined duties.

The basic goals (Principles) of public expenditure management are accomplishing macro financial discipline, strategically priorities (productive resources allocation) and functional application (technical productivity). All these three goals are in very strong interaction both theoretically and practically (World Bank, 1998).

These three objectives are complementary and interdependent. Without fiscal discipline, it is impossible to achieve effective prioritization and implementation of policy priorities and programmes. Improving the internal management system to achieve efficiency without a hard constraint is not credible but a mere fiscal discipline in the presence of arbitrary resource allocation and inefficient operations inherently unsustainable (Marina, 2009).

Fiscal discipline has a close relationship with the control of budget role on both macro level and expenditure unit by means of expenditure ceiling (Allen and Tommasi, 2001). In macro financial discipline, budget totals do not only arrange expenditure demands: results in decision applicated must be clear as well. These totals should be set before individual spending decisions are made, and should be sustainable over medium-term and beyond (Shick, 1999). In providing financial discipline, utilizing effective rules lead to differences among countries. While some countries barely comply with the rules related to current expenditures, some applicate these rules in

capital expenditures as well (Shick, 1999: 14) providing financial discipline covers expenditures control, and it necessitates struggling for realistic income and expenditure approximations.

Institutional arrangements for aggregate fiscal discipline can range from formal constitutional restraints on aggregate expenditure, through formal laws to public commitments by the executive (World Bank, 1998:27).

Sources distribution in harmony with government priorities (Strategic Priority): Efficiency in allocation is the skill of distributing sources in budget priorities. Here, replacing inefficient activities with more productive activities, leaving former priorities to newer priorities and accomplishing these values in line with the state's goals are of great significance (Allen and Tommasi, 2001:20).

Efficiency in source distribution can be done among various units of states. Expenditure must be based on government's priorities and efficiency of public programs. Budget system should act according to each important step of reallocation of resources (Shick, 1999:20). Productivity in public service (Technical Efficiency): The effective utilization of budget sources as technically and functionally depends on applicable capacity of programs and providing services at lower cost or minimizing per capita (Allen and Tommasi 200:20) competing of public administrations with market prices and obtaining sustainable gains is contingent upon producing assets and services with the lowest cost (Shick, 1999: 2).

Nigeria operates fiscal federalism. This involves the disposition of tax powers and functional responsibilities among different levels of government in a Federation. Under a Federal system of administration the public sector's role in economic management and development is a joint responsibility of the various levels of

government (Ekpo and Ndebibo, 1998) which means that every level of government has a role to play in national development.

A Federal structure ensures that state and Local Government supply public goods and services, which are consumed at local levels, while the federal government concentrates on the provision of services that are centrally consumed. In order to prevent conflicts and ensure efficient provision of public goods and services, the functional responsibilities and revenue sharing arrangements are contained in a constitution which protects the inter-dependence and intergovernmental fiscal relationship of the three tiers of government.

The Federal Government as the first tier of political administration in Nigeria, not only provides centrally consumed infrastructures and other social services (education and health) but also has responsibilities for defending the nation's territorial integrity, ensuring security of lives and properties, maintaining external relations etc.

The responsibilities of the state governments include the provision of education, healthcare, roads, water supply among others. The Local Government being the closest tier of government to the people plays a significant role in bringing governance closer to the people: facilitate development through initiating and attracting developmental projects, for as well as the provision and maintenance of social infrastructures, primary education and preservation of cultural heritage (Hurilaws, 2004).

Sec 162 (1) of 1999 Constitution of the Federal Republic of Nigeria with amendments 2011 states that: the Federation shall maintain a special account into which shall be paid all revenues collected by government of the federation, except the proceeds from

the personal income tax of the personnel of the armed forces of the federation, the Nigerian Police Force, the ministry or department of government charged with the responsibility for foreign affairs and the resident of the capital territory Abuja. This is called distributable pool account.

The revenue collection is delegated to the Federal Government, while the revenue are shared among the three tiers of government under explicitly stated statutory allocation formula which is currently as Federal Government 48.5% state government 24% and Local Governments 20% special fund 7.5%. But there are serious agitations from the states for the review of the above formula because of the new minimum wage bill passed in 2011. Also there are independent revenues of the Federal Government as well as internally generated revenues of the states and Local Government which are retained by each tier of government. (Ma'aruf, 2005).

Despite the rather elaborate arrangements in Nigeria to fully incorporate the third tier of government into the country's federal structures and the apparent liberal attitude towards the provision of the financial resources to enable the Local Government to operate effectively in the actualization of their constitutional mandate, the overall performance of the Local Governments in Nigeria is poor (Bello, 2000).

In the preamble of the model financial memoranda (2009) it stated that financial management is not exclusive concern of any one part of the organization of Local Government or any one person or category of persons, rather it is collective effort and responsibilities of all stakeholders to ensure within their field of operation and responsibility, proper value is obtained for money spent.

In explaining the essential requirement of a well-functioning public expenditure management Shick (1999) argue that it can be regarded as encompassing the followings:

- a. **Institutional Framework:** According to Shick (1999) effective operational public expenditure management is essentially based on the principles set-out in a country's constitution, the organic budget law and other related laws. The regulatory frameworks should provide a sound balance between the legislative and executive powers. Assemblies and councils must be enabled to properly scrutinize the budget, and debate and review fiscal policies. For good macroeconomic management and efficient allocation of resources, the budget should cover all revenue and expenditures. Extra budgetary funds and sources of external finance e.g. (E.U fund) should be integrated into the national budget.
- b. **Medium Term Fiscal Framework:** states should be able to provide budgetary information within a medium term framework, and set medium term fiscal objectives. All programmes should have to specify the main elements of medium term fiscal framework that complies with certain methodological principles and standards.
- c. **Budget Preparation Process:** There should be a well defined and widely understood sequence of steps in the budget preparation process, allowing sufficient time for each step to be implemented efficiently. Procedures used for preparing the budget for operational and capital investment expenditures should be integrated. Hard budget constraints should be included. The draft budget should be presented to assemblies and councils in an appropriate format to allow them scrutinize it properly. It should specify government's fiscal policy objective, the macro economic framework, the budget policies and identifiable major fiscal risks. Budget information should be presented to the public in a clear and accessible form.
- d. **Budget Execution and Monitoring:** Ministries and departments should enforce spending and ensure/monitors that spending does not exceed what is approve in the budget, and ensure strict adherence to budgetary allocation/provision. It should

monitor and control the flow of expenditures during the year on the basis of a unified system of financial accounts. Systems for monitoring and controlling personnel expenditures should be as robust as for other areas of the budget. Ministries should make regular reports to the ministry of finance that compare actual spending with monthly forecasts based on the budget appropriation. Assemblies and councils should have appropriate responsibilities for reviewing periodic reports on financial performance relative to the budget and for revising targets and /or policies as required by changed economic or financial circumstances. The cash management (or treasury) function should be strictly managed through a treasury single account under the control of the ministry of finance.

- e. **Accounting and Reporting:** Budget and accounting categories of the national level should have a common system of classification that facilitates policy analysis and promote accountability. Shick (1999) suggest that fiscal reporting should be timely, comprehensive, and reliable, and capable of identifying deviations from the budget. Procedures for evaluating the efficiency and effectiveness of expenditure policies and programmes should be established.
- f. **Financial Ccontrol:** A coherent and comprehensive statutory base for defining the systems and function of management control/internal control is required. The following systems and procedures are essential for sound internal management control (i.) standards and regulations for financial reporting (ii) modern accounting system that conform to international standard (iii) a defined audit trail (iv) control of state revenue (through efficient internal audit/inspectorate)
- g. **Procurement Systems:** Achieving a properly functioning market is seen as one of the essential ways of achieving organizational goal and other related and essential elements of good governance, is to have an efficient procurement system in which competition is encouraged for contract awarded by public section bodies.

Sound procurement policies and practice can reduce cost of public expenditure: produce timely results: stimulate the development of private sector and reduce waste, delays corruption and government inefficiencies.

Based on what Shick (1999) recommended, we can deduced that public expenditure management is aimed at achieving three important goals of fiscal discipline, allocative efficiency and technical or operational efficiency which can be achieve through a sound budget and management system. Fiscal discipline covers expenditure controls and it necessitate struggling for realistic income and expenditure approximations. Allocative efficiency is the skill of distributing sources in budget priorities and finally the operational / technical efficiency entails producing assets and services at the lowest cost. And to have a well functioning public expenditure management there should be a good institutional framework that will enable councils scrutinize the budget and a budget that will set out medium term objectives which can be achieved through preparation process, execution and monitoring, good accounting and reporting system, financial control and a good procurement system. These will help effective utilization of financial resources in the public sector.

From the above views giving by scholars as regards the nature of public expenditure it can be observe that all the classifications revolves around the two popular classification of recurrent and capital expenditure.

2.3.1 Public Expenditure and Economic Growth

Public expenditure can help the economy in numerous ways in attaining higher levels of production and growth. The ways in which such effect might be brought about are obviously inter-related. The analysis of these effects can be taken up separately in the context of developed and developing economies (Bhatia, 2008). According to Dalton

(1954), public expenditure tends to affect the level of production in three possible ways:

- a) Effect on the Capacity to Work and Save: Public expenditure provides various kinds of social and economic facilities stimulating the capacity to work of the people. Increased capacity implies increased efficiency and greater employment. Level of income and saving tends to rise facilitating greater investment and adding the pace of growth. Dalton opines that Just as taxation reduces an individual's capacity to work, in the same way public expenditure increases the individual-s capacity to work.-
- b) Desire to Work and Save: Public expenditure induces the public-s willingness to work and save. As a result, their income and standard of living rise.
- c) Redistribution of Economic Resources: Public expenditure makes the economy balanced by redistributing the income resource from unproductive activities to productive ones. This results in increase in production. This effect varies between development and developing countries.

Developed countries have adequate production capacity, but its optimum utilization because of deficiency of demand does not take place. Consequently, there is low level of production. The increasing public expenditure and aggregate demand can be increased. Wealth can be distributed by increasing public expenditure among those who are willing to spend. Thus increase in demand results in the increase in production. In the event of full employment already existing in the economy, increase in public expenditure will only increase prices instead of production.

In the developing countries, the level of savings is low and investment is equally low. Social overhead cost such as electricity, transport and irrigation are underdeveloped. However these can be developed by direct public expenditure. Human capital can

equally be developed by public expenditure on general and technical education, health and medical care facilities.

Government can promote capital formation through foreign aid/investment To the extent which can facilitate the extent the process of economic growth and production (Bhatia 2008). He cautions that to maximize the benefits of public expenditure and avoid possible harmful incidental effects, firstly, delaying of project execution must be avoided so as to control inflationary pressure and undue expenses. He further, added that given the scarce resources, care must be taken to choose the most appropriate and most useful projects. Cost-benefits study may be needed to prioritize the projects. Fourthly, a careful decision has to be taken regarding the volume of public expenditure in various projects and on various measures expected to stimulate investment. The effects of the sources of financing the compositions of public expenditure must be considered.

Public expenditure can also prove helpful in accelerating the rate of economic development. In order to maintain a steady rate of growth in a developed economy, public expenditure can be helpful in maintain the adequate amount of investment and consumption expenditure. So that, the full employment rate of the economic development is steadily maintained Bhatia (2008) aver that in order to accelerate economic development inthe developing economies, public expenditure, plays a crucial role. Public expenditure facilitates social overheads, roads, electricity, irrigation, etc. development of private industries and agriculture is thus assisted, markets expand and the rate of investment increases. If public expenditure is made through foreign capital, it may prove more effective. If public expenditure is unproductive, it will only result in price hike.

From the above view of scholars it is deduced that in a federal system like Nigeria, Local Governments are close to the people and hence could effectively alter socioeconomic and political conditions within their jurisdictions. Apart from providing and maintaining basic infrastructures, local governments can complement the economic activities of other levels of government.

Fiscal operations and its control mechanisms at the local level become significant if macroeconomic stability is necessary in the wider economy. On the other hand, fiscal imbalance rampant or indiscriminate at local level, can pose a problem for macroeconomic management of fiscal operations in local government councils. The financial memoranda which contains legal guide and instructions on the financial operation of local government businesses, has to be observed and complied with.

2.3.2 Development of Public Expenditure Management

Public expenditure management approach was put into practice in the early 1980s by the World Bank and this approach has been improved to a large extent so far (Rajaram and Krishnamurthy 2001:2). It has been observed that the expenditure evaluations, provisions, financial management and evaluations which form the significant units of public expenditure management approach have been followed by the developed countries at an increasing ratio after the year 2001.

However, another face of this development is the struggling by the World Bank (WB) and International Monetary Fund (IMF) towards this direction in particular has facilitated collection of revenue for them. The economical programs of member states by the World Bank and the IMF for public expenditure management approach have begun as Public Investment Review (PIRs) and investment projects have taken Priorities. Public expenditure Reviews (PERs) took the place of Public Investment Review (PIRs) owing to increasingly broadening budgets in 1980s. In West Africa

alone, a total of 27 PIR/PERs were undertaken over the first half of the 1980s (Rajaram and Krishnamurthy, 2001:2). particularly during this period it was seen that public expenditure review were heavily focused on budget allocation. In order to provide a better balance among various expenditure categories, it has been focused on capital expenditures instead of recurrent expenditures, repairs and maintenance instead of prices, subvention (or monetary aid) instead of investment expenditures.(Rajaram and Krishnamurthy 2001). Nowadays, institutional arrangements such as budget management are less important. The narrowing of budgets by central government is of greater significance. These approaches suggesting the lessening of central government expenditure have met a great reaction in many societies. By institutional arrangement approach in 1980s, Public Management understanding has become more wide spread. The 1983 World Development Report was entitled management in Development, and this report lead to the establishment of a unit in the Bank focusing are issues of Public Sector Management (PSM). Public Sector Management has developed basic experiences and literature of public expenditure approach. This experience was summarized in the 1987 World Development Report by the management.

Examining the World Bank's studies, it is possible to see "Medium-term expenditure system" which forms the most important step of public expenditure management and budget rules. It is seen in the World Bank, Public Expenditure Management Handbook that substantial amount of the handbook 1998 version which is one of the basic sources of this study, has been covered by institutional arrangements and medium-term expenditure system. This approach shapes the state budget and stresses the understanding "rules of the game" in practice. Today, these institutional approaches provide the definition of public expenditure management as "public expenditure and institutional reviews" PEIRs approach. (Rajaram and Krishnamurthy 2001:4). These approaches made on weak institutional arrangements and public

management has given an opportunity to recollect the revenues given by the World Bank and International Monetary Fund in particular. The World Bank has supported (World Bank Annual Report 2000:110) many countries both technically and financially in terms of their harmony with medium-term approaches in public expenditures. Today many countries have been able to develop (Raja ram and Krishnamurthy 2001:5) their institutional capacities for conducting budget allocations and budget plans better through public expenditure management. In the next years as well, it can be told that public expenditure management is going to maintain its feature of being an important means and basic guide in this sense.

Public expenditure management has been taken into consideration not only by World Bank and IMF but also the Organization for Economic Cooperation and Development (OECD) and European Union (EU) has supported this approach. As a result of both institutions cooperation, better management is achieved in public. “Support for improvement in Governance and Eastern European Countries (SIGMA) has been constructed. “The Transition Economies Public Expenditure Management Handbook” placed by this program in 2001 has provided the development and widening of public expenditure management approach.

From the above, it is therefore deduced that public expenditure management is a new concept /approach put into practice in 1980 and it is developed by World Organizations like World Bank, IMF, EU and organization for economic cooperation and development

2.4 Expenditure Control in Local Government

The importance of having a sound, effective and control mechanism of the finances of Local Government cannot be over emphasized, if meaningful progress is to be achieved at the grassroots level. Without effective Expenditure control, most of the

policies and programmes of Local Governments may not be achieved. But where proper expenditure control measures are installed and followed, value for money may be achieved. As succinctly put by

Ejisu (1995) posits that if value is to be obtained for money expended, the control mechanisms must be capable of measuring efficiency and effectiveness. This in effect means that money should be judiciously and prudently disbursed on programs and services, which cater for the needs and yearning of the people dwelling in the Local Government areas. The mechanism of expenditure control refers to the institutionalization of administrative and statutory measures to ensure that appropriated funds are spent according to set down rules and regulations; minimizing wastes, checking dishonesty and extravagance and the promotion of economy and effectiveness in the conduct of the financial activities of government (Abubakar, 1995). Thus, it can be stated that the *raison d'être* of expenditure revolves around: appropriate funds to be spent according to set rules and regulations; minimizing wastes, checking dishonesty and extravagance and the promotion of economy and effectiveness.

2.4.1 Classification of local Government Expenditure

The expenditures of Local Governments are classified into capital and recurrent expenditure. The recurrent expenditure is meant for servicing sustenance and maintenance of the existing human and material resources of the Local Government, while capital expenditure deals with the acquisition of new assets (Bello, 2000). In addition Hassan (2001) views expenditure as consisting of the following categories:

2.4.1.1 Recurrent Expenditure

Recurrent is the day to day financial commitment of the government. It caters for transient cost like personnel cost, which consist of personnel emoluments of those

employed by the government (basic salaries, rent and transport allowance, leave Bonus etc) and **overhead** costs used for day to day expenses of general nature, which include general repairs and maintenance activities, the special expenditure are capital items incurred for the long-term used of the government in order to attain its set goals e.g. purchase of motor vehicles, furniture and equipment, Heavy Plants and Generators etc. They specifically represent fixed Assets of the government.

2.4.1.2 Capital Expenditure:

This consists of expenditure which is not fully consumed in one period, but spread over several periods. It includes assets acquired for the purpose of earning income, or increasing the earning capacity of the business. For example, land and buildings, plant and machinery, road maintenance and other projects of capital nature. It also includes payments for items that have more permanent features which are beneficial not only to the government, but also the populace e.g. road constructions, housing schemes, schools and hospital construction.

2.4.2 Dimensions of Expenditure Control

Ejisu (1995) opines that expenditure control has three time-frame dimension: before, during and after the disposal of resources.

1. Control before the Disposal of Resources

Budgetary Control: - This is also known as variance analysis. It entails monitoring expenditure with reference to the amounts in the annual budget (Hassan: 2001).

The Financial Memoranda-(FM) provides for the regulation and management of Local Government finances, and also mandates the council to prepare for approval of their Annual and Supplementary Estimates. Among other things, the FM provides a detailed guideline to be followed as regards to accounting and other instructions for the preparation of the Annual and Supplementary Estimates.

Thus, all Local Governments are required to send their Annual Estimate to the Legislative Arm of the Local Government for approval. The Treasurer however, is empowered by the FM 3.3.5 to ensure that the Local Governments conforms to the directives of budgetary control measures. Consequently, lack of strict adherence to the annual budget by most Local Governments has rendered the Local Government estimates meaningless and a mere conjectures on paper. This according to Ejisun (1995) is mostly caused by extra budgetary expenditures.

Treasury Control - This is the control exercised by the treasury through insistence on written approval before any disbursement, and continuous timely extraction of financial statements to determine the extent of probity and accountability.

Legal Control - This involves the control of expenditures based on the provision of the existing legal provisions.

2. Control during the Disposal of Resources

Control through the vetting of payment vouchers by the Officer Controlling Vote (OCV) as well as the Internal Auditor. The former is to ensure that there is fund in the Heads and Subheads quoted on the voucher. While the later ensures that necessary accounting rules and regulations have been followed by doing pre-payment audit. Contact by the policy makers and concern members in form of inspection of project being carried out to enhance the stages of execution. The auditor general for local government is also empowered to carryout pre-payment inspection of on-going projects in the local government.

3. Control After Disposal of Resources

In line with the spirit of the 1988 civil service reforms, there exist in each state of the federation, the office of the auditor –general for local government; who shall be appointed by Governor. Among his duties is that he shall have power to carry out on regular basis the auditing of local government account and the sanction and surcharge

any officer as in FM39.3. Even though this is a post payment audit exercise, it serves as discouragement for the re-occurrence of irregular payments in future if the exercise is conducted seriously. Also serious audit queries and surcharges can make council official concerned to face disciplinary actions resulting in demotion in ranks, removal from schedule and in some cases, police prosecution, depending on the magnitude of the offence committed (Ejisu, 1995).

2.4.3 Problems of Expenditure Control in Local Governments

From the above, it can be seen that elaborate arrangements, have been made and put in place to ensure prudent expenditure control and local government level. Despite all these arrangements however, expenditure control has been ineffective. Some of the reasons observed for lack of effective and efficient expenditure control are:

1. Mismanagement and Misappropriation of Scarce Financial Resources

In Nigeria today, reports from probe panel at three tiers of government have revealed that corruption is increasingly becoming the Nigerian's way of life, especially by people or officials entrusted with public funds meant for development purpose. In fact it is often said the higher the tier of government the higher the level of corruption exhibited and perpetrated. This according to Bello (2000) has continuously undermined meaningful development in the public sector.

The corruption acts are inter alia perpetrated through the following: Over inflated and unimplemented contract and supplies, inclusion or existence of ghost workers in the wages bill (payroll), fictitious expenses by senior officers and some chief executives (Such expenses included hotel bills, repairs of vehicles, hospitality to august visitors etc.), security votes maintained and unaccounted for by chief executives, deliberate distortion of accurate and financial records by accounting staff and auditors and false declaration of revenue collected by revenue collectors, officers and treasury staff.

2. **Incompetent Staff:** Many staff has no required skills that would enable them perform their assigned responsibilities. For instance, many treasurers have not really grasped the expected skills to perform their roles as the chief financial adviser to the monthly cash flow and working capital of the local government with the view to ensure that contracts are not award without the availability of liquid cash to pay the contractors after project execution.
3. **Shortage of Technical Staff:** Most Local Government in Nigeria lack Technical staff likes Engineers (all types) Medical Doctor, Professional Accountants, and Statistician, Economists, Lawyers and Town planner. Some of the factors responsible for these includes: Very low image of the local government in the minds of such professionals who feels no challenges and no job satisfaction sufficient to keep them at that low level of public staff. ii. Unprogressive carrier prospects in terms of promotion, opportunity for further training decision making on matters that affects working condition welfare. iii. Subjective and unprofessional criteria for employment and promotion.
4. **Grassroots Exemption from Development Plan:** Studied revealed according to Bello (2000) that local Government prepare estimate of their revenue and expenditure without any consultation with the people to know their needs, their problems and potentials. Similarly development plans are being prepared in the Local Government without any concrete data from the people for whom the planning is meant .The factors responsible for non involvement of people in the development process at local government includes; False impression by the officials concerned that people are ignorant and under lightened, Lack of will to run and open administration and Political instability. It can be observed from the above views of scholars that expenditure control is meant for minimizing wastes, checking dishonesty extravagance and also promoting transparency and accountability in the public service.

2.5 Fund Disbursement in Local Governments

There are many types of money disbursement arrangement in governmental organizations. At the federal level the federal sub-treasury handles the payments on behalf of non-self accounting departments while sub-self accounting departments while sub-self accounting and self accounting ministries and department handles their own payments through their central pay offices. Thus, the federal pay offices in the state handle all payments in the states except those passing through the host state government (Oshisami, 2004).

According to Nwoko (1999) Hassan (2001) and Oshsami, (2004) opined that the same arrangement is largely followed in the state Government according, but with exception in the relationship between the state and the local governments in the state. In the local governments, money is disbursed through the treasury i.e. disbursement is a centralized arrangement (Oshisami, 2004). However, whatever in the arrangement, all government organizations are to obey the traditional but legal requirements of fund management including disbursement of funds.

In the government organizations, the legal requirement necessary for the disbursement of money are usually done through preparation of a voucher. A voucher is an evidence of receipt of revenue that has accrued to the organization or disbursement of an amount for services rendered to the government (Hassan, 2001). Daniel (1999) and Oshisami (2004) also put it that a voucher is documentary evidence used to discharge obligations through disbursement of money.

This indicated that a voucher is an evidence of payment which can serve as a future reference document. It is a consensus opinion among literatures on public finance that any payment to be made must be adequately vouchered for prescribed form.

At the local government the FM (14.3) states the form to be used for payment of all kinds department form in each case shall furnish some information to make it authentic and valid for payment. In respect to this, Oshisami (2004) put forth the following content of a voucher. What was purchased or services received the quality the attestation or evidence of the receipts of the goods or services. Applicable contract the payee and address the amount due for payment and the account of charge. Hassan (2001) added that a good payment voucher should also contain: date of transaction content of the vote controlled classification into head and subheads should be typewritten or written in ink, should contain departmental voucher number. It becomes imperative to note that for government funds to be disbursed efficiently and accountably there must be functional system of payment control and payment procedure.

2.5.1 Payment Controls

An efficient disbursement control involves the ability to bridge the variance that might occur between expenditures made and the respective payments it is also observed that the general objective of expenditure control is to ensure that all payments are covered by the appropriate authority, that the document accompanying the payments support the validity of the claims and their payments are for the purpose(s) for which they are intended (Oshisami, 2004).

To ensure this Oshisami indicated that the examination of invoices, purchase order or indents receive voucher or goods received notes, contracts and contract document etc needs to be ,done to ensure that: The claim had not been previously made and settled, The services and goods were either actually rendered or delivered and for the purpose claimed, Performance is in accordance with specifications and The guarantees and other special conditions observed either in the contract or other relevant documents have been observed.

2.5.2 Payment Procedures

Government accounting and financial manuals often include detailed provision on the control mechanisms for the disbursement of funds responsibilities of officers operating the key result areas. At the local government Section 14 of the FM spells out disbursement procedures in the light of the following headings:

Methods of payment: According to the FM (14.1 – 14.3): Payment from local government funds shall be made either by the finance department or from an approved imprest account no payment shall be made unless authorized funds are available. Each payment must be supported by a properly authorized payment voucher prepared on one of the forms referred to as form: LGT 45 for Generals payments, LGT 46 for salaries and LGT 48 for pensions and LGT 49 for Traveling Allowances.

2.5.3 Preparation of Payment Voucher

FM (144) prescribes that payment voucher shall be prepared as follows:

It must be made out of favor or persons to whom the money is actually due, It must be capable of being checked without reference to other documents, It must clearly word and give full particulars of the payment it must be consecutively numbered to correspond with the cash book entry number and field in numerical order, It must be typed or written in an approved type of ball point pen. Only the original of the voucher shall be signed in full but facsimile signature stamps are not allowed. The copies of a voucher must not be signed in full but simply initialed or stamped. All documents referred to on a voucher including where appropriate the original of rlocal purchase order with the certificate section (b) or (c) as appropriate, duly completed, should be attached to the voucher unless such documents have been attached to a previous in the case the number of the previous voucher must quoted. Each voucher shall show the head or subhead of expenditure to be charged. Alteration to payment

vouchers must be designed in full by the official authorizing payment vouchers with extensive alterations may be rejected at the discretion of treasurer.

2.5.4 Authorization of Payments

FM (14.8 – 14.10) state the procedures and officers responsible for the authorization of payment. Payment vouchers must be authorized by the officer controlling a vote (OCV) or the persons whom an A.I.E has been issued. Section 13.13 provides the duties of the OCV. The signature of the official authorizing the payment certifies the correctness of the details on the voucher. He will therefore, be held liable for any payments in excess of approved votes, which are unreasonable or are found to be irregular in any other respect. Accordingly FM 14.9 (1) – (10) clearly states the role of the officials. All payment vouchers shall be submitted to the internal auditor for prepayment audit. Such vouchers shall not be paid by the treasurer until the internal auditor has audited the payment vouchers.

2.5.5 Checks on Payment Vouchers

FM (14.33) prescribed that the treasurer or an authorized finance department official preferably not one involved with accounting for payment, shall carry out the following checks:

One each month check the posting of all payment vouchers to the treasury cashbook, cast the cash book and initial the last entry checked, each week, check the register of outstanding vouchers and register of un-receipted vouchers for outstanding items and ensure that prompt action has been taken to obtain all outstanding receipts for payment made, each month, check at least 20% of the payment vouchers and ensure:

The correctness of all details authorities, alternations, rates, calculations cast and receipts: That official receipts have been obtained where these are normally issued (e.g. by government, other local governments and commercial firms).

That expenditure appears reasonable and for the purpose which have proper charged on the funds on a local government. However, it can be observed that despite the aforementioned arrangement as contained in the FM to ensure proper control and accountability in the disbursement of the local government funds, what one finds in practice in most of the local governments are acts of correction. This ranges from misappropriation of funds unvouchered payments, unauthorized payment, over payments, extra budgetary expenses, etc evidences for this abounds in this study from both primary and secondary sources as would be presented in the Section four presentation and analysis of data including appendices to this study.

2.6 Empirical Study on the relationship between Capital and Recurrent Expenditure

In public finance, the ideal relationship between recurrent and capital expenditure is 70:30. It mean that where capital expenditure declines to any figure bellow 30% it is generally believed that such organization(s) or government would not be able to acquire any substantial assets, which would rank it as a developed agency or government overtime (Bello, 2000).

Local government is the level of government in Nigeria at which the momentum to sustain nation development is created. Bello (2000) viewed the development in local governments in terms of specific projects, such as rural road constructed or rehabilitated and maintained, number of boreholes, number of utility vehicles purchased or refurbished, repaired and maintained by Local Government.

This could also be expresses in terms of the improved quality of life the citizenry enjoy as epitomized in the primary health care programs provides; procurement and distribution of fertilizer, to farmers at subsidized rates, primary education, regularity and quality of public enlightenment programs provided and enjoyed by the citizenry. Thus, the effective and efficient provision of these services qualifies Local Government as viable instrument of rural development. The expenditure pattern of Local Governments is seen in the light of the local allocation of resources between

capitals and recurrent expenditure items. This view has been adopted from the work of Bello (2004) on expenditure pattern of Nigerian Local Governments and the study of Ikhide (1999) on Local Government finance and accountability a study of selected local governments in Nigeria.

Based on the recommended ratio of expenditures between capital and recurrent item, the study of Bello (2004) on six local governments sampled across the country within the period of 10 years indicated a variance from the recommended ratio (30:70).

The study revealed that on average over 75% of their revenue were spent on recurrent expenditures and only 25% were spent on capital projects. He argued that the huge size of recurrent expenditures could be explained by the additional responsibilities shifted to the local governments of financing primary education.

In the same vein, the study of Ikhide (1999) indicated that a disproportionate amount of local government revenue is committed to recurrent expenditure. He opined that the causative factor of this trend come to explained by the large number of non-professional and often idle staff that in most cases do not have the required material and human resources to operate and meaningfully contribute to the output of the local governments. He added that the trend has unduly bloated the size of personnel expenditure of most of his sampled local governments and hence called for human resources audits particularly in professional and skilled department like health. He further argued that an appropriate staff audits would help to determine the appropriate number of staff required to sustain local government functions and responsibilities.

Therefore, the foregoing study is an attempt by the researcher to evaluate the expenditure pattern in Katsina state local governments to find out whether there is good expenditure management at the local government level in Katsina state

2.7 Summary of the Chapter

Public Expenditure is the expenses which a government incurs for its own maintenance and for initiating and attracting developmental project for the people. Public expenditure is classified into capital and recurrent expenditures help in accelerating the economic growth and development.

Public expenditure management is an instrument of government use in achieving the desired outcome of a policy. The basic goals of public expenditure management are accomplishing macro financial discipline, strategical priorities (production allocation) and the functional application (technical productivity). The essential requirement for a well functioning Public Expenditure Management are good institutional framework, medium term fiscal framework, good budget preparation process, budget execution and monitoring good accounting and reporting system adequate financial control and finally a good procurement.

A good expenditure control can be before, during and after disposal of financial resources. Control before entails monitoring expenditure with reference to annual budget it also include the treasury and legal provisions of expenditure control during entail the vetting of payment vouchers by the Officer Controlling Vote (OCR) and internal auditors. While, control after disposal is the post payment audit exercise which serves as the discouragement for the reoccurrence of irregular payment in future. The fund disbursement system in the local government, set-up in Nigeria is that money is disbursed through treasury Department that is disbursement is centralized.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter explains the method or approach used in carrying out the study. It highlights the population of the study, sample size and sampling technique, sources and methods of data collection and the techniques used for data analysis.

3.2 Research Design

For the purpose of this study, the researcher employs a survey research design and ex-post factor. This is justified by taking into consideration the instruments to be used for data collection which involves administration of questionnaire on the respondents of the study and reports of the Auditor General for local governments of Katsina State, as well as, the Approved Annual Estimates from the the Ministry for Local Government Katsina State.

3.3 Population of the Study

The population of the study comprises of all the Local Governments in Katsina State. There are thirty four (34) Local Government Areas in Katsina State, and the list of those Local Governments is shown in Table 3.1

Table 3.1: The Population of the Study

S/NO	NAME OF LOCAL GOVERNMENTS	SENATORIAL ZONE
1.	Funtua	Funtua
2.	Bakori	Funtua
3.	Sabuwa	Funtua
4.	Dandume	Funtua
5.	Faskari	Funtua
6.	Malumfashi	Funtua
7.	Kafur	Funtua
8.	Kankara	Funtua
9.	Matazu	Funtua
10.	Musawa	Funtua
11.	Danja	Funtua
12.	Katsina	Katsina
13.	Batagarawa	Katsina
14.	Charanchi	Katsina
15.	Jibia	Katsina
16.	Kaita	Katsina
17.	Dutsin-ma	Katsina
18.	Danmusa	Katsina
19.	Kurfi	Katsina
20.	Kusada	Katsina
21.	Kankia	Katsina
22.	Rimi	Katsina
23.	Bindawa	Katsina
24.	Batsari	Katsina
25.	Safan	Katsina
26.	Daura	Daura
27.	Mashi	Daura
28.	Mani	Daura
29.	Ingawa	Daura
30.	Dutsi	Daura
31.	Sandamu	Daura
32.	Mai'adua	Daura
33.	Zango	Daura
34.	Baure	Daura

Source: Generated by the researcher from the Local Government register: Ministry for Local Government Affairs Katsina State, 2012.

3.4 Sample Size and Sampling Technique

The research used stratified sampling techniques and selects six Local Governments from the population. Two Local Governments were selected each from the three senatorial zones of the state. After stratifying the selected local governments were arrived at considering the two local governments that are close to each other because of the disparity of the zones. These selected Local Governments are shown in table 3.2.

Table 3.2: The Sampled Local Governments

S/NO	NAME OF LOCAL GOVERNMENT	Senatorial zone
1.	Charanchi Local Government	Katsina
2.	Batagarawa Local Government	Katsina
3.	Funtua Local Government	Funtua
4.	Bakori local government	Funtua
5.	Dutsi Local Government	Daura
6.	Daura Local Government	Daura

Source: Generated by the Researcher from Table 3.1.

3.5 Sources and Methods of Data Collections

For the purpose of this study, the methods of data collection comprise of both primary and secondary sources .The primary data was collected through the administration of questionnaire. One hundred and twenty (120) copies of questionnaire were distributed to the staff of local governments on grade level 10 and above, because they have higher qualification and can be able to fill questionnaire, twenty (20) copies of questionnaire per Local Government with the aim of generating responses on the extent of effective utilization of revenue generated at the Local Government level in Katsina State.

The secondary data was obtained from the approved estimate of Katsina State Local Governments (2005 – 2010) and the reports of the Auditor General for Local Governments Katsina Sate (2005 – 2010) This method of collecting data is in line with (Ma’aruf, 2005 and Bashir, 2007).

3.6 Techniques for Data Analysis

The data generated for this research work were analyzed using descriptive statistics, Chi-Square and Paired Samples T-test. The descriptive statistics consist of the mean, median and standard deviations which were used to summarize the data gathered from sampled local governments and Chi-Square was used to test hypothesis one of the study while the paired Samples T-test was used to determine whether significant difference exist between the estimated and actual expenditure as well as between capital and recurrent expenditure. Thus, test hypotheses two and three of the study respectively.

The Chi-Square test can be expressed as:

$$X^2 = \sum_{I=1}^n \frac{(F_o - F_e)^2}{F_e}$$

Where:

\sum = Summation or addition

n = Number of cells in the contingency table

F_o = Observed frequency or value

F_e = Expected frequency or value which is calculated thus:

$$F_e = \frac{\text{Row total} \times \text{Column total}}{\text{Grand total}}$$

X^2 = Chi-Square

The decision rule is to accept the null hypothesis where calculated Chi-Square is less than the critical or tabulated Chi-Square at 5% level of significance and reject the null hypothesis where calculated Chi-Square is greater than the critical or tabulated Chi-Square at 5% level of significance. The degree of freedom (df) is given by (r-1) (c-1).

The Paired Samples T-test is expressed as follows:

$$T = \frac{\bar{d} - \mu_0}{\sqrt{S_d / (n - 1)}}$$

Where:

μ_0 = the hypothesized population mean of the differences

\bar{d} = the mean of the paired sample differences

S_d = is the sample standard deviation of the paired sample differences

n = the sample size.

The degree of freedom is $(n - 1)$

Level of significance = 0.05

The decision rule is to accept the null hypothesis where calculated t-value is less than the critical or tabulated t-value at 5% level of significance and reject the alternate hypothesis where calculated t-value is greater than the critical or tabulated t-value at 5% level of significance.

3.7 Summary of the chapter

This chapter discussed the methodology used in the research. Specifically, it outlines the research design whereby a survey and ex-post factor research designs are employed, population of the study, sampling techniques and sample size and finally the techniques for data analysis which include descriptive statistics, chi-square and paired samples T-test.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

In this chapter, the data collected in the study using both questionnaire and report of the Auditor General for Local Government, as well as, Approved Annual Estimates were presented and the results discussed so that inferences can be drawn. In addition, demographic information of the respondents are presented and analysed.

Table 4.1 was used to analysed the number of questionnaire filled and returned and those that are not returned.

4.2 Analysis of Responses to the Research Questionnaire

Table 4.1: Distribution of Questionnaire and Response Rate

	Score	Percentage
Filled & Returned	108	90%
Not Returned	12	10%
Total	120	100%

Source: Field Survey, 2012

From table 4.1, a total number of one hundred and twenty (120) copies of questionnaire were administered to the respondents of the sampled local government. One hundred and eight (108) copies representing 90% were filled and returned, while twelve (12) copies representing 10% were not returned. Considering this percentage of completion and return, it is regarded adequate to allow for valid analysis and interpretation and consequently to generalize conclusion there from.

4.3 Analysis of Primary Data

The responses generated from the administration of questionnaire was analysed in this sub section.

4.3.1 Demography of the Respondents

Tables 4.2 to 4.5 summarizes the background information of the respondents. In particular, the tables presents information of the respondent's designation, working experience, educational background and grade levels.

Table 4.2 : Number of Respondents per local Governments

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Bakori	18	16.7	16.7	16.7
	Batagarawa	17	15.7	15.7	32.4
	Charanchi	18	16.7	16.7	49.1
	Daura	19	17.6	17.6	66.7
	Dutsi	17	15.7	15.7	82.4
	Funtua	19	17.6	17.6	100.0
	Total	108	100.0	100.0	

Source: Generated by the Author using SPSS 19.0 from Field Survey Data, 2012.

Table 4.2 presents the distribution of the respondents based on their local government in Katsina State. From the table, 18 respondents representing 16.7 percent of the total respondents are from Bakori and charanchi Local Governments respectively, 17 respondents representing 15.7 percent of the total respondents are from Batagarawa and Dutsi Local Governments and finally, 19 respondents representing 17.6 percent are from Daura and Funtua Local Governments, respectively.

Table 4.3: Working Experience of the Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Six to Ten Years	23	21.3	21.3	21.3
	Eleven to Fifteen Years	35	32.4	32.4	53.7
	Sixteen to twenty years	30	27.8	27.8	81.5
	Twenty One to Thirty Years	20	18.5	18.5	100.0
	Total	108	100.0	100.0	

Source: Generated by the author using SPSS 19.0 from Field survey, 2012.

Table 4.3 presents the working experience of the respondents. The shows that 23 of the respondents representing 21.3% have 6-10 years working experience, 35 of the respondent representing 32.4% have 11-15 working experience, 30 of the respondents representing 27.8% have 16-20 years working experience and 20 of the respondents representing 18.5% have the highest working experience of 21-30 years .This indicates that the respondents can supply the necessary information needed for the study.

Table 4.4: Qualification of the Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Diploma/NCE	30	27.8	27.8	27.8
	Degree/HND	68	63.0	63.0	90.7
	Masters	10	9.3	9.3	100.0
	Total	108	100.0	100.0	

Source: Generated by the author using SPSS 19.0 from Field survey,

Table 4.4 indicates that 30 of the respondents representing 27.8% are holders of diploma/NCE,68 of the respondents representing 63% are holders of degree/HND and 10 of the respondents 9.3% are holders of masters degree. The analysis reveals that all the respondents can adequately supply the necessary information for this study.

Table 4.5: Grade Level of the Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	10-14	78	72.2	72.2	72.2
	15 and above	30	27.8	27.8	100.0
	Total	108	100.0	100.0	

Source: Generated by the author using SPSS 19.0 from Field survey,

Table 4.5 indicates that 78 of the of the respondents representing 72.2% are workers on grade level 10-14, while 30 of the respondents representing 27.8% are workers on grade level 15

and above. The analysis indicates that all the respondents are senior staff that can adequately supply the necessary information for the study

4.3.2 Analysis and Discussion of Other Questionnaire Data

This section presents the results of the analysis of the data generated from the responses obtained for the study. The focus here is on the data generated from the responses to be able to answer the research questions raised in chapter one and to achieve the objective of the study.

Table 4.6: Descriptive Statistics on the Effective Utilization of Revenue by Local Governments in Katsina State

Questionnaire Item	N	Mean	Std. Deviation	Minimum	Maximum
Effective Utilization of Revenue on Agriculture	108	2.0185	1.21503	1	5
Effective Utilization of Revenue on Craft	108	1.7222	.88427	1	5
Effective Utilization of Revenue on Rural Electrification	108	2.2037	1.30963	1	5
Effective Utilization of Revenue on Commerce	108	2.2037	1.30963	1	5
Effective Utilization of Revenue on Education	108	4.1389	1.15571	1	5
Effective Utilization of Revenue on Health	108	3.4352	1.53021	1	5
Effective Utilization of Revenue on Information	108	1.8981	.99475	1	5
Effective Utilization of Revenue on Sports and Culture	108	3.3426	1.61281	1	5
Effective Utilization of Revenue on Fire Services	108	3.5741	1.29848	1	5
Effective Utilization of Revenue on Water Resources	108	2.9167	1.42819	1	5
Effective Utilization of Revenue on Environment	108	3.9537	1.19488	1	5
Effective Utilization of Revenue on Drainages	108	4.3981	1.20699	1	5
Effective Utilization of Revenue on Roads and Bridges	108	4.4167	1.17708	1	5

Source: Generated by the Author using SPSS 19.0 from Field Survey, 2012.

Table 4.6 shows the descriptive statistics on the effective utilization of revenue as regards volume of capital expenditure on each of the above items by local governments in Katsina State. On whether local governments make effective utilization of revenue on agriculture, craft, rural electrification, commerce, health, information, sports and culture and water resources.

The mean of 2.0185 on Agriculture indicates that the respondents do not agree with the statement that local governments in Katsina state made effective utilization of revenue on this sector, the mean of 1.7222 on craft indicates that the respondents do not agree with the

statement that local governments in Katsina state made effective utilization of revenue on this sector, the mean of 2.2037 on rural electrification indicates that the respondents do not agree with the statement that local governments in Katsina state made effective utilization of revenue on this sector, the mean of 2.2037 on commerce also indicates that the respondents do not agree with the statement that local governments in Katsina state made effective utilization of revenue on this sector, the mean of 4.1389 on education indicates that the respondents agreed with the statement that local governments in Katsina state made effective utilization of revenue on this sector, the mean of 3.435 on health indicates that the respondents do not agree with the statement that local governments in Katsina state made effective utilization of revenue on this sector, the mean of 1.8981 on information indicates that the respondents do not agree with the statement that local governments in Katsina state made effective utilization of revenue on this sector, the mean of 3.3426 on sports and culture indicates that the respondents do not agree with the statement that local governments in Katsina state made effective utilization of revenue on this sector, the mean of 3.5741 on fire services indicates that the respondents agreed with the statement that local governments in Katsina state made effective utilization of revenue on this sector, the mean of 2.9167 on water resources indicates that the respondents do not agree with the statement that local governments in Katsina state made effective utilization of revenue on this sector, the mean of 3.9537 on environment indicates that the respondents agreed with the statement that local governments in Katsina state made effective utilization of revenue on this sector and the mean of 4.3981 on drainages indicates that the respondents agreed with the statement that local governments in Katsina state made effective utilization of revenue on this sector.

Table 4.7: Chi-square Results on Effective Utilization of Revenue by Local Governments in Katsina State

	Effective Utilization of Revenue in Local Governments in Katsina State
Chi-Square	38.667
Df	29
Asymp. Sig.	.108

Source: Generated by the Author using SPSS 19.0 from Field Survey, 2012.

Table 4.7 shows the result of Chi-Square test. It can be ascertained from the table that at 5% level of significance and 29 degree of freedom, the significance or P-Value of .108 is greater than 0.05. Therefore, the null hypothesis is accepted which state that local governments in Katsina State do not make effective utilization of financial resources. and the alternate hypothesis is rejected.

4.4 Analysis of Secondary Data

The data generated from the secondary source was analyzed in the following sub section.

Table 4.8 indicate that actual expenditures in most of the local governments in the years under review exceeded estimated expenditures with a wide margin, except in 2006 Daura had a favourable variance of ₦36M on capital expenditure, in the same year Funtua had a balance budget on personnel and overhead costs. In 2007 Charanci had a favourable variance of ₦ 46M on overhead expenditure, Daura ₦ 38M on capital expenditure and Funtua ₦ 37M and ₦483M on personnel cost and capital expenditure respectively. Furthermore in 2008 Bakori had a favourable variance ₦ 206M and ₦ 98M on overhead and capital expenditures, Charanci ₦ 15M on overhead expenditure, Dutsi ₦ 5M on overhead expenditure and Funtua ₦ 157M on overhead expenditure. In 2010 Bakori had a favourable variance of ₦ 302M and ₦ 189M on overhead and capital expenditure, Batagarawa had its only favourable variance of ₦ 206M and ₦ 217M on overhead and capital expenditures, in the same year Daura and Funtua had a favourable variance of ₦ 397M and ₦ 300M both on overhead expenditure.

In the years 2005 and 2009 none of the local governments under review had a favourable variance. On average the amount of actual expenditures exceeded the estimated expenditures in all the local government during the period under review, this is an evidence of poor expenditure management characterized by over expenditure.

Table 4.9: Total Expenditure Variances for sampled Local Governments in Katsina State from 2005 – 2010

YEAR	Estimated (₦M)	Actual (₦M)	Variance(₦M)
2005	4,487	7,857	(3,370)
2006	4,913	5,634	(721)
2007	5,461	6,549	(1088)
2008	5,411	5,616	(205)
2009	6,796	14,547	(7,751)
2010	7,940	7,568	372
TOTAL	35,008	47,771	(12,763)

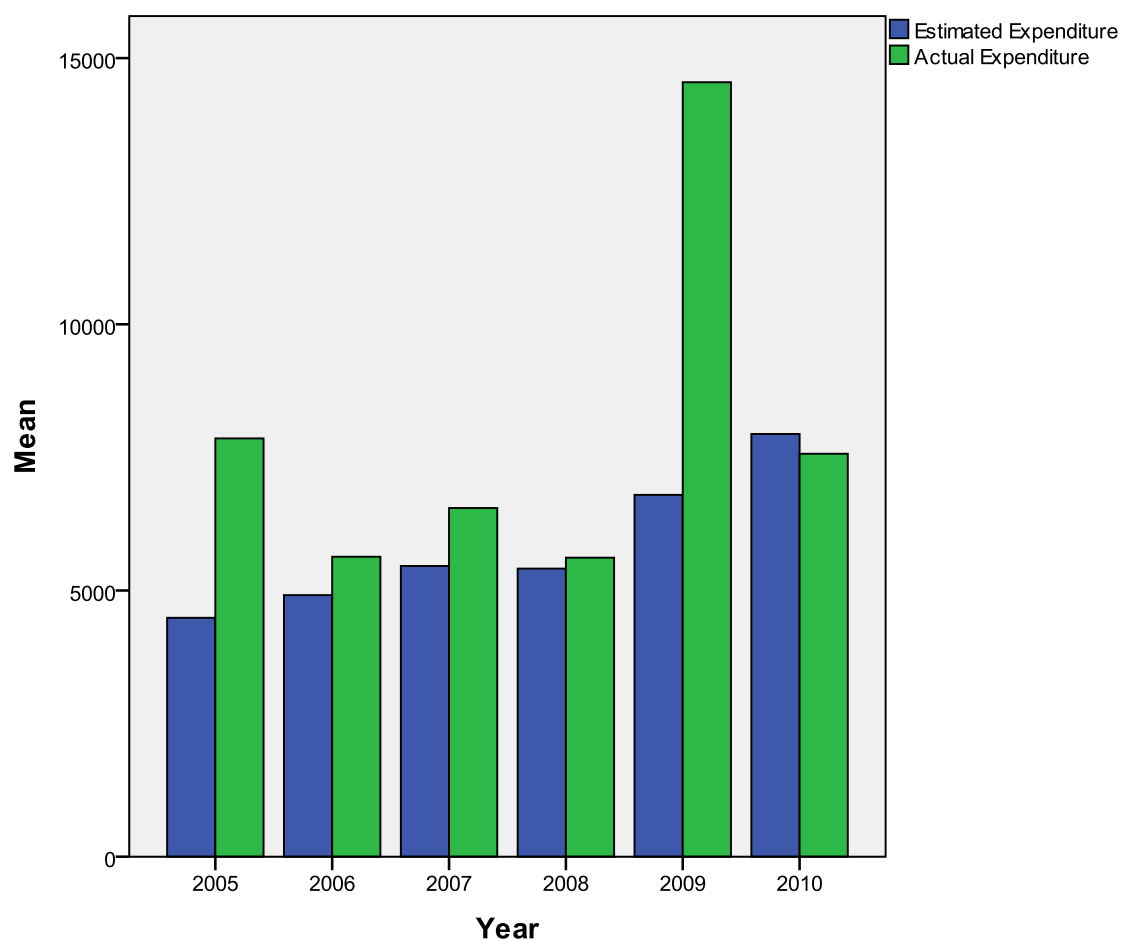
Source: Approved Annual Estimate Ministry for Local Government Katsina State (2005 - 2010).

From Table 4.9, It can be seen that the total actual expenditure of all the local governments for 2005 fiscal year was 7857M while the estimated expenditure for the same year was

4487M. Therefore, there was unfavourable variance of 3370M. Also, for the year 2006, the total actual expenditure was 5,634M as against 4,913M estimated expenditures for the same fiscal year. In the same vein, in 2007, the total actual expenditures was 6,549M as against 5,461M estimated expenditure for the same fiscal year. There was an unfavourable variance of 1,088M. In 2008, the total actual expenditures was 5,616M as against 5,411M estimated expenditure for the same fiscal year. There was also an unfavourable variance 205M. In 2009, the total actual expenditure was 14,547M as against 6,796M estimated expenditure for the same fiscal year. There was an unfavourable variance of 7,751M. In this fiscal year the highest unfavourable variance was recorded. Finally, in 2010, was 7,568M as against the total estimated expenditure of 7,940M in the same fiscal year. The only favourable variance of 372M was recorded in this fiscal year.

Table 4.8 reveals that the overall total actual expenditures of the sampled local government in Katsina state from 2005 to 2010 as 47,771M as against 35,008 with an unfavorable variance of 12,763M this represents 16% increase on the estimated expenditure. This also, indicates a poor expenditure management because good public expenditure management entails having a realistic income and expenditure.

Figure 1: Estimated and Actual Expenditure of the Local Governments in Katsina State



Source: Generated by the Author using SPSS 19.0 from table 4.8

The bar chart above indicates that, there is a high variance of actual expenditures as against the estimated expenditures in 2005 and 2009 fiscal years. Also in 2006, 2007 and 2008 there was a variance but not as high as 2005 and 2009. In 2010 the estimated expenditure is slightly higher than the actual expenditure, this indicates the only favourable variance so far recorded.

Table 4.10: Paired Samples Statistics on Expenditure Variance of Local Governments in Katsina State

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Estimated Expenditure	5834.67	6	1291.618	527.301
	Actual Expenditure	7961.83	6	3360.011	1371.719

Source: Generated by the Author using SPSS 19.0 from table 4.8

Table 4.10 shows that in all the six years under review the actual expenditures has increased by 2,127.16M. This signifies that actual expenditures is greater than the estimated expenditure, this also indicates a poor expenditure management.

Table 4.11: Paired Samples Correlations on Expenditure Variance of Local Governments in Katsina State

		N	Correlation	Sig.
Pair 1	Expected Expenditure & Actual Expenditure	6	.429	.396

Source: Generated by the Author using SPSS 19.0 from table 4.8

Table 4.11 shows the person correlation between the actual expenditures and estimated expenditures of the local governments in Katsina state for the period 2005-2010. The result shows the correlation 429, this indicates a positive relationship between the actual and estimated expenditures of local governments for the period of study.

Table 4.12: Paired Samples Test on Expenditure Variance of Local Governments in Katsina State

		Paired Differences					T	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Estimated Expenditure - Actual Expenditure	-2127.167	3038.745	1240.563	-5316.134	1061.801	-1.715	5	.147

Source: Generated by the Author using SPSS 19.0 from 4.8

Table 4.12 indicates the paired samples test result on whether there is a significance difference between the actual and estimated expenditures of local government in Katsina state.

The calculated t-value is -1.715 while the critical t-value is 2.57 at 5% level significance and 5 degree of freedom. The table shows that the calculated t-value of -1.715 is less than the t-value of 2.57 at 5% level of significance and 5 degree of freedom. The study thus accepts the

null- hypothesis and the alternate hypothesis is rejected. This means that there is no significant difference between the estimated and actual expenditures in Katsina state local government.

Table 4.13: Percentage of Funds Allocation between Recurrent and Capital Expenditure

Local Govt	2005 %RE %CE	2006 %RE %CE	2007 %RE %CE	2008 %RE %CE	2009 %RE %CE	2010 %RE %CE
Bakori	78.5 21.5	77.0 23.0	76.0 24.0	70.1 29.9	67.1 32.9	73.0 27.0
Batagarawa	91.7 8.3	70.0 30.0	81.1 18.9	83.7 16.3	62.8 37.2	75.1 24.9
Charanchi	79.5 20.5	78.0 22.0	83.6 16.4	74.0 26.0	61.8 38.2	79.4 20.6
Daura	81.0 19.0	85.0 15.0	83.4 16.6	74.4 25.6	70.6 29.4	81.7 18.3
Dutsi	81.2 18.8	85.4 14.6	81.0 19.0	74.2 25.8	68.2 31.8	77.7 22.3
Funtua	84.0 16.0	78.0 22.0	82.6 17.4	85.3 14.7	84.5 15.5	46.4 53.6

Source: Annual Report of the Auditor General for Local Government Katsina State and Approved Annual Estimate Ministry for Local Government Katsina State (2005 - 2010).

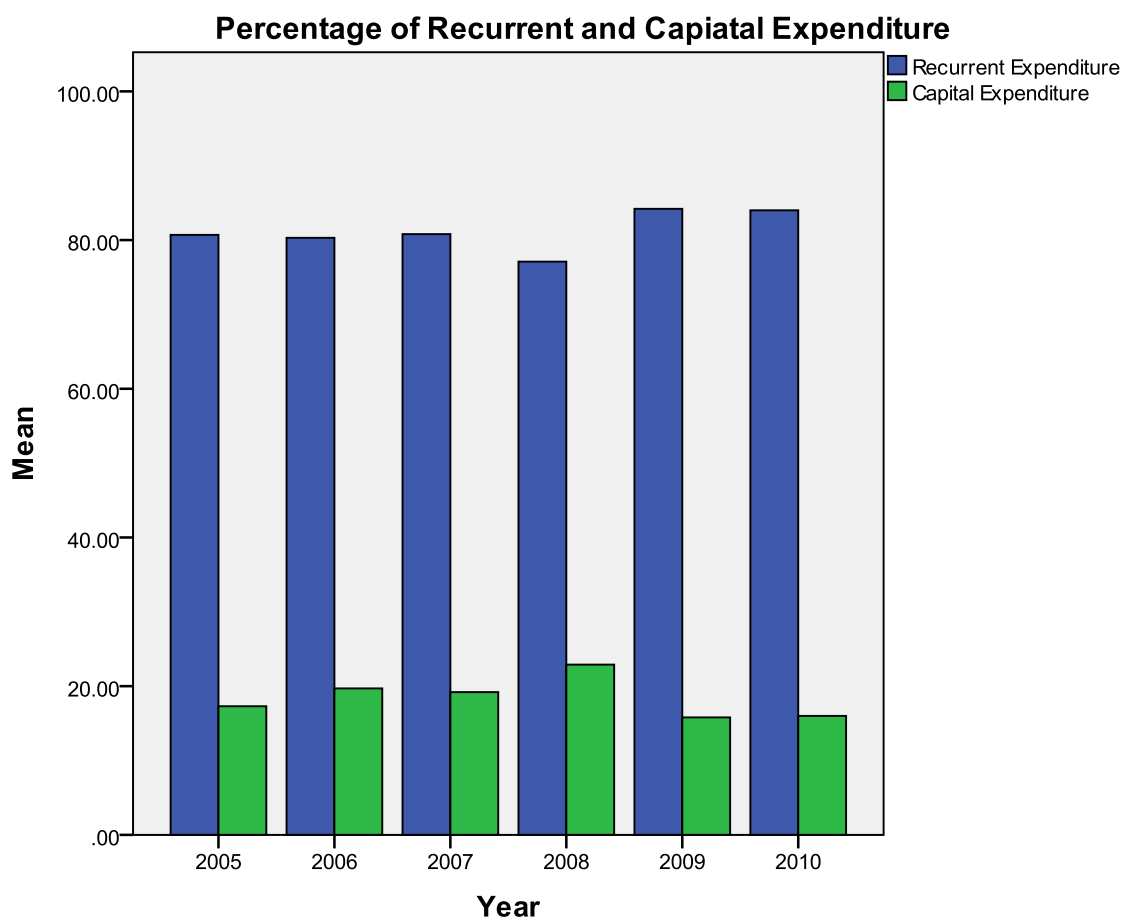
Table 4.13 shows the summary of fund allocation, between capital and recurrent expenditure in percentage terms for the period between 2005 – 2010. From the table, the allocation for recurrent expenditure took the lion share of the local government fund for all the local governments surveyed while little fund was allocated to capital expenditure. This is indicated by the overall percentage of 81.45:18.55 (Appendix III) between the recurrent and capital expenditure which is inconsistent with the recommended ratio of 70:30 as advocated by Bello (2000).

Table 4.14 Summary of Percentage of Funds Allocation between Recurrent and Capital Expenditure

Years	%RE	%CE
2005	80.7	17.3
2006	80.3	19.7
2007	80.8	19.2
2008	77.1	22.9
2009	84.2	15.8
2010	84.0	16.0

Source: Generated from Table 4.13.

Figure 2:



Source: Generated by the Author using SPSS 19.0 from table 4.14

The bar chart for percentage of allocation of revenue on recurrent and capital expenditure for the period (2005-2010) shows a higher proportion of recurrent expenditure throughout the period under study. It could be concluded that this would have a negative effect on local government development.

Table 4.15: Paired Samples Statistics on the Proportion of Recurrent and capital Expenditures to Total Revenue.

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Proportion of Recurrent Expenditure to Total Revenue	79.5000	36	10.24176	1.70696
	Proportion of capital Expenditure to Total Revenue	19.0361	36	5.33459	.88910

Source: Generated by the Author using SPSS 19.0 from table 4.14.

Table 4.15 and the above diagram shows that revenue has been mostly allocated to recurrent expenditure as indicated by the mean of 79.5000 for recurrent expenditure as against the mean for capital expenditure of 19.0361. This signifies that more effort is geared toward recurrent or consumption expenditure thereby neglecting the key variable for growth and development (capital expenditure). This is in line with findings of Bello(2004) and Maaruf (2005) on expenditure pattern of local governments in Kaduna State.

Table 4.16: Paired Samples Correlations on Proportion of Recurrent and capital Expenditures to Total Revenue.

		N	Correlation	Sig.
Pair 1	Proportion of Recurrent Expenditure to Total Revenue & Proportion of capital Expenditure to Total Revenue	36	-.514	.001

Source: Generated by the Author using SPSS 19.0 from table 4.14.

Table 4.16 shows the Pearson correlation between the proportion of recurrent expenditure to total revenue and the proportion of capital expenditure to total revenue of local governments in Katsina State for the period between 2005 – 2010. The result shows the correlation of -.514 which is negative indicating a negative relationship between the proportion of recurrent expenditure to total revenue and the proportion of capital expenditure to total revenue.

Table 4.17: Paired Samples Test Result on the Proportion of Recurrent and capital Expenditures to Total Revenue.

	Paired Differences						T	Df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference					
				Lower	Upper				
Pair 1 Proportion of Recurrent Expenditure to Total Revenue - Proportion of capital Expenditure to Total Revenue	60.46389	13.76794	2.29466	55.80549	65.12229	26.350	35	.000	

Source: Generated by the Author using SPSS 19.0 from table 4.14.

Table 4.17 indicates the paired samples test result on whether there is significance difference between the proportion of recurrent expenditure to total revenue and the proportion of capital expenditure to total revenue of local governments in Katsina State for the period between 2005 – 2010. The calculated t-value is 26.350 while the critical t-value is 1.96 at 5% level of significance and 35 degree of freedom.

Since the computed value of t 26.350 is greater than the table value of 1.96 at 5% level of significance and 35 degree of freedom, the study thus reject the null hypothesis and the alternate hypothesis is accepted. This means that there is significant difference between the proportion of recurrent expenditure to total revenue and the proportion of capital expenditure to total revenue of local governments in Katsina State. This is in consistence with the information contained in table 4.11 as well as appendix iii.

4.5 Summary of the chapter

This chapter discussed the responses to the questionnaire administered and the secondary data obtained from the Office of Auditor General for LGs Katsina State on revenue and expenditures were also analysed in this chapter.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

The summary is divided into two, summary of work done and summary of major findings.

5.1.1 Summary of Work Done

Chapter one begins with the general background and overview of the concepts and importance of public expenditure management. Accordingly, problem statement of the study and its objectives has also been established. The study was aimed at examining the extent of effective utilization of revenue generated at local government level in Katsina State.

Chapter two reviews the relevant literatures on the concept of public expenditure management and essential requirements of a well-functioning public expenditure management. Also, the concept of public finance, nature of public expenditure and how public expenditure contributes to the economic growth.

Chapter three explained and justified the methodology used in the study. In this chapter, it was explained that the study employs a survey and ex-post factor research design that collects data through primary and secondary source from the 6 local governments selected out of the 34 local governments in Katsina State that make up the population of the study. The collected data was analyzed using descriptive statistics, Chi-Square and Paired Samples T-test.

Moreover, chapter four was on the discussion of results. In discussing the results, tables were used in presenting the data collected. Also, it has been established in the chapter that out of the 120 copies of questionnaire distributed, 108 copies were filled and returned and 12 were not filled and returned. The demography of the respondents

reveals that they have different educational qualifications and years spent in the local government.

5.1.2 Summary of Findings

Based on the analysis and the discussion of results generated from the collected data, the summary of the findings are outlined below:

- i. Local governments in Katsina State do not make effective utilization of financial resources.
- ii. There is no significant difference between the estimated and actual revenue in Katsina State Local Governments.
- iii. Finally, there is significant difference between the proportion of recurrent expenditure to total revenue and the proportion of capital expenditure to total revenue of local governments in Katsina State.

5.2 Conclusion

The following conclusions are drawn from the findings of the study:

- i. Local governments in Katsina State do not make effective utilization of financial resources. This means that they provide little service on the key drivers of economic growth neglecting most important sectors like agriculture, which is the mainstay of Katsina state economy. .
- ii. There is no significant difference between the estimated and actual expenditure in Katsina State Local Governments. But the actual expenditure is higher than the estimated expenditure this shows the evidence of poor public expenditure management at local government level in Katsina state. .
- iii. There is significant difference between the proportion of recurrent expenditure to total revenue and the proportion of capital expenditure to total revenue of local

governments in Katsina State. Thus no meaningful growth and development will be achieved with this pattern of expenditure..

5.3 Recommendations

Based on the findings of the study and conclusions drawn, the following recommendations are made:

- i. The local governments in Katsina state should give more priority to agricultural sector which is the mainstay of Katsina State economy. This can aids industrialization as well as the growth and development of the state.
- ii. The Finance and General Purpose Committee (FGPC) of the local governments Katsina state should device means of controlling expenditures more effectively. By enforcing strict adherence to budgets.
- iii. Katsina State House of Assembly should provide law for spending 70% of the revenue of Local Governments on capital expenditure

5.4 Frontiers for Further Research

The sample for this study was relatively small . Moreover, selected sample was limited only to local governments in Katsina State. This would provide a potential source of bias to generalization. In order to get superior understanding of PEM concepts and its function, future research should focus in examination of larger sample size and appraisal of PEM in other states of the federation. In addition, future research should focus on appraisal of Public Expenditure Management in compliance with Financial Memoranda.

REFERENCES

- Abubakar, H.I. (1995). Budgeting at the Local Government Level In Nigeria: An Overview of the provision of the Revised Financial Memoranda". Workshop on Budgeting and Expenditure Control 9 march.
- Allen, R. and Tommasi, D. (2001). Managing Public Expenditure : A reference book for transition countries, SIGMA, OECD.
- Anyafu, A.M.O. (1996). Public Finance in development economy. The Nigeria case UNEC publication, Enugu.
- Basher, J. (2007). The structure of Growth in Local Government Expenditure. Institute of Administration. Department of local Government studies A.B.U. Zaria.
- Basher, J. (2008). Local Government Finance in Nigeria an analysis of the causality between Revenue and Expenditure and Development unpolished Ph. d thesis.
- Bathia, H.L. (2008). Public Finance (26th ed.) Vikas publishing house PVT Ltd. New Delhi.
- Bello, I. (2004). "Local Government Finance in Nigeria". Center for Local Government and Rural Development Studies. Jordan publication; Ltd. Ibadaan.
- Bello, I.B. (2000). "Course material on public finance". A paper presentation at Ambarose. Alli, University, Study center Ibadan pp1.
- Campos, J. and Phradhan, S. (1997). Evaluating public Expenditure management systems.
- Daniel, G.I. (1999). "Public Sector Accounting" Ahmadu Bello University Press Ltd. Zaria, Nigeria.
- Ejisun, J.A. (1995). "The Accounting framework of the Revised Financial memoranda". Paper presentation at National Workshop on the installation of Revised financial memoranda for senior Local Government Functionaries. Organized by ministry of state and Local Government Affairs, Abuja.
- Ejisun, J.A. (1995). " Expenditure Control in Local Government" paper presented for workshop on Budgeting and Expenditure Control under Revised Financial memoranda, organised by Gamji management consultants 9th March Katsina.
- Ekpo, A.H. and Ndebibo, E.U. (1988). "Local Fiscal operations in Nigeria" Research paper 73 AERC Nairobi Kenya.
- Federal Government of Nigeria (1976) Guidelines for Local Government Lagos Government Press.
- Gearson, P. (1988). The impact of fiscal policy Variables on output Growth. IMF working paper 98/1.
- Hassan, M.M. (2001). "Government Accounting" Malthouse Ltd. Ikeja, Lagos, Nigeria.

- Hou, Y. (2006). "Budgeting for fiscal stability over business cycle: A counter-cyclical Fiscal policy and the multi-year perspective on Budgeting". *Public Administration Review*, (September-October).
- Hurrihwa, A. (2004). "Information and Voice in public spending" <http://econ.worldbank.org/files/15157ps/project.Information.and.Voice.Reinikka>.
- Ikhide, S. (1999). "Local Government finance and Accountability". A case study of selected Local Governments in Nigeria. CODESRIA, Dakar publishes.
- Ma'aruf, M. (2005). An assessment of Local Government Expenditure pattern and compliance with financial memoranda. Unpublished PhD Thesis.
- Marina, J. (2009). The importance of public Expenditure management.
- Model Financial Memoranda. (2009). Financial Memorandum For Local Government, 4 edition, Abuja.
- Nwoko, O. (1999). "Local Government Financial Management" An Examination of Accounting Procedures. An unpublished MPA Thesis.
- Obasanjo, O. (2003). "Issue of Review of the Structure of Governance in Nigeria" A National Broadcast by President Olusegun Obasanjo, June 18, 2003.
- Oshisami, O. (2004). "Local Government Administration and Development in Nigeria" *Journal of Public Administration*.
- Rajaram, A. and Krishnamurthy, M. (2001). "Public Expenditure Management and Accountability Evolution and current Status of the world Bank". Poverty Reduction and Economic Management Network Operation Policy and Country services Network, (April).
- Salvatore, S.C. (1999). Strengthening Performance in Public Expenditure, *Asian Review of Public Administration*, Vol.1 No 2 (July-December 1999).
- Selby, G.W. (1989). "The Institutional Framework and Economic Development" *Journal of Political Science*.
- Shah, A. and Von, H.J. (2007). Budgeting and Budgetary Institution, Herndon, VA USA World Bank.
- Shick, A. (1999). Contemporary approach to Public Expenditure Management, World Bank Institute, Governance. Regulation and Finance Division, Second Printing (April).
- The World Bank, (1998). "Public Expenditure Management Hand book". Washington, D. C. The International Bank For Reconstruction and Development, The World Bank p.17-52
- Ukwu, U.I. (2002). Public Expenditure and Financial Accountability in Nigeria. Paper Presented at Joint Government of Nigeria 2nd World Bank Workshop on Improving Public Expenditure and Financial Accountability in Nigeria. Kaduna April 24-26

Von, H. Jurgen (1998), Budgeting Institution for Aggregate Fiscal Discipline; ZEI, University
of Boon: Indiana University Center for European Integration Studies (CEPR)

APPENDIX I

RESEARCH QUESTIONNAIRE

Department of Accounting
Faculty of Social and
Management Sciences
Bayero University Kano.
2nd September 2012

Dear Sir /Madam

LETTER OF INTRODUCTION

I am a student of Bayero University Kano pursuing a Master's of Science M.sc. degree in Accounting. I am writing a dissertation on the topic: Public Expenditure Management at Local Government level in Katsina State.

I wish to solicit for your response on the subject matter through the questionnaire attached. All the information provided and opinion expressed will be held confidential and used strictly for academic purpose.

Thanks for your cooperation

Yours faithfully,

Sagir Lawal

SPS/09/MAC/00004

INSTRUCTIONS TO THE QUESTIONNAIRE

Tick in the appropriate box selected to show your responses and leave the affirmative box (es) blank

Please be as objective as possible.

Q1 which of the local government do you belong to?

- | | | |
|-----|------------|--------------------------|
| I | Bakori | <input type="checkbox"/> |
| II | Batagarawa | <input type="checkbox"/> |
| III | Charanchi | <input type="checkbox"/> |
| IV | Daura | <input type="checkbox"/> |
| V | Dutsi | <input type="checkbox"/> |
| VI | Funtua | <input type="checkbox"/> |

Q2 How long have you been working in the local government?

- | | | |
|-----|-------|--------------------------|
| I | 6-10 | <input type="checkbox"/> |
| II | 11-15 | <input type="checkbox"/> |
| III | 16-20 | <input type="checkbox"/> |
| IV | 21-30 | <input type="checkbox"/> |

Q3 What is your highest qualification

- | | | |
|-----|-------------------------|--------------------------|
| I | Diploma Certificate/NCE | <input type="checkbox"/> |
| II | Degree/HND | <input type="checkbox"/> |
| III | Masters/ | <input type="checkbox"/> |
| | | <input type="checkbox"/> |

Q4 What is your Grand level?

- | | |
|--------------|--------------------------|
| 02 – 04 | <input type="checkbox"/> |
| 05 – 09 | <input type="checkbox"/> |
| 10 – 14 | <input type="checkbox"/> |
| 15 and above | <input type="checkbox"/> |

QSECTION B

Please tick the appropriate box in the following table using the scales provided as follows:

Strongly Agree (SA)	=	5 points
Agree (A)	=	4 points
Undecided (UD)	=	3 points
Disagree (DA)	=	2 points
Strongly Disagree (SD)	=	1 point

Table 1: On the extent of effective utilization of revenue generated at Local Government level in Katsina State.

S/N	Questionnaire Items	SA	A	UD	DA	SD
1	Agricultural inputs and machines were adequately provided in your local government within the period 2005-2010.					
2	Craft institutions and materials were adequately provided in your local Government within the period 2005-2010.					
3	Rural electrification is adequately provided to the rural areas of your local Government within period 2005-2010.					
4	Commerce and finance of small scale industries is adequately provided in your local government for the period 2005-2010.					
5	Schools and Education facilities were adequately provided in your Local Government for the period 2005-2010.					
6	Hospitals, Dispensaries and Health facilities were adequately provided in your local Government for the period 2005-2010.					
7	Relevant information is available to the public in your Local Government for the period 2005-2010.					
8	Stadia, sports and cultural materials were adequately provided in your Local Government for the period 2005-2010.					
9	Fire service tankers, extinguishers and other necessary materials were adequately provided in your Local Government within the period 2005-2010.					
10	Water Resource and water supply is adequately provided in your Local Government within the period 2005-2010.					
11	Sewage is properly packed and the environment is adequately protected in your Local Government within the period 2005-2010.					
12	Good Drainages are adequately constructed to protect Flood in your Local Government for the period 2005-2010.					
13	Good Roads and Bridges were adequately constructed in the Local Government within the period 2005-2010.					

APPENDIX II

SUMMARY OF EXPENDITURE OF THE SIX LOCAL GOVERNMENT(2007)

S/NO	L.G	R/E	C/E	TOTAL	%RE	%CE
1	BAKORI	1,114,191,681	361,122,072	1,475,313,753	76	24
2	BATAGARAWA	746,316,869	174,732,362	921,049,232	81.1	18.9
3	CHARANCHI	662,786,803	130,788,346	793,575,149	83.6	16.4
4	DAURA	872,247,563,	174,449,718	1,046,697,281	83.4	16.6
5	DUTSI	671,663,551	157,580,397	829,243,948	81	19
6	FUNTUA	<u>1,224,272,499</u>	<u>258,784,931</u>	<u>1,483,057,430</u>	<u>82.6</u>	<u>17.4</u>
		<u>5,291,478,966</u>	<u>1,257,457,826</u>	<u>6,548,936,793</u>	<u>80.8</u>	<u>19.2</u>

SUMMARY OF EXPENDITURE OF THE SIX LOCAL GOVERNMENT(2008)

S/NO	L.G	R/E	C/E	TOTAL	%RE	%CE
1	BAKORI	638,210,620	272,545,855	910,756,475	70.1	29.9
2	BATAGARAWA	880,955.283	172,161,821	1,053,117,104	83.7	16.3
3	CHARANCH	596,420,244	212,952,788	809,373,032	74	26
4	DAURA	724,267,384,	249,899,852	974,167,236	74.4	25.6
5	DUTSI	711,685,412	248,700,000	960,385,412	74.2	25.8
6	FUNTUA	<u>773,965,183</u>	<u>134,267,056</u>	<u>908,232,239</u>	<u>85.3</u>	<u>14.7</u>
		<u>3,825,504,126</u>	<u>1,290,527,372</u>	<u>5,616,031,498</u>	<u>77.1</u>	<u>22.9</u>

SUMMARY OF EXPENDITURE OF THE SIX LOCAL GOVERNMENT 2009

S/NO	L.G	R/E	C/E	TOTAL	%RE	%CE
1	B/					
2	BATAGARAWA	1,461,551,585	389,511,456	1,851,063,041	79	21
3	CHARANCHI	1,199,945,431	420,472,789	1,620,418,220	74.1	25.9
4	DAURA	1,448,430,372	250,400,000	1,698,830,372	85.3	14.7
5	DUTSI	1,285,805,794	307,676,962	1,593,482,756	80.7	19.3
6	FUNTUA	<u>5,320,231,357</u>	<u>620,988,546</u>	<u>5,941,219,903</u>	<u>89.6</u>	<u>10.4</u>
		<u>12,251,644,639</u>	<u>2,295,,372,763</u>	<u>14,547,017,402</u>	<u>84.2</u>	<u>15.8</u>

SUMMARY OF EXPENDITURE OF THE SIX LOCAL GOVERNMENT 2010

S/NO	L.G	R/E	C/E	TOTAL	%RE	%CE
1	BAKORI	1,106,344,190	337,664,340	1,244,008,530	88.9	11.1
2	BATAGARAWA	1,113,753,807	303,432,846	1,217,186,653	91.5	8.5
3	CHARANCHI	918,480,295	239,357,327	1,157,837,622	79.4	20.6
4	DAURA	1,047,670,532	235,803,214	1,283,472,746	81.7	18.3
5	DUTSI	1,056,163,431	303,858,553	1,360,020,984	77.7	22.3
6	FUNTUA	<u>805,272,017</u>	<u>700,398,114</u>	<u>1,305,670,131</u>	<u>84.7</u>	<u>15.3</u>
		<u>6,347,683,272</u>	<u>1,220,514,394</u>	<u>7,568,197,666</u>	<u>84</u>	<u>16</u>

SUMMARY OF EXPENDITURE OF THE SIX LOCAL GOVERNMENT 2005-2010

YEAR	R/E	C/E	TOTAL	%RE	%CE
2005	6,496,572,688	1,360,809,888	7,857,382,576	82.7	37.4
2006	4,522,811,569	1,111,188,010	5,633,999,579	80.3	26.9
2007	5,291,478,966	2,257,457,826	6,548,936,793	80.8	32.9
2008	4,325,504,126	1,290,527,372	5,616,031,498	80.8	31.8
2009	12,251,644,639	2,295,372,763	14,547,017,402	84.3	26.4
2010	6,347,683,272	<u>1,220,514,394</u>	<u>7,568,197,666</u>	<u>83.9</u>	<u>28</u>
	39,235,695,258	<u>8,535,870,256</u>	<u>47,771,565,514</u>	<u>82.1</u>	<u>17.9</u>

Source: Annual Report of the Auditor General for Local Government Katsina, State(2005-2010)