AN EVALUATION OF FINANCIAL MANAGEMENT PROCEDURES IN KALGO AND BIRNIN KEBBI LOCAL GOVERNMENTS FROM KEBBI STATE, 2005 – 2012

BY

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MPA/ADMIN/9842/2009 - 2010

DEPARTMENT OF LOCAL GOVERNMENT AND DEVELOPMENT STUDIES, AHMADU BELLO UNIVERSITY

NOVEMBER, 2016

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BEING A DISSERTATION SUBMITTED TO THE SCHOOL OF POSTGRADUATE STUDIES, AHMADU BELLO UNIVERSITY, ZARIA IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER DEGREE IN PUBLIC ADMINISTRATION (MPALG)

DEPARTMENT OF LOCAL GOVERNMENT AND DEVELOPMENT STUDIES AHMADU BELLO UNIVERSITY ZARIA

NOVEMBER, 2016

DECLARATION

I declare that the work in this dissertation entitled "An Evaluation of Financial Management procedures in Kalgo and Birnin Kebbi Local Governments from Kebbi State 2005-2012" has been undertaken by me in the Department of Local Government and Development studies. The data derived from the literature has been appropriately acknowledged in the text and list of references provided. No part of these theses was presented for another degree or diploma at this or any other Institution.

…… ……. ……

LAWAL ABUBAKAR SIGNATURE DATE

CERTIFICATION

This Dissertation entitled an Evaluation of Financial Management Procedures in kalgo and Birnin Kebbi Local Governments from Kebbi State 2005 – 2012written by Lawal Abubakar meets the regulations governing the award of the degree of MASTER'S IN PUBLIC ADMINISTRATION MPA(LG) OF THE AHMADU BELLO UNIVERSITY, and is approved for its contribution to knowledge and literary presentation.

DR. Bashir Jumare…… ……..
Chairman Supervisory Committee SignatureDate

DR. Musa Idris……..……

Member supervisoryCommittee Signature Date

DR. Bashir Jumare ……

Head of Department Signature Date

Prof. Kabir Bala ---------- ----------

Dean Postgraduate School Signature Date

DEDICATION

This work is dedicated to the loving memory of my late parents who have been very instrumental in my life, Sarkin yakin Fatika Mal. Abubakar Aliyu and Hajiya Aishatu Ibrahim and the entire family of Sarkin Yaki Aliyu, as well as the entire family of Magajin Gari Ibrahim for their support and prayers, may the Almighty ALLAH in His infinite mercy and blessing reward them abundantly amen.

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ABSTRACT

This study centre's on the financial management procedures and its application in some selected Local Government areas of Kebbi state i.e. Birnin Kebbi and Kalgo Local Government Areas. The problems faced by the two Local Governments Councils on applications of financial management procedures are multidimensional. It translates into questions of state interference, complexity of the Financial Memoranda, lack of qualified personnel to mention a few. The research seeks to find out whether sound financial rules and regulations guiding the financial operations of Local Government exist and to see how effectively and efficiently they were applied. The research used both primary and secondary data,a total of sixty (60) questionnaires were administered to the local government functionaries, out of which only Fifty Six were completed and returned, while the Tax payers on the other hand a total of forty questionnaires were administered to them and only thirty eight were fully completed and returned. The statistical tool used in testing the hypothesis was the chi-square. The study found that financial management procedures exist, but their complexity makes it difficult to manage the local government finance. There is the need for adherence to the financial rules and regulations provided in the FM as well is strengthening the internal control system of the local governments to ensure compliance with financial rules and regulations through audit and internal checks In the light of the above the study recommended for local government autonomy, employment of qualified personnel and training of the existing staff so that financial management procedures application in the Local Governments could be efficient and effective.

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CHAPTER ONE
INTRODUCTION

1.0.Background to the Study

Finance is the life wire of any organization. Every organization must therefore maintain adequate amounts of finance for the attainment of its goals and objectives, the organizational goals and objectives are only achievable through effective and efficient management of finance. This could only be done through sound application of financial management procedures.

Financial management is concerned with efficient procurement of funds and their effective utilization in business or government. It is an application of general managerial principles in the area of financial decision making. According to (Abubakar 1986)

> Financial management consists of decision making on the determination of funds requirement of the organization i.e. revenue generation and mobilization and seeking and obtaining the right amount of funds at the right time i.e. cash flow management, it also concerned with the deployment of available funds to the need of the organization i.e. revenue allocation and control, as well as giving proper stewardship for the funds obtained and utilized.

The guiding principles of financial management are efficiency or economy, effectiveness and equity, efficiency stresses the need for achieving maximum results at a least cost, while effectiveness; ensures relevance of expenditure and equity focuses on justice and fair play, the objective of financial management are in consonance with stressing these components,

Financial Management in Local Government is guided by Financial Memoranda (FM) for the better control and management of the financial business of the local governments; this is confirmed by (Abububakar 1986:440)

> The F.M. in essence provides detailed guidance and instructions on the financial and accounting procedures to be followed by the local government in the conduct of its financial activities on the day to day basis, specifically the F.M. is charged with such far reaching functions as:
>
> i) Providing a definition of the precise duties and responsibilities of the Local Government Finance and General Purpose Committees, and senior officials of the Local Government in regard to funds stores and financial management;
> ii) Setting out the processes to be followed in the preparation and approval of annual and supplementary estimates of the local government;

iii) The prescription of certain financial arrangements of the local government and the procedures in respect of collection and accounting for revenue and controlling and accounting for expenditure etc.

Sharma (2011:572-73) states that financial administration consist of those operations, the object of which to make funds available for governmental activities, and ensure the lawful and efficient use of these funds. He went further to say that financial administration falls into five well defined divisions namely:

1. Preparation of the budget, i.e., of the estimates of revenue and expenditure for the current financial year
2. getting those estimate passed by the legislature or other competent authority,
3. Execution of the budget i.e., regulation of the expenditure and raising of revenue according to it
4. Treasury management i.e., safe custody of the funds raised, and due arrangement for the necessary payments to meet the liabilities, and financial administration;
5. Rendering of the accounts by the executive and the audit of these accounts.

According to (O. Akinsule 2003) "financial management connotes responsibility for obtaining and effectively utilizing the funds necessary for the efficient operation of the enterprise. The finance function centered on the management of funds, raising and using them effectively. It therefore covers all functions concerned in attempting to ensure that financial resources are obtained and used in most effective way to secure attainment of the objectives of the organization.

Financial administration is a very serious business in any organization, whether private or public. Local Government functionaries from both the executive and legislative arms can therefore not afford to do any thing but accord this task the importance it deserves in the conduct of the affairs of their Local Governments. Indeed, the success or failure of their tenure may to a large extent be determined by among other factors, the availability of funds and the effectiveness with which these funds are marshaled (administered) in addressing the multiple demand of their people. (Abubakar 1992:64)

It is in line with the above, the research will study how Birnin Kebbi and Kalgo Local Government of Kebbi State conduct their financial management procedures for the attainment of their statutory functions and their overall goals and objectives.

1.1. Statement of the Research Problem

Financial management procedures in local government are bedeviled with a lot of problems which became a source of concern to the observers of local government affairs. There are so many problems that were seriously affecting the financial management procedures in local government.

One of these problems affecting financial management procedures in Kalgo and Birnin Kebbi Local Governments is the State Government interference into the financial administration and autonomy of the local governments. This assertion is confirmed by Abubakar (1986:440)

> The control which the state government tends to have over local government finances through the Ministry for Local Government appears rather excessive. The state government tends to dictate all policy issues in the financial management at the local level. The size of the budget, the distribution of budget outlays between capital and recurrent expenditures, as well as sectoral allocations is mainly determined by the state government. There by leaving the local government little or no room to use their initiatives.

Further more, the State and Local Government Joint Account, contribute immensely to the financial infringement of the two Local Governments by the State. Section 164(5) of the 1999 constitution provided for the establishment of State Local Government Joint Account in which the amount to be received by the Local Governments as statutory allocations from the consolidated revenue account is pool into a single account before it is divided to various Local Governments in the State. The section provide for compulsory deductions from the account as follows:

i. Primary Education Teachers Salaries
ii. Contribution to Local Government Pension Funds
iii. 1% Training Funds

A part from the compulsory deductions, the state use the advantage to make several deductions from the account, an example was the deductions of Seventy Millions (70m) each from the two local government as contribution to the construction of Internal Airport in the state, this scenario brings about on told hardship to the Local Governments as the state decide what to do with their

funds in some state the Local Governments were made to become mere administrative unit of the state. This problem affects the soundness of Local Government finances, thereby affecting their performances. In addition the Ministry for Local Government and Chieftaincy affairs directed the Local Governments on percentage ceiling of their annual estimates i.e. the personnel cost budget must not exceed 30% of projected revenue. The overhead cost must not exceed 30% of the projected revenue. A minimum of 10% of the projected revenue must be stocked in stabilization fund. Development fund should attract a minimum of 20% of projected revenue. These limits change from time to time through the use of circulars

The second major problem affecting the financial management procedures in Kalgo and Birnin Kebbi Local Governments is the nature and complexity of the Financial Memoranda which provides detailed guidance and instructions on the financial and accounting procedures to be followed by the local governments in the conduct of its financial activities on the day to day basis tend to be too complex to be applied. This is confirm by Abubakar (1986:441)

> The powers of the F.M. at the Local government level are without doubt very extensive. There is also no doubt that the F.M. provides an effective, albeit cumbersome instrument of control of local government finances. As a tool for financial management however, the F.M. has been found to be too rigid and grossly inadequate.

He further said that, the in adequacy of the F.M. as a management tool can be traced to the history underlying its development through the decades and through different administration to date.

> The F.M. as we have it in Nigeria today like most other administrative and organizational arrangements in the country is one of the legacies of our colonial experience which has refused change to reflect the realities of the requirements of an independent nation vigorously pursuing developmental objectives. As far back as the 1920's the colonial government introduced a set of measures to guide native authorities in their day to day financial transactions. These measures later culminated into the Financial Memoranda for use In native treasuries' in 1938. This was subsequently revised in 1951 and 1978. Although the F.M. has undergone a number of review

> exercises, these reviews appear to be largely cosmetic and represent very marginal structural changes in it. Thus, we can say that in effect, FMs in use in most states in the country today have not undergone significant changes since 1951.

The point here is that although it might appear superficially, that the F.M. has been subjected to a number of revisions, the document has remained largely unchanged in its effect on the financial management for development, and has not undergone significant change since the review of 1999. The complexity of the F.M. makes it very difficult for the staff of Kalgo and Birnin Kebbi Local Government to apply it in the day to day financial transactions

Another important problem affecting financial management procedures in Kalgo and Birnin Kebbi Local Governments is the issue of corruption, corruption in the two local governments under study involves bribery, over invoicing of supply, inflation of contract, theft of stores materials, illegal and irregular payments, extra budgetary spending etc. all these are impediment to sound financial management procedures. The practice is obtainable in the two Local Governments under study i.e. Kalgo and Birnin Kebbi. Hassan (2001:86) further re emphasized these challenges as

> The high level of corruption which has eaten deep into the society has affect performance of most local governments. Large percentages of revenue generated are either diverted to private pockets or traceable to projects that are of no direct benefit to the society. Dedication to duty of officials is at the lowest ebb.

Another problem faced by the two Local Governments in the application of Financial Management Procedures is lack of qualified personnel both in quality and quantity that are competent enough to handle the financial management procedures and to apply them effectively and efficiently coupled with low level of commitment of finance officers add more to the problems. Appointment and posting of Local Government are based on political affiliations rather than qualification, experience and competence of the officers. The political stakeholders decide on who should be in particular position whether he is qualified or not.

Hassan (2001:86) further confirmed this statement when he said “most Local Governments are not properly staffed, some Local Governments have no single graduate or qualified accountant to support the need of the Treasurer in revenue generation programme of the Local Government.”

The two Local Governments under study also faces the problem of improper record keeping in the Local Governments. Hassan (2001:87) states that "Record keeping in Local Governments is nothing to write about. Despite the acceptance of information technology by all and sundry in these generations, no Local Government has computerized its operations.

Finally, the over reliance of the two Local Governments on external financing posed a major constraints to effective financial management procedures applications in the councils. According to Professor E.W. Meyer (1956) "financial management can be regarded as the spinal cord. In his words, "the backbone of Local Government is financial autonomy.

1.2 Research Questions

The following questions are postulated to guide the research

1. To what extent does the Local Government officials adhered to financial procedures to ensure prudent financial management?
2. Is there any relationship between budget and sound financial management procedures at the Local Government level?
3. Is there any relationship between effective and efficient financial management procedures and qualified personnel at the Local Government level?
4. How does corruption constitute an impediment to sound financial management procedures in Local Government?
5. What is the extent and implication of the State Government interference in the financial management of the Local Governments in Kebbi State?

1.3 Aims and Objectives of the Study

The main aim of this study is to evaluate financial management procedures and its applications in Birnin kebbi and Kalgo Local Governments in Kebbi State. The specific objectives include:

i. To examine the extent of adherence to financial management procedures in the conduct of the financial affairs of Birnin kebbi and Kalgo Local Governments

ii. To analyze the effectiveness and efficiency of budget in the application of financial management procedures in Birnin kebbi and Kalgo Local Governments of Kebbi State

iii. To examine the adequacy of qualified personnel in application of financial management procedures in resource mobilization and allocation in Birnin kebbi and Kalgo local governments.

iv. To examine the level of corruption and its implication on sound financial management procedures in the two Local Governments.

v. To examine the level of State Government interference in financial administration of the two Local Governments

1.4 Hypotheses

In the conduct of this research the following hypotheses are formulated to guide the research..

1. Hi: The extent to which financial management procedures are adhered to, determined the efficient and effective Resource Allocation.
   The Independent Variable is > Adherence to Financial Management Procedures
   The Dependent Variable is > effective Resource Allocation. i.e. effective Resource Allocation is a function of Adherence to financial Management Procedures
2. HO: The extent to which Local Government adhered to financial management procedures, determined the proper disbursement of funds.
   The Independent Variable is > Adherence to Financial Management Procedures
   The Dependent Variable is > proper disbursement of Funds i.e. proper disbursement of funds is a determinant of adherence to Financial Management Procedures.

3. HO: The extent, to which financial management procedures are adhered to, has a direct effect on accounting and control.
   The independent Variable is Adherence to Financial Management Procedures
   The Dependent Variables is Accounting and Control i.e. effective accounting and control is determined by adherence to Financial Management Procedures

1.5 Justification of the Study

The increasing challenges and demand for services by the people, coupled with the growing complain of dissatisfaction by the populace on the performance of the council in term of service delivery called for a critical analysis of how local government's finances are managed.

Despite various researches in the area of Local Government financial management that have been undertaken, no amount of research in the field is too much considering the importance attached to financial management by organization in both the private and public sector of which Local Government is one of them.

The study will contribute to knowledge of the scholars in the academic cycle, law makers in the local governments under study and society in general on the application of financial management procedures in Local Government and how best local government finances could be managed.

Further more, Local Government have a wide range of activities and functions to perform, to delver such functions adequate funds is required, not only that but also there is the need for prudent management of such funds to achieve the desired goals and objectives is necessary and to achieve that financial management procedures most be applied in the day to day activities of the Local Government

Also, financial management can increase accountability, prudent spending and achieving development at minimum cost with a high maximum benefit

In addition, Local Government as third tier of government need a certain level of autonomy to perform its functions, but due to the over reliance of the Local Governments on external financing from the federal and state government, this autonomy is threatened. If Local Government could adhere to it financial management procedures it will effectively harness it internal revenue potentials and there by getting adequate resources to finance it development without necessarily depending on other level of government.

Financial management improves budget formulations, preparations, approval and implementations since budget serves as financial plan of the Local Government for a year.

Financial management procedures application and prudent management of resources will enhance even development that will earn the confidence of the Local Tax payers in their Local Government, there by contributing their own quota in the development of the Local government.

1.6 Scope and Limitation of the Study

This study covers financial management at the Local Government level, laying more emphasis on Budget and budgeting, Revenue generation, Accounting and Control. The study is limited to Birnin kebbi and Kalgo local governments of Kebbi state, the choice of the two local governments was for comparison between Rural and Urban Local Government. Findings made from the two local governments could be generalize to other local governments in Nigeria. The period to be reviewed in the two Local Government Areas will cover the period of 2005 – 2012.

The research of any nature faces a lot of problems; therefore this research is also not devoid of problems. The following problems were encountered by the researcher:

Time: Time is limiting factor to every research the research was giving a time frame within which to be submitted to the school of Post Graduate Studies of the Institution, this limit the Researcher's efforts in carrying out an in - depth research on the selected topic.

Funding: the Researcher also faces the problems of financing the issue of typing productions of copies for proposal defense and that of external examination and the production of final copies for Senate approval cost a lot of money which delayed the research work.

Problem of data collection: the Researcher faces problems of data collection especially from the Local Government officials who are always engaged in one function or the other, this affect the collection of the necessary data for the research work, however, records were gotten from relevant documents provided the Local Governments.

1.7 Definition of Terms

Evaluation: This is an act of assessment or examining activities as to arrived to an effectiveness and outcomes of an activity.

Financial: This refers to as funds or finances of an organization in form of statutory or in form of taxes from individuals and other sources for use to commit an expenditure.

Management: Control, regulates and checking of an activity for ensuring proper utilization and in order to avoid wastage and to promote efficiency and effectiveness of an organization.

Procedures: A mode proceeding a method of conducting business or activity or act of meeting a course of action or step taken or act of performing of an activity.

Local Government Accounting System

The Local Government accounting system conforms to the world conventional principle accounting i.e. double entry book-keeping system. The system requires that every debit entry should be matched by a corresponding debit entry of similar amount and vise- versa.

Effective Disbursement of Funds

it is the process of paying out money, usually from an amount that has been collected for a particular purpose by following all the guiding rules and regulations provided by authority.

CHAPTER TWO

LITRATURE REVIEW AND THEORITICAL FRAMEWORK

2.0 Introduction

This chapter attempt to critically review the different perspectives and views of scholars and authors that have made remarkable contribution and analysis on what constitute financial management and its procedures. It has also highlight the issue of resource mobilization and resource allocations procedures at the local government level. Also the chapter has provides the theoretical framework that will be applied to the study, in order to assess the system of financial management at the local government levels.

2.1. Financial Management in Local Government

There is varying opinions of what constitute financial management by different scholars. According to Sabo M. (2015) in (Sheared 1984:38) as that part of management which involves mainly with raising of funds in the most economic and suitable manner using these funds as profitably (for a giving risk level) as possible planning future operations and controlling current performance and feature development, through financial accounting, cost accounting, budgeting statistical analysis and other means.

Opcit, in Hassan (2001:32) the guiding principles of financial management are efficiency or economy, effectiveness and equity, efficiency stresses the needs for achieving maximum results at least cost, while effectiveness ensure relevance of expenditure and equity focuses on just and fair play. In local government, the objectives of financial management are in consonance with this component stressed.

Financial management is defined as that part of total management function concern with the effective and efficient rising and use of funds. (According Abubakar 1999) financial management consists of decision making regarding the following major activities among others.

i. Determination of funds requirement of the organization (Revenue Generation and Mobilization)
ii. Seeking and obtaining the right amount of funds at the right time (Cash flow Management)
iii. Deploying available funds to the need of the organization (Revenue Application and Control)
iv. Giving proper stewardship for funds obtained and utilized. (Auditing)

According to (Bradley 1976) "financial management is the area of business management, devoted to judicious use of capital and careful selection of sources of capital, in order to enable a spending unit to move in the direction of reaching its goals." The definition points to four essential aspects of financial management as follows:

i. Financial Management is distinct area of business management i.e. manager has a key role in overall business management;
ii. Prudent or rationale use of resources i.e. proper allocation and utilization of funds
iii. Careful selection of source of capital;
iv. Goal achievement i.e. ensuring achievement of business objective viz. wealth or profit maximization.

Public financial management is defined by the (Charted Institute of Public Finance and Accountancy 2010:5) as "the system by which financial management resources are planned,

directed and controlled to enable and influence the efficient and effective delivery of public service goals." This definition also felt to address resource generation planning and review of stewardship on how the resources are utilized.

(Howard and Upton 1973) on the other hand defined financial management "as the application of the planning and control function of the finance function." The definition is not elaborate enough to cover all aspect of financial management such as revenue generation, budget, accounting and control as well as auditing.

(Pandey, 1979) defined financial management as "that managerial activity which is concerned with planning and controlling financial resources. When related to local governments, involves revenue generation and disbursement which focuses on expenditure pattern." Pandy definition focuses on planning and controlling financial resource, the definition should have covered planning on how to get the resources and controlling the source of the resource.

(Weston, Fred et al 1972) contend that "sound financial management creates value and organizational agility through allocation of scarce allocation of resources." The definition addressed only allocation of resources failing to addressed resource generation, accounting and control as well the stewardship on how the resource is utilized.

Financial Management tends to be beneficial only when the system of activities are properly planned and executed. It is a whole system to the extent that when a unit of it is defective, the whole structure becomes defective. According to (Aborishade and Marshal 1981) "finance is a thread that runs round the cloth, if the thread is pulled wrongly at one end it will affect the design of the cloth and destroy its beauty." This means that the finance of an organization must be

handled with care and must be disbursed according to financial regulation and this peculiar activity is done in the Local Government treasury.

In seemingly way (Brockington 1983:143) sees it as that part of total management function which is concern with the effective and efficient raising and uses of funds.

2.2. Objectives of Local Government Financial Management

Financial Management procedures in local governments seeks to achieve the following objectives, as highlighted by Obasi (1998:6-7)

i) To define the precise duties and responsibilities of both top political and administrative (career) officials of the Local Government in regard to funds, stores and financial management;

ii) Sets out process to be followed in the preparation and approval of annual and supplementary estimates of the Local Government;

iii) Prescribes certain financial organizational arrangements of collection and accounting for revenue and controlling and accounting for expenditure;

iv) States the accounting objectives and accounting principles and practices to be followed;

v) Prescribes the main and subsidiary accounting records to be maintained and the statement of accounts to be prepared each month and at the end of the financial year;

vi) States the arrangements for the internal audit of the accounts of Local Government;

vii) Prescribes the approach to be followed in the preparation and approval of Local Government Plans; and

viii) Prescribe the procedures to be followed in regard to a number of ancillary matters.

Other objectives of financial management include the following:-

Maximization of benefit: the main objective of financial management is maximization of benefit. The local governments must try to ensure that there is maximum benefit from the limited resources accruing to the local government coffers i.e. little resources with high performance.

Proper estimation of total financial requirement: proper estimation of financial requirement is a very vital objective of financial management. The local governments must estimate the total financial requirement of the local government every year through the annual budget. It should know how much is coming from external sources, and how much is needed internally so that it can meet up with it set programs. Also it annual expenditure must be projected and given a monetary value and spread into various heads and subheads of expenditure to guide and control their expenditure within the planned period.

Proper mobilization of finance: after estimation of financial requirement; mobilization (collection) of finance is an important objective of financial management, the local governments must set out modalities and machinery in place on how such funds could be collected.

Proper utilization of finance: the local governments must make optimum utilization of finance; it must use the finance to deliver services that will benefit the local environment and also to invest into profit yielding ventures that can increase the revenue profile of the local governments. It must strive to avoid all wasteful spending that will waste its resources.

Maintaining proper cash flow: it is a short term objective of financial management. Local governments must have a proper cash flow to pay the day-to-day expenses such as purchase of working materials, payment of salaries and wages, rent, electricity bills, telephone bills etc. if the local government has good cash flow, it can take advantages of many opportunities. A healthy cash flow improves the success and performance of the local governments.

Creating Reserves: one of the objectives of financial management is to create reserves the local government must not spent all it has, it must keep part of it resources, which could be use for contingencies in the feature.

Proper Coordination: financial management must try to have proper coordination between finance department and other operational department in the local government.

Create good will: financial management must try to create goodwill for the local government. It must improve image and reputation of the local government in the eyes of the citizens. Good will helps the local government to succeed in enlightenment and mobilization of public on national issues, because of the reputation the local government has in the eyes of the citizens.

Increase efficiency: financial management also tries to increase the efficiency of all the department of the local government. Proper allocation of finance to the department will increase the efficiency of the local government.

Financial discipline: financial management also tries to create a financial discipline. Financial discipline means:

a. To invest and spend finances in meaningful projects and revenue yielding ventures that will give maximum satisfaction and high returns;

b. To avoid wastage and misuse of finance.

2.3. Tools for Financial Management in Local Government

According to Sabo M. (2015:35-37) in (Hassan M. 2001:51) there are many tools in place for effective management of the finances of a local Government. It has been confirmed that many local governments have these instruments in place as part of their structural existence. These include: -

1. Personnel: at the centre of financial management and control are the officer charged with the responsibility for proper conduct of the financial affairs of the Local Government and ensuring that activities are carried out within the laid down rules and regulations. This class of officers includes those that determined the financial goals of the Local Government (executive), those that gives legal authority for financial transactions of the local government (legislative) and those who individually and collectively are responsible for financial transactions of the local government (bureaucrats or heads of departments). All these officers play important role in ensuring that financial management system and control put in place will prevent wastages and misappropriation. These categories of officers are stated below:

a. The Council Chairman
b. The Vice Chairman
c. The Supervisory Councilors
d. The secretary to the Local Government
e. Leader of the Council (Speaker)
f. Head of Personnel Management (DPM)

g. The Council Treasurer

h. Internal Auditor

i. Clerk of the Council

j. Auditor General for Local Government

k. Other Heads of Departments

l. Units Heads/other Staff

2. **Local Governments Committees:** In discussing financial management system in Local government, it is vital to consider the role of committees in the local government administration. The committees may be vertical (service) committee, which focuses on one area of local government services e.g. Works and Housing, Agriculture, Rural Development committee etc. and Horizontal (functional) committee, which focuses on function that bring the entire local government together as one e.g. funds management committee, finance and general purpose committee etc. in a form; these committees (vertical or horizontal) plays a vital role in financial management system in local government. These committees include:

i. Fund Management Committee

ii. Finance and General Purpose Committee

iii. Executive Committee

iv. Board of survey at local government

v. Pre-payment Inspection Committee

vi. Local Government Audit Alarm Committee

vii. Revenue collection and review Committee

3. **Local Government Financial Memoranda:** Another important tool or instrument for financial Management system at the local government level is the F.M. it is one single document

that has traditionally provided support and guidance in the administration of local government finances (Abubakar, 1993:20), Ejusin (1995) opined that the F.M. provides the basis for effective and efficient financial administration in local governments.

According to the F.M. (1998) in its introduction "The Financial Memoranda contains instructions, which shall be observed and complied with by all local governments; for better control and management of the financial business of local government in the states". Among other things, the Financial Memoranda are designed to do the following:

i. Define the precise duties and responsibilities of the local government, its executives and legislative council as well as those of other service officials in regards to funds, stores and general financial management;

ii. Set out the process to be followed in the preparation and approval of annual and supplementary estimates of the local government;

iii. Prescribe certain financial organizational arrangement of the local government and procedure in respect of collection and accounting for revenue and controlling and accounting for expenditure;

iv. Statement of accounting objectives and accounting principles and practices to be followed ;

v. Prescribe the main and subsidiary accounting records to be maintained and the statement of accounts to be prepared each month and at the end of the financial year;

vi. State the arrangement for internal audit of the accounts of the local government;

vii. Prescribe the procedure to be followed in regards a number of ancillary matters.

4. **Budgetting:** Another instrument for effective financial management in local government administration is the budget. (Perin, 1958) intimated that the concept of budget originated from

the word "bougette" meaning little bag. In Britain the word "budget" was used to explain the leather bag which chancellors of the exchequer carried to parliament, the details of government needs and finance.

Burkhead, (1956), Lynch, (1979) also noted "a great leather bag was used by the king's treasurer to carry the document explaining the king's fiscal needs and was letter named "the Exchequer." Soon after this, the budget came to mean the documents contained in the bag which were plans for government finances submitted for legislative approval.

Henry Carter, Adams in the ("science of finance" 1898) said the word "Budget" originally meant the money bag or public purse which served as a receptacle for the revenue and expenditure of the state.

> Abubakar (1985) define budget in its broadest sense as a conscious allocation of resources prepared in advances relating to feature period and based on a forecast of key variable adopted to achieved certain policy objectives which may or may not set explicit performance targets for achievement of objectives relates anticipated expenditure to anticipated revenue and form the basis against which actual expenditure and revenue can be measured and controlled."

Bhatia, (2008) defined budget "as a set of accounts or as a set of items with their respective economic significance, or as inflows and out flows of funds."

International encyclopedia of social science, (vol. 2 P.184-194) described budgeting as "the rent of living within economic constraints"

Pubbert and Pecce (1972:102-106) defined budget as a plan expressed in quantitative forms usually monetary term that covers a specific period of time usually one year."

Financial management is mainly about the effective and efficient raising and utilization of funds for meeting the goals of an organization. Financial management finds operational expression in some form of budgeting. A budget is a statement of intention; intention about spending and raisings of revenue. A budget links financial resources and human behavior to accomplish policy objective. It is a legal, political, economic and social document. A budget represents a collective compromise among choices that takes into account competing claims as how the money will be spent. As political and social document the budget represents the decision maker's preference (in monetary terms) as to who gets what the government has to give.

The objectives of the budget vary from year to year depending on the goals the government wants to pursue. The overriding principles are affirmation of prudent use of limited resources, cost efficiency in executing capital projects, avoidance of wasteful expenditure and improvement of revenue generation. (Hassan 2001:64-5)

Obasi, (1998:10) confirmed that the Financial Memoranda outline four main objectives of annual estimates as follows:

i. To provide a financial plan of action;

ii. To provide Legal Authority for incurring expenditure;

iii. To provide a mechanism for ensuring that adequate control are maintained over Expenditure and Revenue, and

iv. To establish the financial position of the Local Government.

5. **Laws Regulating Local Government Finances**: there are various laws regulating the financial activities of the government at local level. These laws serve as the legal basis and point of reference on disputes with the Local Government on Finance matters, appropriate maintenance of books, and timely extraction of financial statements, determination of probity and accountability and performance of reporting functions. These laws are various and cover all facets of operations of the Local Government. These laws include:

i.) Financial Memoranda

ii.) Nigerian Constitutions

iii.) The Finance (control & management) ACT OF 1958

iv.) The Audit Law of 1956

v.) Policy Circular and Bulletins

vi.) Annual Appropriation Acts

vii.) Financial year Act 1980

viii.) Decree 43 of 1988- Civil Service Reforms

6. Public Account committee (PAC):- this a committee constituted to examine cases of mismanagement of public funds by public office holders. It aims at discouraging public holders from erring and to expose those erred.

PAC is the custodian of accountability in any government, be it autocratic, monarchical, aristocratic, democratic or communist. It is a system of audit introduce by the military government or legislation in a civilian administration to confirm whether votes approved in the estimate have been appropriately and judiciously disbursed by the officials responsible for the disbursement

PAC is fashion out like a court. It acts on the audited reports of the Auditor General, examine erring officers publicly and determine or recommend the punishment that should be met out to such officers by referring the officers to the Public Accounts implementation tribunal for appropriate action. The control exercise of by PAC is an ex-post factor control.

2.4. The Financial Memoranda and Local Government Reforms

Reforms in local government according to Adebayo, (2005:39) have been a recurring struggle, but the 1976 local government reform provided a distinct approach in the history of local government in Nigeria. For effective operation of the system, the first comprehensive Model Financial Memoranda for local government councils was compiled. Since then, various reforms and modifications (1988, 1990, 1999 reforms) have been undertaken in the local government service which have by and large rendered obsolete the provision of Model Financial Memoranda, (Adewumi, 1995).

In so far as most decisions of local government have financial implications, it has become imperative that the major tool of management be reviewed, sharpened and updates to synchronize the provision with the dictate of current realities. The intention according to Aikhomu (1991:3) is to reinforce the checks and balances in a deliberate effort not only to enhance the judicious utilization of public funds, but also to preserve the gains made in building the local government services in the recent past.

Adewumi (1995:40) viewed some of the problems the revised FM should solve which include, the codification of various rules and regulations within which local governments have been operating, especially the streaming of the duties and responsibilities of two arms of local government, the executives and legislative arms. Also the FM provides the roles of key

individual's officers and their relationship, so as to remove any ambiguities about role performance and accountability. Provisions are made for detailed accounting system, procedures, approving authorities and checks and balances. While most of the old forms have been retained, a few had their numbers changed, some modified and new introduced to take account of staff matters and as much as possible, eliminate ghost workers.

Abubakar, (1993:45) the Financial Memoranda (FM) in principle continue to provide the general basis for day- to -day financial transaction of local government. The non issuance of an updated FM incorporating the major changes introduced in local government administration in the last four years or so has however, grossly limited the control role of the FM, and left certain financial decision to the discretion of local government executive. Largely as a result of this, evidence abounds of the flagrant abuses of the existing FM.

According to Odoh (1993:60) reforms are change effected in a giving system with a view to enhancing the performance of such system. Defining reforms, Siedentopf sees it as an organizational, instrumental and program related change of government and the fabric sector to meet environmental demands and requirements. He also add that, reforms takes into accounts the role of modern administrative state to shape and reshape society and to guide, regulate and control economic and special developments. This therefore means that reforms are guided by certain values and aimed at achieving certain objectives, of which the broader one is development of the institution and its activities.

2.5. Definition of Financial Duties and Responsibilities

to ensure effective financial management in any organization, there must be clearly defined financial duties and responsibilities of individual's officers of the organization. In the system of

local government administration the FM (1994:4) clearly states that financial management is not exclusive concern of any one part of the organization of local government or any one person or category of person, rather it is a collective effort and responsibilities of all stakeholders to ensure that within their field of operation and responsibility, proper value is obtained for money spent.

In view of that, the local government councils, the chairman, the executive committee and certain categories of officers are charged with special responsibilities to ensure smooth operation of financial matters of the council.

1. **Financial Duties of the Local Government Council:** the local government council being the legislative arm of the Local government shall be responsible for the following:
   - **i.** Law making, debating and passing local government legislation;
   - **ii.** Debating, approving and amending local government annual budget, subject to the chairman's veto which could be over-ridden by a two third majority;
   - **iii.** Monitoring the implementation of projects and programme in the local government annual estimates;
   - **iv.** Ensure that there is compliance with the provision of the FM;
   - **v.** Ensure that financial direction under the law and any other financial instructions issued by the government of a state are strictly observed;
   - **vi.** Requesting for information concerning the collection, disbursement of funds and making recommendation about the general financial management of the council
   - **vii.** Ensuring that the executive committees effectively discharge its responsibility under the law and provision of the FM.
2. **Financial Duties of Executive Committee:** the executive committee is the executive arm of local government. According to the 1991 reform the executive arm of the local

government consist of the Chairman, Vice Chairman, Secretary, and Supervisors. This is inline with the presidential system of government introduced into the local government system.

The executive committee is responsible for the management and control of finances of local government. Within these general responsibilities, it is the duty of the executive committee:

i. To make recommendation concerning policy to be followed by committee and departments in framing of estimate proposals;

ii. To receive and consider the annual estimate proposals of all departments as collected by the Treasurer;

iii. To amended the draft estimate submitted by the treasurer and submit agreed draft for consideration of local government council;

iv. To examine all applications for supplementary estimates or reallocations of funds and as may be appropriate, approve or recommend then or otherwise to local government council;

v. To consider award of contract according to standing order as contained in the FM;

vi. To take necessary disciplinary action against any officer who has been found negligent in performance of his duties;

vii. To check the proper collection and disbursement of local government revenue;

viii. To exercise general supervision over financial management of local government affairs.

3. **The financial Duties of the Chairman:** the Chairman of local government shall be the chief executive of the local government provided his role as chief accounting officer shall

exclude signing vouchers and cheques. He shall perform inter alia the following financial responsibilities:

i. He shall ensure strict compliance with the provision of the FM through out the local government council;

ii. He shall observed and fully complied with checks and balances concerning receipts and disbursement of public funds and other assists entrusted;

iii. As the accounting officer he shall have sole responsibility for the organization financial accounting function in the local government;

iv. He shall establish and maintain internal audit unit to provide a complete and continuous audit of account and records of revenue, expenditure, plant allocation and unallocated stores

4. **The financial Duties of the Local Government Treasurer:** the treasurer is the accounting officer and the head of the finance department of local government. The treasurer inter alia shall:

i. Be responsible for the administrative control of the finance department of the local government;

ii. Perform duties as account officer of the receipts and payments of the local government;

iii. Be a signatory to local government cheques and vouchers;

iv. Ensure that all accounting system as laid down in the FM is complied with;

v. Ensure that all accounts and other records prescribed by the FM to be kept by the treasurer of the local government;

vi. Collect all revenue promptly and pay into local government funds;

Consequently, the viability of financial management among Nigerian local government ultimately depends on strict compliance and implementation of the Financial Memoranda (FM). Therefore, both political and career officers of the local government have to acquaint themselves with relevant provision of Financial Memoranda (FM), especially as it related to their duties and responsibilities.

2.6. Budgeting and Accounting Context of Financial Management

By and large, financial management finds operational expression in some forms of budgeting and accounting systems. In this we shall examine the place of budgeting, accounting and auditing in the overall framework of financial management in local government administration.

2.6.2 The Budget: the accounting cannot at best produce local government accounting information, without a budget. A budget involves two sides of the same coin: revenue and expenditure. It is a statement of intentions: intentions above spending and raising of revenue. The FM states the purpose of which budgets (estimates) are expected to achieve in financial management of process in Local Government.

i. To provide a financial plan of action;

ii. To provide Legal Authority for incurring expenditure;

iii. To provide a mechanism for ensuring that adequate control are maintained over Expenditure and Revenue, and

iv. To establish the financial position of the Local Government.

2.6.2. Accounting Framework: Accounting framework and techniques are central to any system of financial management. Accounting deals with the collection, control and accountability of receipts, expenditures and related activities. A cohesive system of accounting is necessary in order to achieve the following objectives:

i. Greater accountability, e.g. compliance with legal provisions and budgetary commitments; and

ii. Greater efficiency in management, planning and policy. According to the FM financial management objectives of local government accounting system are as follows:-

a. To provide a management accounting to the councils, its committees and the departments in order to facilitates reaching of prompt policy management decision on the basis of accurate and comparative financial information;
b. To provide a financial accounting service by means of accurate and appropriately analysis of funds, lawfully received by the local government and a detailed analysis of how these funds have been expended in discharging the functions of the local government;
c. To provide monthly statements, end of year's statement and periodic statements for specific purposes, summarizing the financial transactions of the local government for appropriate statement at the end of the period; and
d. To provide detailed cost of individual establishments, services and projects to enable the cost so ascertained to be used for control purposes with a view, inter alia to eliminate excessive expenditure, losses and wastage. The financial management provide detailed

system of accounting procedures to be adopted , for such type of transaction, books of accounts to be maintained.

2.6.3. Auditing: it is a systematic examination of financial statements, records and related operation in order to determine adherence to generally accepted principles, management policies and statutory requirements. The FM chapter 39 and 40 deals extensively with the audit functions in the local government, among the roles which auditing through the office of the internal audit, is expected to serve in local government financial system include:-

a. Assisting in protecting the assets and interest of the local government by carrying out a continuous examination of activities in order to detect fraud, misappropriation, irregular expenditure and losses due to waste, extravagance and maladministration, and

b. Secure the continued of a soundly based system of control within each area of departmental responsibility.

2.6.4. Control and Accountability: Control to any system of financial management is the mechanism for enforcing prudence and accountability in the conduct of financial activities in an organization as we have seen earlier in the (FM), a cohesive system of accounting is an imperative for ensuring control in administration of public funds. However, for a system of accounting to be of any effect, it has to be complemented and supported by an equally cohesive system of auditing.

Within the context of local government in Nigeria, various measures are put in place, both internally and accountability. One of these is the requirement that each local government shall establish and maintain an internal audit unit " to provide a complete and continuous audit of the account and records of revenue, expenditure, plant, allocated and unallocated stores".

To prevent irregular or illegal payments before they are made, an Audit Alarm committee shall be established comprising:

i. The Auditor General for Local Government as chairman;

ii. The Director General Local Government Matters Governor's office;

iii. Representative of the State Accountant General;

The committee shall examine all access of alarm raised by Internal Auditor, the Treasurer, Head of Personnel Management Department or any other Head of Department, but over-ruled by the chief executive, to be referred to the audit alarm committee. It shall be deemed and offence for any further, except with an audit certificate issued by the state auditor general for local government once a prepayment audit alarm has been raised.

2.7. Revenue Mobilization

Government at all level cannot adequately perform its functions without adequate resources and availability of these resources, enough resources fundamentally determines its autonomy. These resources can only be fully tapped when machineries for collections are in place and rules and regulations are followed.

Basically local governments in Nigeria have two main sources of generating revenue external and internal.

The external sources of revenue to local government are external because they are not directly determined, sourced and collected by local governments, rather the resources raised through this are statutorily given to them to perform their designed function.

Local Government in Nigeria since the 1976 reforms introduces fundamental changes in the constitutional status, structure, administration as well as finance of local government which brought along with it assignment of functions, tax powers as well as steady source of revenue through allocation from federation account. (Jumare, 2002)

With this development local government external revenue from federation account stood at 10% which was later raised to 15% and 20% respectively. This is in addition to the provision made in section 160(6) of the constitution which requires each state to pay a portion of its revenue (which is currently 10%) to the local government revenue externally (Jumare, 2002).

What is more important to note here is that statutory allocation from federation account remains the most dominant and reliable source of local government revenue in Nigeria as a survey on capacity building in local government shared that from 1992 to 1996 more than 90% of local government revenue in some selected states comes from the federation allocation (UNDP, 1997)

In spite of these development, and the occurrence of some problems along the lines the position of the local government finances especially when viewed within the wider context of the Nigerian economy remains unimpressive. The story is how ever different, when it comes to the state governments fulfilling the 10% allocation requirement to local government areas, because a part from the state allocation falling far below expectations it does not also flow in some cases. This is further illustrated in a study carried out by UNDP in some selected states in Nigeria from 1992-1996 which showed that states contribution to local government is less than 4% of the total requirement stipulated by law. (UNDP Study, 1997)

The second main traditional source of revenue to local government is the internally generated revenue over which local government have statutory jurisdictions, five major sources of internal

revenue generation as outlined in chapter two of local government financial memoranda deserved mention here, licenses, fees and fines, personal and sale taxes, rent on local government properties, property tenement taxes and rates as well as internal payment on full value. In deed the taxes appear much wide ranging enough to augment internal revenue generation of local government areas in the country.

Although the sources could be wide enough it is important also to bring to the fore that the size of revenue the local government can generate at any given time is greatly determined by the resources endowment, level of economic activities and the efficiency of it revenue collection machinery (Jumare, 2002:3).

This clearly indicates that the potent for internally generated revenue vary from one local government to another. None the less most local government does not fully tap these sources of revenue.

This situation as observed by scholars were attributable to among others, absence of statistical data for revenue allocations, attitudes of people and staff toward revenue collection, over dependence on federal revenue allocation which lowered the internally generated effort at getting revenue at the local government level.

> As a remedy to this shortcoming Ronald John, Boland and Richard Hopper 1956) all of Arkansas university (USA) observed that when local government are looking for way to raise revenue (Internal) there is a need for them to first identify the revenue source that are under utilized and those that are over utilized.

The scholars maintained that the underutilized sources are an indication of additional sources to be derived, while over utilized source on the other hand signifies potential revenue losses Public

Administration review, (1993:220) posit that, the most ideal thing for the local governments to do to augment the revenue generation is to work toward striking a balance between utilization and over utilization of the revenue sources.

2.8. Tax Administration

Tax administration mainly revolves around system of collection, repellence, assessment of tax base, amount levied as tax, personnel saddled with responsibility of tax collection, cost effectiveness of tax collection, penalty for defaulters, political will on the part of leaders and other political expediencies.

According to Sharma (2011:613-14) "the administration and collection of taxes is a duty of the executive and it involves at least five steps.viz.

i. The creation of machinery and determination of procedure of tax administration;

ii. Assessment of the tax;

iii. Provision for hearing of objections and appeals;

iv. Collection;

v. Following up and realization of arrears.

It is therefore indicative that in most cases it is not the issue of lack of good tax policies or choices of tax but how successfully is the implementation of the policies. Richard Bird in his contribution to a book edited by (Malcolm, 1989:316) observed that "the tax structure (in most developing countries) is often designed, administered, and judicially interpreted in such away as

to ensure the emergence of a huge gap between the potential and actual tax base". This is a clear indication that in ability to put tax administration in its proper place is capable of breeding discrepancies between what actually work in practice.

Jumare, (2008) observed that; "A major features of revenue collection at the local government level is the preponderance of revenue carrying personnel designated as "revenue collectors" who are appointed by the local government and charged with the important responsibility of collecting revenue for and on behalf of the local government".

Odd Hellge, (2008:4) pointed out clearly that local government tax collection is generally a transaction very intensive which mostly require direct interrelation between the tax collector and the tax payers, a situation that more often than not facilitates corruption at the tax collection point. This pointed that for local government to drive maximum benefit from its revenue, measures to curtail such revenue lost due to corruption and other illicit act must be sought.

As a rider to this, scholar have advocated for adoption of some pragmatic approach that include setting target for tax collectors and privatization of the revenue collection, an approach many believed to be more cost effective and reduce corruption to its lowest ebb.

Another issue that cannot be ignored is the limited capacity of tax collectors or officials at the local government level. This has further created the problem of inefficient control of revenue earning books and security documents. It is pertinent to bring to the fore that dealing with tax administration problems require designing tax laws or reforms that takes into cognizance the constraint and realities peculiar to the environment where tax would be imposed. In a nut shell, outlining in great details method and structure of administering the tax will substantially solve most of the problems associated with tax in local government areas.

Accordingly, this will require an overhaul of taxes, fees and charges that are obsolete as was put forward by (Jumare, 2008:16); "the prevailing structure of rates, licenses and fees is of course the major determinant of revenue level that are collectable, how ever, many states and most local governments these level of revenue are ridiculously low." This goes to say that most of these levels of revenue are not in tune with the present day realities as the then military administrator of Sokoto state in his 1996 budget presentation noted that "most of the rates and fees collected by government are completely out of touch with the realities of our time, (Jumare, 2008). This kind of situation is obtainable in many of our local governments.

Without doubt this scenario has further attested to the fact that most if not all tax bye laws at the local government levels require some overhaul to make them in tune with present day realities and challenges.

That is why in the report of Capacity Assessment of Human and Institutional Resources at the Local Government level; (2008:106) confirmed that "most of the existing tax laws have in some place existed since the colonial periods. Despite the changing trends, in the economy Some of the bye laws on Rates, Fees and fines still remain un amended thereby negating among other things, the principle of "economy" in the administration and collection of taxes." In deed, there is the need to review the existing tax law in the country.

2.9. Local Government Accounting System and Control

Accounting has been severally defined by different scholars. According to (Ejisun, 1995:1) "Accounting is defined as the identification, selection, analysis, measurement, processing, evaluation and communication of financial information to facilitate decision regarding activities

and resource. (Johnson, 1999:27) view that the underlying purpose of accounting is to provide information about entity which would influence positive decision making

Basically, there are two types of accounting, i.e. enterprise accounting and social or government accounting systems. The former may be seen as the measurement of economic events and conditions with a view to determine profit or loss of a given organization. The later on the other hand, measures all social activities in public sector with a view to determining the effectiveness and efficient utilization of resources in the provision of social services for the member of the society.

Hassan, (2001:84) defined accounting as the process of recognizing and reflecting in appropriate books of accounts and records of government generated revenue and disbursement expenditure in such a way as to extract with ease relevant financial information vital for appropriate decision making from time to time, and in compliance with the laws regulating government finance. (Oshisami, 1995:10) opined that government accounting is essential factors which ensure the good conduct of government activities.

The National Council on Government Accounting USA, in it report on Government Accounting and Financial Reporting and Principles, stated that the objectives of government accounting include provision of information useful for making economic, political and social decision and demonstrating accountability and stewardship and the provision of information useful for evaluating managerial and organization performance. In similar vein, the committee on concept of accounting applicable to Public Sector of American Accountants Association stated when enumerating on objective of accounting in public sector that:

(a) Accountings provide the information necessary faithful, efficient, effective and economic management of an operation and of the resources entrusted to it. This objective relates to management control.

(b) Accountings provide information that enable managers to report on the discharge of their responsibilities to administer faithfully and effectively the program and use of resources under their direction and to permit all public officials to report to the public on the results of government operations and use of public funds. This objective relates to accountability

The peculiar nature of government accounting or social transactions make it desirable and indeed mandatory to treat them in accordance with specific but cohesive and standardize measurement theorem and rules, e.g. the budgeting system and applicable procedures, fiscal accounting procedures, nature of sources of revenue etc.

Another peculiarity of government accounting is that the accounting system is maintained on cash basis. The system provides a satisfactory approach on matters of stewardship accountability and cash programming.

In a nut shell, government accounting system at all level (whether Federal, State or Local Government) in Nigeria is design to conform to the financial (control and Management and ordinance of 1958 and audit of 1956. The provisions of the two ordinances were further entrenched in the 1960, and 1979 constitution of Nigeria as amended by the subsequent constitutional provision of 1985 to date. (Ejisun, 1993:10)

The systems of accounting used by all levels of government in Nigeria conform to the world conventional principle of accounting i.e. double entry principles. This principle requires that every debit entry should be matched by a corresponding credit entry of similar amount and vise-

versa. Arising from the use of double entry principle of book keeping, the Financial Memoranda (F.M.) 18.1:145 states that a local government shall:

(a) Keep a daily record of the receipt and disbursement of Local government monies, thus providing ready check on the amounts. This should be in the hands of the officials of the local government or local government bankers;
(b) Keep records in prescribed form of receipt and payment of local government analyzed over the various heads and subheads contained in the approved annual estimate of the local government, thus providing information on the progress of the collection of taxes, rates and other revenues, and of expenditure, as compared with the target figures appearing in the annual estimates.
(c) Prepare monthly summaries, in prescribed form of main ledger accounts and cash book balances to show the financial position of the local government
(d) Prepare on prescribed forms summary accounts and financial statement at the end of the year.

Accounting system in any organization is an essential arrangement which seek to ensure prudence and accountability in the management of financial resources. Thus, it becomes imperative to highlight various objectives of the accounting system in the local government, the effect of reforms on the system, the based of accounting adopted in the government sector especially in local government and how accounting system enhances internal control objectives of the councils.

2.9.1. Objective of Local Government Accounting System

in order to guide government and ensure the application of funds and financial prudence and accountability the government published documents containing financial rules and regulations, financial instructions and financial regulation are obtainable and used at the federal and state levels. How ever, at the local government level the Financial Memoranda (FM) is used. The FM sets out the basic accounting and reporting principles which is aimed at achieving the following:

i. To provide management accounting service to the council, its committee and department in order to facilitate the reaching of prompt policy and management decision to the basis of accurate and comparative financial information;
ii. To provide accounting service by means of accurate and appropriately analyzed records of funds lawfully received by the local government and detail analysis of how these funds have been expended in discharging the function of the local government;
iii. To provide monthly statements, end of the year statement and periodic statement and indicating the financial situation at the end of the period;
iv. To provide detailed costs of individual establishments services and projects to enable the cost so ascertained to be used for central purposes with a view, inter-alia, to eliminating excessive expenditure losses and wastage.

2.9.2 The Local Government Accounting System and Main Books of Accounts

The Financial Memoranda (FM) which contained the basic principle and procedure guiding accounting system in the local government has accepted in totality:

a. The principle of double entry accounting system;
b. The cash basis accounting system;

c. The main books of accounting which shall continue to be those already in existence to be prepared and maintained by the local government i.e.

(i) Cash Book

(ii) Daily and monthly Abstract of Revenue

(iii) Daily and monthly Abstract of Expenditure

(iv) Deposit Ledger

(v) Advance Ledger

(vi) Investment Ledger (General Renewal

(vii) Suspense Ledger

(viii) Main ledger

(ix) Surplus and deficit statement and statement of assets and liabilities (Balance Sheet)

It should be noted that the procedures of posting into the main book of account mentioned in (c) above are made through the following vouchers

i. Receipt Vouchers

ii. Payment vouchers

iii. Journal voucher

The item (i) and (ii) in above can interplay in any of the main books of account except the fact item (iii) "Journal Voucher" cannot be posted into the cash book.

2.9.3. Accounting System and Local Government Internal Control System

Central to any system of financial management is the mechanism for enforcing control and accountability in the conduct of financial activities Ejisun (1995:14).

A cohesive system of accounting is imperative for ensuring control in the administration of public funds. Thus for a system of accounting to be meaningful, it has to be complemented and supported by a sound system of Internal Control.

Hassan (2001:122) opined that the internal control system is the most important element in any efficient system of financial management. The statement No 1 of the Institution of Chartered in England and Wales defined internal control as one consisting in not only internal check and internal audit but whole system of controls, financial or otherwise, established by the management in order to carry on the business in an orderly manner, safeguard its assets and secure as far as possible the accuracy and reliability of its records. Thus the issue of auditors' effectiveness in ensuring internal controls and checks is paramount.

According to Oshisami and Dean (1985:143) factors that contribute to an effective audit relate to the states, powers, qualities and recourses of the auditor in particular to:

a. The independent of the auditor's status
b. The adequacy scope of his power
c. The expertise and professionalism of himself and his staff
d. The resources at his disposal
e. The freedom of reporting and the nature of his reports

Besides that, to Adam (2005:191) the factors to be considered in his assessment includes:

i. Degree of independence
ii. The scope and objectives of the internal audit functions
iii. Technical competence
iv. The exercise of professional care by the internal audit staff

v. Auditors reports

a. **Degree of independence:** Although the Internal Auditor is an employee of the organization and cannot there fore be independent of his own, but should be free to plan and execute his work and should have access to the level of management. His appointment, promotion and remuneration should not be determined by these officers on whose work he is reviewing and reporting upon. The internal auditor should not have any operating responsibility, which could give rise to conflict of interest. He should be in a position to discuss and communicate freely with the external auditor. The external auditor should be able to obtain all internal audit report that he may require for the purpose of his audit. Where any restriction has been placed upon the internal auditors, the external auditor must carefully evaluate its effect. Adams (2005:90). In order for the auditor to carry out his functions effectively, he must be completely free from any impediments. To avoid such impediments, various methods were identified such as the prohibition of certain category of persons from acting as external auditors, where their close relationship with the audited entity might interfere with their independence, rotation, remuneration and appointment of auditors by supervisory bodies and prohibition of auditors conducting business activities other than auditing. Also, prevention of an auditor becoming too dependent for his income on one client, and compulsory disclosure by auditors of their financial and business interest, so that any potential conflicts of interest will be apparent. These comprise some of the identified methods that will avoid any impediments with respect to auditors independence Oshisami and Deen (1985:96)

b. Scope and Objectives of the Internal Audit Functions: The reliance that can bde placed upon the work carried out by the internal auditor will on the relevance of internal auditor's scope and objectives. Accordingly, external auditors should obtain the terms of

reference of the internal auditor's scope and objectives. Accordingly, external auditors should obtain the term of reference of internal audit function to determine whether or not their scope and objectives are relevant to his work (Adams, 2005:92)

Scope of audit may be limited in several ways, by the type of audit to be conducted by the category of institution subject to a particular type of audit and by the extent of information to which an auditor has access for the purpose of his audit. Normally, legislation defines the types of audit and the institution to which it is apply, leaving to the auditor a general power of deciding what information and explanations are necessary for the purpose of his audit. (Oshisami and Dean, 1985:146)

c. **Technical Competence:** It should ascertain whether technically competent staff performs the work of the internal audit functions. This can be seen in the professional competence which may include the membership of an appropriate professional body or possessing of relevant practical experience. Adams, (2005:146)

d. Exercise of due professional care: This involves the consideration whether the work of the internal audit department generally appears to be properly planned, controlled, recorded and reviewed. Example of the professional care by the internal audit staff is the existence of an adequate audit programme, general internal audit plan, procedure for coordinating individual assignment and satisfactory provisions for reporting and follow up (Adams, 2005:150)

Auditing has been recognized as constituting a profession, like any other profession, they are expected to exercise responsible care in carrying their assignments. The standard of care expected is that of good professional, that he is aware of his legal and other responsibilities, that he is competent in the knowledge and techniques that his profession expects and the job demands, that he is capable of exercising judgment deciding the techniques appropriate to a particular task, in

interpreting evidence presented to him, and in presenting his findings to those who employ him. Also thee who work on behalf of the auditor must also exercise similar care and skill. (Oshisami and Dean, 1985:148)

Besides, for an auditor to discharge his responsibility, he must possess the necessary qualities required of an auditor such as honesty, integrity, competency and he must applied these qualities with care without negligence of duty be it internal or external auditor. The question here is that do the auditors of Birnin kebbi and Kalgo Local Governments possess these qualities? If yes, are they applying them in discharging their responsibilities?

e. **Auditor's Report:** the auditor's right to report his findings is perhaps the most powerful guarantee of his independence. His report is crucial contribution to the process of accountability. In practice, auditors issue a number of different types of report not all of which are made public. (Oshisami and Dean, 1985:148)an audit internal or external, can never be effective if the auditor is not independent, scope of his powers are not adequately defined, he has no expertise and professionalism to discharge his responsibility. Also it can never be effective if there are no adequate resources at the disposal of the auditor in terms of his remuneration and other benefits.

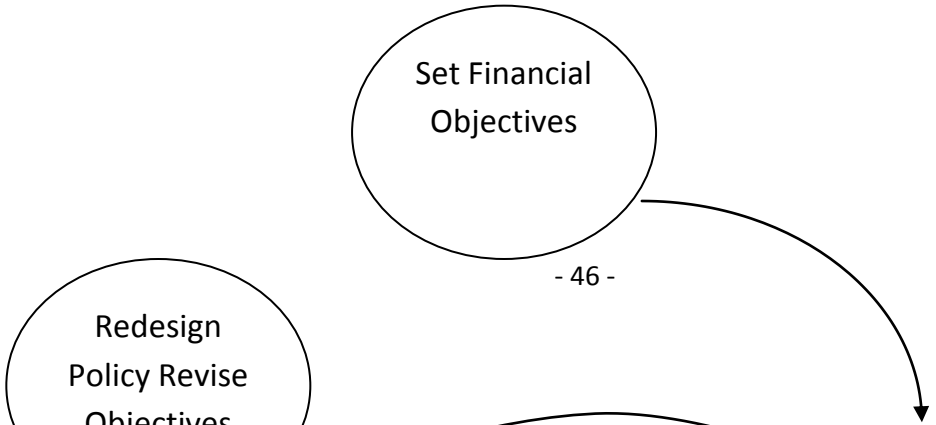
Finally, freedom of reporting and the nature of the report add to the independence of the auditor and its what makes the audit to be effective. Therefore, to achieve an efficient and viable accounting system, internal control system has to be instituted within the local government councils that will ensure completeness of transactions, avoidance of errors and irregularities in the system

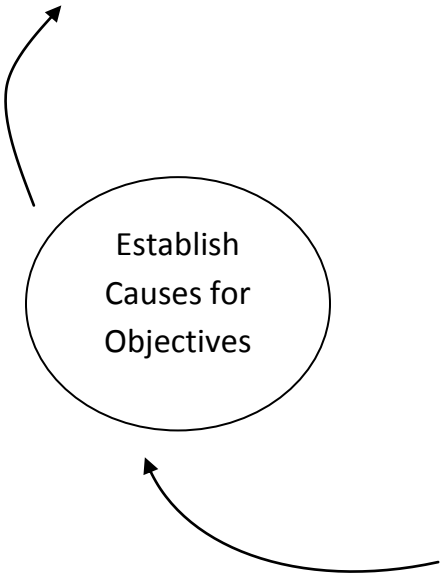
2.10. Theoretical Framework

The theoretical framework underlying the present study is derived with the following consideration in mind; first the study is in the area of application of financial management procedures in public financial administration, effective management of revenue generation and proper allocation of resources and effective utilization of those resources. Thus any theoretical framework to support the study must be the one within the broad area of public financial management, accounting and public accountability. Second major consideration for proposing a theoretical framework for the study is to deals with the issue of accounting in determining and measuring the input and outputs within the system. In view of the forgoing, one has found the financial management theory as the most appropriate framework on which to base our study.

The study has adopted the theory of financial management cycle, in which the theory emphasized that the funds of Local Government councils are managed by the key officers of respective council, the theory states that financial management has to do with efficient use of funds. It is a method of showing and ascertaining the financial position of government or business from time to time.

Financial ,management cycle can be envisaged as consisting of a cycle of activities, the aim of the cycle of activities is to ensure that resources are allocated and monitored in such away that they have the greatest beneficial impact on overall service objectives





The figure 2.1 above is adopted from (Olu Ojo in Omopariola O.)

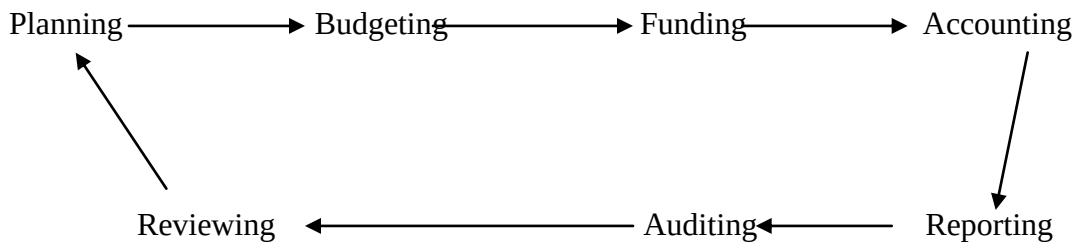
The theory stresses that in order to perform finance functions efficiently; the finance managers of local government have to

i. Set financial objectives of the local government;
ii. Prepare plans of action and select policies for achieving the objective;
iii. Develop financial plans and incorporate them into the overall plans of the local government;
iv. Check the achievement of the objectives and evaluate deviations from the plan;
v. Establish cause for deviations

vi. Take corrective action and or redesign the objectives to start a new cycle as illustrated above.

2.10.1. The Relevance of the Theoretical Framework on the Study

The theory is in conformity with the financial management cycle applicable to all public sectors accounting which local government accounting is one of them, as presented below:



Sources: (The Nigerian Accounting standard Board 1996)

●planning and budgeting are to closely related techno-bureaucratic activities that constitute the bedrock of resource management (particularly financial resources), and control in Local Government. A well coordinated system of planning and budgeting provides the basis for allocation of financial resources among various competing responsibility and activities of government over varying time period. Also question of economy in the use of resources, control, accountability, auditing and review; which forms the components of financial management are largely within the frame work of planning and budgeting. It is in recognition of their crucial role that the revised Financial Memoranda (FM) have made wide-ranging provisions to guide local government functionaries in the conduct of their planning and budgeting functions. The revised FM, make elaborate provision for estimate preparation, implementation and control. Three chapters of the Financial Memoranda (2, 3,& 4) are devoted entirely to annual estimates, chapter two deals with the frame work and purpose of the estimate, chapter three with preparation and approval process, while chapter four deals with the reallocation of voted monies

and supplementary estimate. Furthermore, development planning constitutes an integral part of government's resource allocation strategy in this country. Since 1981 – 1985 plan period local governments have participated actively in the country's planning efforts. Chapter 41 of the FM outlines the various provisions for development planning process. Chapter 41.1 stipulates that:

> Local governments shall prepare plans for capital development as such intervals and in such a manner as may be directed by the state Government

In this regard, chapter 41.2 stipulates that

> Local government plans shall be coordinated and integrated with the state plan

- funding: To carry out financial plan fund is needed which has to do with revenue mobilization and generation, all revenue forecast for internal and external are provided in the annual estimate of the Local Government. After estimation of financial requirement; mobilization (collection of finance is an important objective of financial management, the local government must set out modalities and machinery in place on how such funds could be collected.

- Accounting: In order to guide government on application of finance (control and management) Ordinance of 1958 and the Audit Ordinance of 1956 published what is referred to as Financial Instructions which are used in the Federal and State levels. At the local government level, however, the nomenclature was changed to FINANCIAL MEMORANDA but the principles of the two books remain the same.

The financial memoranda set out the basic accounting and reporting principles of Local Government Accounting and Financial Management. It adopts the cash basis of accounting i.e. transaction is recorded when cash is paid or received irrespective of when good were received or services rendered. The gap in timing is however bridged by various essential records maintained by the treasury. Some of such records include Departmental Vote Expenditure Account (DVEA). This record which can be referred to as "obligatory accounting procedure" gives an accurate account of goods ordered for but not yet paid (liability). Similarly, the Register of Bills Received or Bills Issued are kept to show at any giving time what the local government expects to pay its creditors and what it expect to expect to receive from it debtors. Another essential records which form part of the total package of local government accounting is Tax Return Form (LGT Form 33and 36) it is on these forms that arrears due to be collected at the financial year are shown. Accounting records allow for easy comparison between actual and budgeted item of any revenue or expenditure. A cohesive system of accounting is necessary in order to achieve the following

i. Greater accountability, i.e. compliance with legal provisions and budgetary commitment;

ii. Greater efficiency in management, planning and policy. According to the F.M. the objectives of accounting is:

   a. To provide management accounting to the councils its committee and departments in order to facilitates prompt policy and management decision;
   b. To provide a financial accounting service by means of accurate and appropriately analysis of funds, lawfully received by the local government and details analysis on how the funds has been expended;
   c. To provide monthly statements, the end of the years statement and periodic statements for specific purposes;

d. And to provide detailed cost of individual establishments, services and projects to enable the cost so ascertained to be used for control purposes with a view to eliminate excessive expenditure, losses and wastage.

In achieving these objectives, the F.M. provide detailed system of accounting procedures to be adopted, for such type of transaction, and books of accounts to be maintained.

- Reporting: in local government administrative setting accounting information are reported monthly through the Monthly Reconciliation of Accounts LGT Form 78 in which detail revenue and expenditure are reported, assets and liabilities are also reported and finally to arrived at a surplus or deficit statement at the end of the month. The Financial Memoranda provided that at the end of every month a monthly reconciliation of account LGT Form 78 must be prepared.

- Auditing: auditing is a systematic examination of financial statements, records and related operation in order to determine adherence to generally accepted principles, management policies and statutory requirements. The F.M. chapter 39 and 40 deals extensively with audit function in local government. Auditing in local government is expected to serve the following roles in financial system of the council

i. Assisting in protecting the asset and interest of local government by carrying out a continuous examination of activities in order to detect fraud, misappropriation, irregular expenditure and losses due to waste, extravagance and maladministration;

ii. Secure continued of a soundly based system of control within each area of departmental responsibility

Auditing involves the examination of financial records, financial statement and related operation of the local government in order to determine whether accounting principles and operational guidelines and

policies of the local government are followed. It is also an attempt to ensure discipline in the entire financial management process by confirming the accuracy and reliability of the financial information, while attesting the probity or otherwise of the various custodian and users of public resources.

- Reviewing: reviewing provide further attestation on the audit and more importantly reports on efficiency of operations, executive performance and gives critical appraisal of some executive policies, projects and activities, reviewing allows for comparison between target and performance. It is through reviewing management establish whether plans and budget shows a positive or a negative variance, it is a yardstick used by management to go back to the drawing board and review the plans.

CHAPTER THREE:

RESEARCH METHODOLOGY

3.1 Introduction

This chapter examines in detail the method and procedures adopted in generating data that help in testing the hypotheses of the research, the research employed the use of survey research by using two techniques. The first technique used in generating data was the sampling technique where opinion of Local Government officials and local tax payers are collected. While the second technique was through the use of descriptive statistic which is concern with aspect of statistic that describe and summarizes the first techniques employed in the generation of primary data i.e. sampling technique, where the opinion of local government official is recorded. The researcher also used chi square statistical technique to interpret and analyze the two hypotheses mentioned in chapter one.

3.2. Research Design

Agrestic, (1986) stressed that, as it is used in purely research context refer to the total constructional plan of the structure and planning of the entire approach to the problem that generated the research. There are a no of research design, but this research plan to use survey research designing and to some extent to use content analysis.

Agrestic, (1986) survey research design consist of asking questions, collecting and analyzing data from a supposedly, representative member of his population with a view to determine the current status of that population respect to one or more variables under investigation.

In a nut shell, the research will employ the use of survey research to collect the necessary data for the study. Two questionnaires were design, one for the local government functionaries and the other for the Tax payers in order to have their opinions on the financial management application procedures in local government administration with a particular reference to Birnin Kebbi and Kalgo local governments of Kebbi State.

3.3. Population of the Study

We have two types of population which is of interest to us in this study. The first is the population of the entire staffs of Birnin Kebbi Local Government with a staff strength of 3,875 and Kalgo Local Government with staff strength of 2,765 of and the entire Tax payers of the two Local Governments i.e. Birnin Kebbi Local Government with population of 268, 242 and Kalgo Local Government with population of 85,403 vide 2006 census, while the second the population was that of the respondents. Since it is practically almost impossible to include entire population in our survey, we have to choose what is universally conventional i.e. the selection of samples.

3.4. Sampling

Sampling is usually considered a true representation of the population. A good sample must therefore embody the key features or characteristics of the entire population. It is necessary that a sample must truly represent the entire population, because generalization is usually made about the entire

population on the basis of the sample. The research has two group of samples i.e. the selected sample size of the Local Government functionaries and that of the Tax payers as presented below:

3.4.1. Sample Size of Local Government Functionaries

Local Government Functionaries/Policy Formulators	
Local Governments	**No of Respondents**
Council & Executive	
L.G Chairman	2
L.G Council	10
Councilors finance	2
Director finance & supply	2
Director personnel management	2
Heads of departments	10
2 Treasury Department	
- Assistant Treasures	2
- Finance Staff	2
- Revenue Staff	2
- Store and Supply Staff	2
- Budget Staff	2
- Checking Officer	2
- Departmental Accountants	14
- Internal Auditors	2
- Internal Audit Staff	2
- L.G Cashiers	2
Total no of Respondents	**60**

Sources: Field Survey 2013

3.4.2. Sample Size of Local Governments Tax payers

The population figures of the tax payers in Birnin Kebbi Local Government and Kalgo Local Government as ealier stated vide 2006 Census. The populations is very wide to be covered in a

research of this nature, therefore sampling is inevitable to select a sizeable number to represents the parent population.

The researcher will randomly select 40 (forty) respondents from the tax payer's to represents the opinion of the tax payer's from the two Local Governments i.e. selecting 20 (twenty) each from the Local Governments. Simple Random sampling technique will be employed to arrive at the sample size. Finding made from them will be generalized to the parent population; Bellow is the table of respondents of tax payers.

Local Government Tax Payer's	No of Respondents
Birnin Kebbi Local Government	20
Kalgo Local Government	20
Total	40

Source; Field survey 2013

3.4.3. Sampling Technique for the study

In carefully hand-picking or selecting the sample size of the populations, the researcher used his individual judgment and selected the samples that are readily accessible and critical to the study. The researcher used judgmental sampling technique in selecting the sample size of the Local Government Functionaries who are critical or knowledgeable on subject of the study and having armful experience in the field of finance.

On the other hand, the researcher make the use of Simple Random Sampling and randomly select 40 (forty) respondents from the Tax Payer's to represents the opinion of the tax payer's from the two Local Governments i.e. selecting 20 (twenty) each from the Local Governments.

3.5. Method of Data Collection

The researcher used of both primary and secondary method of data collection in analyzing and testing the hypotheses already formulated in chapter one. The following are the method and instrument of data collection.

3.5.1. Primary Source: these are first hand information to gathered and collected through field work. Primary data provide raw data use that tests the working of the hypotheses. Questionnaire were administered to obtaining the primary data for the study

Questionnaire: The questionnaire of this study will be administered to sample population under study in both Birnin Kebbi and Kalgo Local Government Areas. It was developed on the basis of both open-ended and closed-ended questions. The questionnaire is divided into two sections i.e. section A and B, the section A covers the background information of the respondents, while section B covers questions on financial management procedures. In all the questionnaire consist of thirteen (13) questions.

3.5.2. The Questionnaire Administration

The questionnaires were administered face to face with assistance of selected research assistants from each Local Government whom was tutored on principles of questionnaire administration. In all 60 questionnaires were administered to the Local Government Functionaries i.e. 30 each for every local government, the response rate was very high for the local government functionaries, out of 60 questionnaires administered, 56 were completed an returned making 93 percent of the total questionnaire distributed.

On the other hand, questionnaires were administered to the Tax payers through research assistants, In all, forty (40) questionnaire were administered to them and the rate of the responses from the tax payers was also very high as 95 percent were retrieved, 38 were completed and returned.

3.5.3. Secondary Source:

Secondary data are also second hand or ready made data collected, organized and documented by other researchers, agencies, government organizations in form of reports. These data includes Internet materials, Periodicals, Journals, Text Books, Local Government Budgets and Financial Statement Reports among others.

3.6. Method of Data Presentation

the result obtained from the primary information gathered from the questionnaires administered was presented to act as a goal for validity advocated for this research work. The result obtained was presented in a tabular form and thereby analyzed subsequently below each table.

3.7. Method of Data Analysis

In an attempt to present and analyze the data gathered as way of testing the hypothesis, all the data collected will be organized, presented and analyzed by using both descriptive and inferential statistical tools.

3.7.1. Descriptive Statistical Techniques

This involves data preparation in a tabulation and summarization format. There fore, Tables, simple percentages and average would be used as descriptive statistical tools that will be used in the analysis of this study, this is due to its simplicity and explicit approach in research work.

The formula for finding simple percentage is

X/N x 100/1

Where X, represents the frequency of the respondents who respond to a particular question

While "N", represent the total number of respondents who fully completed the questionnaire and returned it to the researcher. And the 100 represents the percentage of the questionnaire distributed.

3.7.2. Chi Square (x^2)

The second technique used was the Chi square (x^2) it is a special test that compares two independent variables. It is used in a very large number of cases to test the accordance or synchronization between fact and theory, between observed or actual values and expected values. The formula is as follows:

$$x^2 = \frac{\sum (O - E)^2}{E}$$

Where: X^2 = Chi -Square

O = Observed value

E = Expected Value

Decision Rule:

The decision rule in the application of the chi-square in research study involves rejecting the null hypotheses when the calculated Chi-Square is less than the critical value (table value). While, the null hypotheses will be accepted when the calculated value of the Chi-square is greater than the table value (see appendix III). i.e. when $X^2 < X +^2$ reject the Ho. But when $X^2 > X+ ^2$ accept the Ho. This how ever based on a stated level of significance and degree of freedom.

CHAPTER FOUR

AN OVER VIEW OF FINANCIAL MANAGEMENT PROCEDURES APPLICATIONS IN BIRNIN KEBBI AND KALGOLOCAL GOVERNMENTS COUNCILS IN KEBBI STATE

4.1. Introduction

In this chapter, we provide the necessary background information and analysis on different aspect of Local Government financial management in Birnin Kebbi and Kalgo Local Governments. This is necessary in order to put our discussion, analysis and conclusion in their proper perspective.

4.2.1. **Brief Background of Birnin kebbi Local Government**

Birnin Kebbi Local Government come into existence in 1976, it is the headquarters of Gwandu Emirate Council of Kebbi State. The emirate was found by the great Islamic scholar Mallam

Abdullahi Fodio in 1804 to date. The Local Government is also the seat of Kebbi State Government.

The Local Government shares boundary with Kalgo Local Government in the south, Arewa Local Government in the north, Argungu Local Government by the north east and historical town of Gwandu in the east.

Birnin Kebbi Local Government has a population of 268,420 vide 2006 population census figures. The major tribes inhabiting the Local Government include Hausas, Fulanis, Kabawa, Arawa and Zabarmawa. The occupation of the people is farming, fishing, hunting, trading and civil service.

4.2.2. Brief Background of Kalgo Local Government

Kalgo Local Government area was created on the 1st July, 1989 out of former Bunza Local Government of old Sokoto state by the administration of former president General Ibrahim Badamasi Banbangida. The Local Government is bounded with Jega Local Government in the south, Bunza Local Government in the west, Birnin kebbi Local Government in the north and Aleiro Local Government in the east.

The local government has a population of eighty five thousand, four hundred and three (85,403) people vide 2006 population census figure. The major towns in the local government are Kalgo itself which is the Local Government headquarters, others are Bako, Diggi and Dole, the major ethnic tribes of the inhabitants are the Hausas, Fulani, Kabawa and Gobirawa.

The major occupation of the people in the area is farming which comprises of the farming itself and rearing of animals, other occupations are trading which is very common in the main fold of Kalgo town and as well as civil service.

The predominant religious practice of the people in the Local Government is Islam which account for more than 99% of the population, however, Christian and traditional religion are also practiced in the area.

4.3. Budget and Budgeting System in Local Government

Planning and budgeting are two closely related techno - bureaucratic activities that constitute the bedrock of resource management and control in Local Government, as indeed at other levels of government (Abubakar, 1998:36)

He further, stress that among other things, a well coordinated system of planning and budgeting provides the basis for the allocation of financial resources among various competing responsibilities and activities of government over varying time period: short (annual), medium and long terms. Also question of economy (in the use of resources), control, accountability, etc, are addressed largely within the frame work of planning and budgeting.

4.3.1. Stages of estimate preparation in Local Government

The budget process in local government starts with a call circular by the Local Government Executive committee to the Treasurer. The circular originate from the Ministry for Local Government containing to which the local government will follow and stress such procedural and timing matters related to objectives and content of estimates, as are considered appropriate by the Executive committee.

Secondly, immediately on receipt of the executive committee's call circular not later than 10th June, the Treasurer shall issue an estimates call circular to Heads of Department. This call circular shall indicate last date by which departmental estimate proposals must reach the Finance Department; it should also incorporate the content of the call circular issued by the Executive committee in accordance with the provisions of Financial Memoranda 3.2.; it should also refer to any policy decision reached by the council in regard to the content of the estimate and the priorities to be reflected therein; also to refer to any policy direction of the Executive Committee regarding detailed procedures to be followed in estimate preparation; to also incorporate such other procedural matters as appear to the Treasurer to be likely to facilitate the preparation and subsequent processing of departmental estimate proposals.

Thirdly, the Treasurer shall consolidated the estimate proposals of departments, including that of Finance Department and submit them through the secretary for consideration by Executive Committee. The Treasurer shall prepare:

- A report on the general financial implications of the estimate proposals and the effect they will have on the financial situation of the local government. Financial Memoranda 1.14(2);
- A preliminary summary of the financial position on Form LGT 10 containing the following information. See appendix 1 A and B showing the financial statements LGT Form 10 of the two Local Governments

Fourthly, is the consideration of departmental estimate proposals by the executive committee and the council, the Executive committee shall consider the estimate proposals, and the report and summary prepared by the Treasurer in accordance with the provision of FM 3.7. the committee shall hold such discussion with Heads of Departments as is considered necessary to clarify provisions made in the estimate proposals.

Fifthly, is the approval of estimate by Local Government Council, the council shall consider the draft estimates or amended draft estimates, as may be appropriate, together with the report of the executive committee, after a further review of the measures necessary to achieve a sound financial position and to provide adequate funds for implementing Council policies, the Council shall:

- Approve the draft estimates as they stand or with such amendments as the Council may think fit;
- Approve such increases in taxes, rates, licenses fees, rents and charges as the council considers appropriates

The estimate then becomes the approved annual estimates of Local government for the appropriate financial year.

Finally, is the forwarding of the approved estimates to the state Governor, the Council shall forward copies of the approved estimates to the Governor as indicated in the call circular not later than 31st December of the financial year?

Table 4.1 Proposed Revenue and Actual Revenue collected by the two Local Governments 2005 – 2012

Year	Local Government	Proposed	Actual	Variance
2005	Birnin kebbi Kalgo	646.2m 528.9m	765.9m 607.6m	+199.7m +78.7m
2006	Birnin kebbi Kalgo	942.0m 714.5m	880.1m 659.9m	-61.9m -54.6m
2007	Birnin kebbi Kalgo	1.009.3b 784.6m	967m 681.02m	-42.3m -103.4

2008	Birnin kebbi Kalgo	1.312.8b 1831.3b	1.608b 1069.13b	+295.2m -762.17m
2009	Birnin kebbi Kalgo	1.389.9b 1034.6b	1535.1b 1096.2b	+145.2m +61.6m
2010	Birnin kebbi Kalgo	2.204.3b 1616.0b	1.509.6b 981.4m	-694.7m -634.6m
2011	Birnin kebbi Kalgo	3,874.9b 2,484.2b	1917.2b 1,864.1b	-11957.7b -620.1m
2012	Birnin kebbi Kalgo	2.623.1b 2181.0b	1.957.0b 1364.1	-666.1m -816.9m

Source: Annual Estimate of the two Local Governments 2005 - 2012 (See Appendix III A and B for details)

The above table shows the proposed and actual revenue collected during the years under review i.e. 2005 – 2012. The result shows that in 2005, Birnin Kebbi Local Government proposed to collect revenue of 646.2m but collected 765.9m with a positive variance of 199.7m, this shows that the local government reached it revenue target during the year. Kalgo Local Government on the other hand has proposed revenue of 528.9m and collect 607.6m with the positive variance of 78.7m which means they have collected above target.

In 2006, Birnin kebbi Local Government has a proposal target of 942.0m and collected 880.1m with a negative variance of 61.9m, Kalgo Local Government also proposed 714.5m but collected 659.9m with a negative variance of 54,6m.

In 2007, Birnin kebbi proposed to collect 1009.3b but was able to collect 967m with a negative variance of 42,3m, Kalgo Local Government proposed 784.6m in the period but posted 681.02m with a negative variance of 103.4m.

In 2008 Birnin kebbi Local Government proposed to collect 1312.8b but posted 1608m with a positive variance of 295.2m, Kalgo Local Government in the same period proposed 1831.3b but posted only 1069.13b with a negative variance of 762.17m.

In 2009 Birnin kebbi Local Government proposed revenue of 1389.9b but posted 1535.1b with a positive variance of 145.2m, it counterpart on the other hand proposed 1034.6b but posted 1096.2b with a positive variance of 61.6m.

In 2010, Birnin kebbi Local Government proposed to collect revenue of 2204.3b but posted the sum of 1509.6b having a negative variance of 694.7m, Kalgo Local Government on the other hand proposed to collect 1616.0b but posted 981.4m having a negative variance of 634.6m.

In 2011, Birnin kebbi Local Government proposed revenue of 3874.9b but posted 1917.2b with a negative variance of 1957.7b Kalgo Local Government on the other hand proposed to collect 2,484.2b but net the sum of 1,864.1b with a negative variance of 620.1m.

In 2012, Birnin kebbi Local Government proposed revenue of 2623.1b but posted 1957.0b with a negative variance of 666.1m, Kalgo Local Government on the other hand proposed 2484.2b but posted 1364.1b with a negative variance of 816.9m. Looking at the performance of the two Local Governments it shows that Birnin Kebbi Local Government reach it revenue target in 2005, 2008 and 2009 but the remaining years it failed to reach the target, Kalgo Local Government also reached it revenue target in 2005 and 2009 failed to achieve target in the remaining years. The poor result could be attributed to poor coordination and collection of their IGR.

Table 4.2 Proposed and Actual Expenditure of the two Local Governments 2005 – 2012

Year	Local Government	Proposed Expenditure	Actual	Variance
2005	Birnin Kebbi Kalgo	802.6m 750.4m	652.3m 540.6m	-177.3m -209.8m
2006	Birnin Kebbi Kalgo	1007b 929.0m	780.5m 595.4m	-226.5m -333.6m
2007	Birnin Kebbi Kalgo	1180b 1006.7b	867m 615.7m	-313m -391m
2008	Birnin Kebbi	1738b	1180b	+558m

	Kalgo	1245.2b	1022.3b	-222.9m
2009	Birnin Kebbi Kalgo	2786b 1798.2b	1460.3b 980.9m	-1325.7b -817.3
2010	Birnin Kebbi Kalgo	4108b 2914.3b	1,475.4b 940.6m	-2632.6b -1,973.7
2011	Birnin Kebbi Kalgo	4,219.8b 1875.3b	1,815.6b 1131.5b	-2,404.2b -743.8
2012	Birnin Kebbi Kalgo	5029b 3521.2b	1897.3b 1265.8b	-3131.7b -2255.4b

Source: Annual Estimate of the two Local Governments (see Appendix IV A and B for details).

From the table above it shows that Birnin kebbi Local Government proposed to spent 22,943.6b under the period under review i.e. 2005-2012, but actually spent 10,099.4b with the variance of 12,884.2b, it counterpart i.e. Kalgo Local Government plan to spent 14,951.2b but spent 7,092.8b within the period under review. The results shows that Birnin kebbi Local Government being an urban Local Government expect more revenue than Kalgo Local Government a Rural Local Government. The analysis shows that all the local governments felt to achieve their expenditures targets. This shows their weakness in their financial management procedure and also this may be due to the fact that the Local Governments cannot forecasts their external source of revenue.

4.4. Revenue Generation and Control procedures of the two Local Governments

One of the important aspects of financial management is revenue generation and control. Local Government needs adequate funding to service the functions assigned to it by the central government viz. Mandatory and the concurrent functions. Local government derives their revenues from two major sources viz. Internal and External sources. The Internal sources are the revenue items local governments have control over them, while the external source comes from grants and loans.

Tale 4.3 Profile of Actual Revenue collected External during the period under Review (2005- 2012)

Year	Local Government	Statutory Allocation	VAT Allocation	Total External Revenue
2005	Birnin Kebbi Kalgo	680,349,023:00 528,892,429:00	71,867,112.70 56,433,108:60	752,216,136:00 585,325,538:60
2006	Birnin Kebbi Kalgo	774,977,325.00 550,547,085:00	91,288,777:50 64,680685.50	866,266,102:50 615,227,770:50
2007	Birnin Kebbi Kalgo	830,105,883:00 592,223,302:00	118,521,457:00 87,704,483.80	948,627,340:00 679,927,786.80
2008	Birnin Kebbi Kalgo	1,421,775,143 948,886,720	168,578,431 116,741,052	1,590,353,574 1,065,627,772
2009	Birnin Kebbi Kalgo	1,314,395,299.50 960,522,218,.60	202,898,579.30 133,212,055.60	1,517,203,878.80 1,093,734,274.20

2010	Birnin Kebbi Kalgo	1,241,752,095.96 795,608,069.40	236,168,760.10 162,170,116.50	1,471,920,855.06 957,773,185.90
2011	Birnin Kebbi Kalgo	1,660,728,032.40 1,033,261,979.83	247,348,265.10 193,852,024.90	1,908,076,297.50 1,227,114,004.73
2012	Birnin Kebbi Kalgo	1,649,446,318.60 1,055,897,085.20	299,120,130.40 209,730,186.40	1,948,566,448.00 1,264,627,271.60

Source: Ministry for Local Government Joint Account Statistic Kebbi (See Appendix V for details)

Table 4.3.1 above shows the external revenue profile of the two Local Governments under review, the figures indicated that Birnin kebbi Local Government received more revenue than Kalgo Local Government within the period. Birnin kebbi received the sum of N11, 103,229,631 86, while kalgo Local Government received the sum of N7, 488,357,482.33. this may be as a result of the sharing formula used in revenue allocation in the federation and no Local Government can determined what it will actually collect as its external revenue. During the period under review Bininkebbi Local Government received N10,512,428,976.46 as statutory allocations and N1,437,791,506.10 as VAT allocations, while it counterpart Kalgo Local Government received N6,464,748,779.03 as statutory allocations and N1,024,523,750.30 as VAT allocations respectively.

Table 4.4 Profile of Budgeted Internal Revenue and Actual Revenue collected by Birnin Kebbi Local Government during the period under review

Year	Local Government	Budgeted figure	Actual collection	Variance
2005	Birnin kebbi	15,153,130	13,700,154	1,452,976
2006	“	16,503,300	13,830,140	2,673,160
2007	“	19,540,130	18,360,150	1,179,980
2008	“	21,120,160	17,615,120	3,505,040

2009	“	19,153,170	18,140,200	1,012,970
2010	“	54,560,000	37,720,000	16,840,000
2011	“	47,711,767	35,220,180	12,499,870
2012	“	60,315,000	35,220,130	25,094,879
Total		254,064,890	189,856,074	64,258,875

Source: Annual Estimates Birnin Kebbi Government for details refer to (Appendix III A)

Table 4..4 above shows the budgeted internal revenue profile and the actual revenue collected within the period under review by Birnin kebbi Local Government council though the revenue estimated is very low compared to the amount collected as external revenue, despite that the actual collection is showing a negative variance through out the period this indicates that there is poor financial management in the internal revenue generation effort of the Local Government. During the period under review the Local government estimated to collect N254,064,890 as internal revenue, but collected the sum of N189,856,070 with a variance of N64,258,875 naira only

Table 4.5 Profile of Budgeted Internal Revenue and actual Revenue collected by Kalgo Local Government during the period under review

Year	Local Government	Budgeted figure	Actual collection	Variance
2005	Kalgo	50,820,140	22,315,000	28,505,140
2006	“	60,910,000	16,230,120	44,679,880
2007	“	16,300,000	15.180,000	1,120,000
2008	“	11,750,000	8,220,200	3,529,800
2009	“	10,120,000	7,610,000	2,510,000
2010	“	36,100,000	12,420,000	23,680,000

2011	"	14,332972,00	9,160,000	5,220,000
2012	"	14,620.420	8,415,000	5,965,000
Total		215,000,560	99,550,320	115,209,820

Source: Annual Estimates Kalgo Local Government for details refer to (Appendix III B)

The above table presents the internally budgeted and actual collection of revenue for Kalgo Local Government during the period under review. The council estimated to generate the sum of 215,000,560 within the period of 2005 – 2012, however, the sum of 99,550,320 was realized as internal revenue indicating a variance of N115,209,820 this shows a poor performance in revenue generation effort and over reliance on external funding by the Local Government council. When the two Local Government are compared Birnin kebbi Local Government generate more revenue than Kalgo Local Government this due to the urban advantage it has over it counterpart which is a rural Local Government

Table 4.6 Proposed and Actual Revenue Figures from Five Selected IGR of Birnin Kebbi Local Government (2005 – 2012)

Selected IGR	Market	Motor Park	Abattoir/Slaughter slab	Cattle market	Rent on Local Government Property.
2005 Prop	500,000	250,000	350,000	220,000	10,500,000
Actual	400,000	180,000	220,000	200,000	4,600,000
Variance.	-100,000	-170,00	-130,000	-20,000	-5,900,000
2006 prop.	2,000,000	300,000	500,000	500,000	3,525,500
Actual	950,5000	200,000	300,000	350,000	2,555,500
variance	-1,050,000	-100,000	-200,000	-150,000	-1,070,030
2007 Prop	2,000,000	1,000,000	200,000	540,000	1,444,680

Actual	1,070,000	600,000	160,000	315,000	735,420
Variance	-930,000	-400,000	-40,000	-225,000	-709,260
2008 Prop	2,000,000	1,000,000	200,000	540,000	7,639,810
Actual	1,000,000	560,000	150,000	230,000	6,125,100
Variance	-1,000,000	-440,000	-50,0000	-310,000	-1,514,170
2009 Prop	500,000	250,000	350,000	220,000	10,500,000
Actual	350,000	130,000	200,000	200,000	10,128,000
Variance.	-150,000	-120,000	-150,000	-20,000	-372,000
2010 Prop	700,000	500,000	200,000	1,200,000	12,980,000
Actual	600,000	500,000	300,000	200,000	10,980,000
Variance.	-100,000	nil	+100,000	-1,000,000	-2,980,000
2011 Prop	700,000	600,000	500,000	-	30,000,000
Actual	600,000	500,000	500,000	-	24,750,000
Variance.	-100,000	-100,000	nil	nil	5,250,000
2012 Prop	700,000	600,000	500,000	875,000	32,500,000
Actual	600,000	500,000	500,000	1,000,000	24,750,000
Variance.	-100,000	-100,000	nil	+125,000	5,250,000

Source: Annual Estimates Birnin Kebbi Local Government (See Appendix V for details)

The above table shows the proposed and actual revenue collected by Birnin kebbi local government during the period under review i.e. 2005 – 2012. The results shows that in 2005 all the revenue items has a negative variance in terms of performance, 2006 also has negative variance in the performance of all the revenue items, 2007 has the same result, 2008 also has the same results, 2009 also has similar out come, 2010 also has similar results with the proceeding

years, in 2011 all the items of the revenue has negative variance except one item that reached the proposed target that is revenue from Abattoirs and Slaughter, in 2012 the results shows a negative variance in all the revenue items accept in revenue from cattle market which posed a positive variance of N125,000. The results show the weakness of the Local Government in it IGR drive, because the revenue items selected are the most viable ones.

Table 4.7 Proposed and Actual Revenue Figure from Five Selected IGR of Kalgo Local Government (2005 – 2012)

Selected IGR	Market	Motor Park	Abattoir/Slaughter	Cattle Market	Rent on Local Gov't prop.
2005 Prop	300,000	180,000	200,000	90,000	450,000
Actual	170,000	120,000	120,000	40,000	290,000
Variance.	130,000	60,000	180,000	50,000	160,000
2006 prop.	300,000	190,000	200,000	90,0000	450,000
Actual	190,000	120,000	140,000	50,000	300,000
variance	110,000	70,000	60,000	40,000	150,000
2007 Prop	312,000	200,000	200,000	100,000	500,000
Actual	200,000	140,000	150,000	70,000	340,000
Variance	112,000	60,000	50,000	30,000	160,000
2008 Prop	342,000	210,100	219,000	100,000	500,000
Actual	200,000	150,000	160,000	90,000	350,000
Variance	142,000	60,000	59,000	10,000	150,000
2009 Prop	430,000	300,000	900,000	150,000	550,000

Actual	430,000	200,000	400,000	100,000	350,000
Variance.	NIL	100,000	500,000	50,000	200,000
2010 Prop	430,000	300,000	940,000	160,000	300,000
Actual	430,000	210,000	550,000	100,000	210,000
Variance.	NIL	90,000	410,000	60,000	90,000
2011 Prop	500,000	300,000	600,000	-	320,000
Actual	430,000	220,000	450,000	-	230,000
Variance	70,000	80,000	150,000	-	90,000
2012 Prop	500,000	320,000	600,000	-	337,975
Actual	430,000	210,000	500,000	-	250,000
Variance.	70,000	110,000	100,000	-	87,975

Source: Annual Estimates Kalgo Local Government (See Appendix VIAandB for details)

The above table shows the proposed and actual revenue collected in some selected items of revenue by Kalgo local government during the period under review i.e. 2005 – 2012. The results shows that in 2005 all the revenue items has a negative variance in terms of performance, 2006 also has negative variance in the performance of all the revenue items, 2007 has the same result, 2008 also has the same results, 2009 also has similar out come, 2010 also has similar results with the proceeding years, in 2011 all the items of the revenue has negative variance in the items of revenue, in 2012 the results shows a negative variance in all the revenue items. The results show the weakness of the Local Government in it IGR drive, because the revenue items selected are the most viable ones.

4.4.1. Revenue Administration and Collection Machineries of the Two Local Governments

The administration of Revenue in the two Local Governments is directly under the supervision of Assistants Directors Revenue of the two Local Governments i.e. the Revenue Officers. They are charged with coordination of all collections, posting of Revenue Staff to various collection centers' they are responsible for the collection of all revenue receipts and revenue books from

the central store and distribute them to Revenue Collectors. How ever, when there is an existing Council within a period a Councilor is usually appointed to oversee the operation of the revenue unit.

The two Local governments use two collection machinery; in the collection of revenue. The first machinery is the employed Revenue Collectors of the Local Governments, some time supported by a task force to boost the level of collection. The second machinery was the engagement of consultants; the two machineries were characterized with a lot of lapses and poor results and in effective. (See Appendix VII) showing the engagement letter of a consultants.

4.4.2 Revenue Administration and Collection Procedures

To ensure good administration of tax procedures and collections section 82 of Local Government Edict, 1977 sets out the various sources of revenue which accrued to the Local government. The approved annual estimate will give details of various kinds of revenue (the heads/sub-heads) which the local government will be responsible for collecting. Financial Memoranda (F.M.) has set out all procedures for the collection of revenue in chapter six as confirmed by Obasi (1998:12) as follows:

- All money due must be paid to finance department cashier or to local government revenue collector (Financial Memoranda 6.1)'
- Amount collected by the cashier are entered directly into his cash book and follow normal accounting procedures. The revenue collectors keep their own Cash Book, but subsequently have to pay their collection into the local government funds, either by handing them over to the finance department cashier, or by paying them into a bank for the credit of the local government bank account.

However, a treasury receipt is issued by the cashier for the collection paid over , which is then entered in the cashier Cash book, and posted in the Daily Revenue Abstract by crediting appropriate head (sub-head) of revenue;

- Official receipt must be issued to payee's for all monies received by the Cashier or revenue collectors (Financial Memoranda 6.8), the receipt forms to be issued for the various payments are detailed in Financial .Memoranda 6.10;
- The rules governing the preparation and issue of receipts are set out in Financial Memoranda 6.12
- All other rules governing revenue control could be found in the Financial Memoranda

To ensure adequate Control the following revenue document must be controlled i.e.

Receipt and other revenue earning books (such as license books) must be closely controlled, in order to safeguard against the possibility of local government revenue being collected, but not accounted for i.e. not paid into the local government account.

Receipt and other revenue earning books, therefore, must be accounted for as strictly as is actual cash. The rules and procedures regarding the receipt and issue of all revenue earning books and their safe custody are laid down in Financial Memoranda chapter 7.

Financial Memoranda 7.1 requires that a receipt book register, Form LGT 24, be kept by the finance department, in which must be recorded the receipt of all revenue earning books, issued to authorized persons, the returns of used books, and their final disposal. Separate page sections of pages of the register should be kept for each kind of receipt of revenue earning book, and an index prepared showing the page numbers on which the types of receipt book are recorded.

The receipt and other revenue earning books must only be ordered from sources notified by or approved by Ministry for local government (Financial Memoranda 7.3). The auditor should be given details of all receipts of revenue earning books (Financial Memoranda 7.4).

The issue of the earning books should be made in strict numerical order and recorded in chapter 7 (Financial Memoranda 7.6 and 7.7) procedures to be follow when collected by an illiterate messenger should be noted in (Financial Memoranda 7.7).

Other areas covered by the Financial Memoranda are returned used earning books as provided in (Financial Memoranda 7.9), receipt Book distribution register LGT. 25 must be kept to record all issues of book to revenue collectors and their subsequently return in accordance to laid rules in (Financial Memoranda 7.11).

Further more, a Board of Survey has to be appointed annually in accordance with Financial Memoranda 7.15 to check stocks of revenue earning books, and recommend having regard to the provision of this F.M which of the used, obsolete or spoil books should be destroyed. The findings of the board have to be reported to the Local Government and no action must be taken until the findings have been approved.

The procedures to be followed in the distribution of revenue earning books are laid down in Financial Memoranda 7.16 and 7.17 and must be strictly observed. Details of books destroyed must be entered in col. 11 of revenue book register.

Financial Memoranda 31.7 makes the finance officer responsible for seeing that all revenue earning books are properly accounted for.

4.4.3. Revenue Control Mechanisms of the two Local Governments

The Revenue Control Mechanism of the two Local Governments was very weak, because there were no desired results in the collection outcome, there was no effective checks and balances to ensure accountability in the system, Revenue Cash book is not maintained let alone to reconciled collection with the treasury. Even the consultants engaged were not fully supervised; the consultants reside in Abuja this makes it difficult to reconcile with him, the situation led to

fraudulent transactions, inept and diversion of collected revenue to their personal use. Despite effort to reconcile with the consultants the situation remained the same. To show the weakness of the Local Governments still the consultants were yet to be disengaged.

4.4.4. Management and Control of Revenue Books and Receipts

There so many receipt and books kept in the treasury for the purpose of collection and control of revenue in the local governments, most of these documents are kept the local governments stores and released on request when the need arise. Some these books and receipt are as follows:

Receipt Book Register: this is kept in the two Local Governments treasury to record all printed receipt of revenue earning books, and also the issuance of such books to officials of the Local Governments, their return after use to the treasury and their final disposal are all recorded in the register. (See Appendix VIII for details)

Ordering and receipt of Revenue Earning Book: Receipt and other revenue earning books are obtained from source usually Government printers approved the Local Governments, no order for printing or purchase of receipt or other revenue earning books shall be placed without the express approval of the Executive Committee. When such authority is given, a copy of the order issued by the LGT shall be sent to the Internal Auditor and Auditor General. The order shall direct the supplier to forward copies of delivery note containing full details of the printed receipt direct to the Internal Auditor and Auditor General.

When the new consignment of books is received, they are examined at once with the issue note forwarded by the supplier and detail of each book is entered in Receipts Book Register.

Issue of Revenue Earning Books: in regards to issue of revenue earning books in the two local governments is that only one revenue earning book in respect of each item of revenue is issued at a time, with the condition that previous book is returned, and fully used. When consultants are engaged issues are limited to the quantity needed for the probable collections over the ensuing month.

All issues of the books are made in strict numerical sequence, and detail recorded immediately in receipt book register. The official to whom the receipt is issued will sign his name in the Receipt Book Register.

Returns of used or surplus Revenue Earning Books: All revenue earning books, when exhausted or are of no further use must be returned to the stores in the treasuries. Official in charge of the store will complete the column provided for that in the Register of Revenue Earning Book. The treasury takes the following actions on return of the receipt

- To check and verify that all sum recorded on the book copies of the individual receipt have being brought to account at the Treasury
- Returned books are checked to verify that all book copies of receipts used are intact.

Receipt Book Distribution Register: this provide that any Revenue Collector issuing revenue earning books to subordinate Revenue Collector must keep a Receipt Book Register and a receipt Book Distribution Register, in which he records all receipt issued to his subordinate officers.

Safe and custody of Revenue Earning Books: all revenue earning books used, un used, partly used or obsolete, must be safe guarded from theft, or misuse and must kept in secured place under lock and key, the books must be stored tidily in numerical order. Checks of stock of revenue earning books are carried out periodically in every one or two month's period. If any loss or damage is discovered during the checks, the procedure laid in F.M. 8 is followed.

4.5. Disbursement of Funds and Expenditure Control in the Local Governments

Another aspect of financial management is the allocation of resources collected by the Local Government to perform its various functions so as to achieve its goals and objectives. Formal approval of annual estimates; by the Local Governments councils constitutes the legal authority for the expenditure to be incurred but such general sanction for expenditure shall be subjected to compliance with the financial procedures for control of expenditure as contained in the F.M. Under this will be reviewed expenditure control and its importance in management of scarce resources

The councils Treasurers are the Chief Accounts Officers of the Local Governments. They are functionally saddled with the responsibility of records/book-keeping as well as accounting. In carrying out these enormous tasks they are expected to be assisted by other accounts officers and staffers in the service of the Local Governments who are able and capable of maintaining accurate and appropriate records from which extrapolation of information would be made to prepare the Statutory Annual Financial Statements comprising the following

- Statement of Assets and Liabilities;
- Statement of Revenue and Expenditure Summary;
- Statement of Actual Revenue;
- Statement of Recurrent Expenditure;
- Statement of Capital Expenditure;
- Statement of Deposit Account balance
- Statement of Advance Accounts Balances

To accurately prepare the above statements, the following are some of the necessary books and records to be kept and properly maintained by the various units and sections of the Finance Department

4.5.1. Expenditure Procedure and Control in Local Government

Obasi (1998:15-18) States that the Financial Memoranda part five deals with expenditure procedure and control of Local Government finances and also has five chapters namely 13 – 18

Chapter 13 deals with control of Expenditure which inter alia provides that

- The Executive Committee has the power to exercise careful control over expenditure;
- For a complete day-to-day control to be exercised over all expenditure, the Executive Committee has to delegate in writing to Heads of Department, the control of expenditure under specific heads or sub-heads of approved estimate;
- The Heads of Department (i.e. officers controlling vote) may with the approval of the Executive Committee, delegate control of a vote or part thereof to another senior officer by the issue of an authority to Incur Expenditure (known as A.I.E.);
- The personal responsibilities of officials in regard to control of expenditure are:

b. The Head of a Department is responsible for the overall control of the finance of his Department and delegation of the control of certain section of the Departmental expenditure to another official does not relieve him of his responsibility, and

c. An officer controlling vote, his deputy or any person with an A.I.E., shall be personally and peculiarly responsible for seeing that expenditure is not authorized in excess of the approved votes for items under his control;

- It also provides that an officer controlling a vote has the duty of

a. Keeping a close watch on departmental vote transactions, the amount of money spent and the current financial of the votes under his control;

b. Authorize each payment voucher by signing it, thereby accepting responsibility for its accuracy;

c. Ensure that every payment voucher is entered in his departmental vote Account Book and

d. Ensure that his department vote Account Book is reconciled with the treasury records every month.

He however, continues that chapter 14 deals with payment procedures and provides among others that:

- No payment shall be made unless authorized funds are available;
- Each payment must be supported by properly authorized payment voucher;
- Payment voucher must be authorized by the officer controlling a vote; or the person to whom an A.I.E. has been issued;

- An imprest advance may be granted to any officer controlling a vote or any official who holds an A.I.E. for the purpose of meeting payments which cannot conveniently be made by the Finance Department;
- Each Imprest holder should keep an Imprest Cash Book;

Chapter 15 deals with staff matters which inter alia provide that variation in authorized establishment cannot be made without the approval of relevant authorities. Chapter 16 deals with personal advance which are allowed after certain conditions have been made.

Chapter 17 handles contracts including Jobbing Orders and Local Purchase Orders. The use of Jobbing Orders and Local Purchase Orders are limited to amounts not more than N10, 000:00 and it is an offence to split Jobbing Orders and Local Purchase Orders to circumvent the limit fixed. When the amount involved is over N10, 000:00 tenders and contracts are used. All officials are required to maintain the authorized individual monthly spending limits.

Finally, chapter 18 deals with the main Books of Account and other accounting records to be kept and maintained by the Local Government in their day-to-day business transactions.

4.5.2. Departmental Vote Expenditure Allocation Book (D.V.E.A.B.) control procedures

This is the ledger into which all items of expenditure (recurrent or capital) of the Local Government are recorded. The D.V.E.A.B consists of personnel emoluments, other charges and capital expenditure charges. Each account in the ledger also has its own head and sub-head. Every officer controlling a vote and officials to whom an A.I.E. has been issued, shall maintained a Departmental Vote Expenditure Book containing separate account on Form LGT 42 for each head or subhead of approved estimates and for such non personal advances and deposits accounts for which he has responsibility.

The Departmental Vote Expenditure Book has the following record format for easy control

1. At the head of the account, the total expenditure approved in the estimates or in case of an A.I.E. the amount authorized to be spent for the period or particular service or the approved amount for advances or deposits;
2. Payment made chargeable to the particular sub-head or vote;
3. Liabilities incurred e.g. for contracts, stores, etc. where the exact cost is known, an estimated cost must be entered;
4. The balance of funds unspent at any date.

The following procedures are applicable in respect of items recorded in Departmental Vote Expenditure Book

- Liabilities must be entered at the time they are incurred, subsequently, when payment is made in respect of liability recorded the amount paid will be entered in the expenditure column and the original liability entry ruled through. A new entry must be made of any balance un paid, which will in turn, be cancelled when final payment is made,
- Payment Vouchers relating to liabilities incurred shall invariably include a reference to the liability e.g. liability no 2 of 11/10/2015
- Payment Voucher to Journal Voucher (A.V.) and acceptances shall be entered in the Departmental Vote Expenditure Book immediately they are authorize or accepted. The O.C.V. must initial the entries and certify on the Voucher or acceptance.
- The number of the A.I.E. must be quoted on all payment vouchers, etc. authorized by the person to whom the A.I.E. was issued.
- An officer controlling a vote receiving an acceptance (in duplicate) must check it in detail, sign against each item accepted, or if not accepted enter the reason in the signature column. One copy of the acceptance shall then be returned to the Treasurer.

Acceptance means a summary of journal voucher prepared by the Treasury in respect of each department of the Local Government for the services rendered by another department.

- Each time an entry is made in account in Departmental Vote Expenditure Book, the total of liability outstanding, expenditure plus liabilities of funds available, shall be adjusted so that the position of the vote can be seen readily at any giving time.
- Each application to incur supplementary expenditure shall be noted at the head of the appropriate account in the DVEA. If application is approved, the balance of fund

available as shown by the account must be adjusted by addition or in case subtraction of the amount approved.

At the end of each month the following procedures are followed in regard to DVEA, each vote account must be ruled off and the total of liabilities outstanding, expenditure plus liabilities and balance of funds available carried down to the next month. Also persons, to whom A.I.E. has been issued, must render a return to an officer controlling the vote listing the expenditure incurred during the month and attached copies of relevant vouchers. Departmental vote Expenditure Books must be reconciled with the daily abstract and subsidiary ledgers kept in the treasury. The Treasurer should fix a date for each officer controlling a vote to produce his DVEAB to the Finance department for monthly reconciliation.

In the two local governments under study DVEAB is kept by all departments to ensure financial management and control for details (See Appendix IXAandB showing completed DVEAB for both Recurrent and Capital expenditure)

4.5.3. Advances Accounts

Advances Ledger records all manner of money advanced to staff or loans, imprests, etc. when money is advanced to staff or loans of any form is granted, the personal accounts of beneficiaries are debited in the advances ledger, while corresponding credits will appear in the Cash Book. When repayments are made the personal accounts of beneficiaries in the advances ledger will be credited, with the corresponding debit appearing in the Cash Book. The accounts should be balanced on regular basis, and the total outstanding balances at the year end, representing amount owed to the council, will be shown in the statement of assets and liabilities as an asset. The practice now in the two Local Governments is that advances are no longer applicable because of the introduction of overhead allocation to all functional departments. All advances are fully retired and new once are not opened.

4.5.4. Preparation of Payments Vouchers and Disbursement Procedures

Payment Vouchers: these are source documents that corroborate the credit entries both in paymaster's Cash Book and Main Cash Book. The payment vouchers, in standard form, should be well authenticated, dated, numbered and signed by the authorized signatories. It has to bear departmental numbers, treasury control numbers, cheque numbers and name of banks etc. they

should be properly checked, audited, officially stamped by the appropriate authorities. Bellow is the types of payment vouchers used by the Local Governments

S/no	Voucher Form no	Purpose of the Voucher
1.	LGT Form 45	General Payments (Other Charges)
2.	LGT Form 46	Salaries Voucher
3.	LGT Form 48	Pension Voucher
4.	LGT Form 49	Travelling Allowance

4.5.4.1. Importance of preparing a Payment Vouchers

Payment Vouchers serve the following purpose in financial management and record keeping in Local Government Administration:-

- Payment Vouchers are made out in favor of the person or persons to whom the money is actually due;
- It can make check easy without necessarily referring to other documents;
- It is clearly worded and gives out particulars of the payments;
- It is numbered consecutively to correspond with the cash book entry number and filed in numerical order;
- Payment Vouchers are typed or written in an approved ball point pen;
- All documents relating to a payment are attached to the payment voucher, e.g. LPO, JO, CA, council extract, correspondence, SRV, PMC Report, Valuation or completion certificate etc.
- When supplies are taken into store, store reference ledger no must be quoted.

For details see Appendix X A, B and C showing the prepared payment Vouchers for various payments)

4.5.5. Due Process in the award of Contract and Jobbing Order

All contract awards in the two local governments are subjected to the approval of council in which deliberations are made in the councils on intended capital projects to be executed, the approved projected are putted in the Council Extract which will be signed and approved by the council chairmen's. The preparation of the contract agreements are centralized in the personnel

department, under the office of the Local Governments Legal Officers. The Director Personnel is the officer that sign all contracts in the Local Governments and counter sign by the treasurer, contract agreements are numbered serially for easy identification it is prepared in four copies, the original handed to the contractor and the three other duplicates are sent to the Treasurer, Internal Auditor and the Area Auditor for records. For details (See Appendix XI, XII, XIII, IV and XVI showing completed Contract Agreements, LPO's and Council Extract)

In the case of Local Purchase order LGT form 66 is prepared for the purchase of stores materials, were the cost does not exceed N10,000. In exceptional circumstances the Executive Committee may approve higher amount. Local purchase order is printed in quadruplicate and prepared in the following ways:

- Full details of items required are entered, and each separate item are numbered. The order form must ruled after the entry of the last item to prevent unauthorized addition;
- Details of the head and subhead to be charged shall be entered at the top of the order form;
- The order shall be signed by the Head of personnel Management and officer Controlling Vote or an A.I.E. holder,
- The order bears the official stamps of the Local Government and distributed in this way, original and duplicate copy to the supplier and the third and fourth copies left in the book.

On supply of the goods the following procedures are followed by the Local Governments:

- The supplier must return the original order attaching completed invoice;
- Section (b) or (c) of the order must be completed on the original and triplicate order and sent to the authorized person receiving the goods
- The receiver of the goods shall verify that the goods are received in good oder
- The original order and quadruplicate copy must be marked Cleared.

In the case of jobbing order, form LGT 65 is prepared by the two Local Governments in case of a single work or service including the cost of materials for carrying out the service, where the total does not exceed N10,000. No sum of money shall be advanced in respect of jobbing order before the work or service is completed.

Jobbing orders are signed by the Head of Personnel Management and is made in quadruplicate and distributed as follows

- Original/Duplicate copies to the Supplier/Contractor
- Triplicate to the Treasury
- Quadruplicate copy retained in the book for record purpose

4.6. Auditing Arrangement in Local Government financial transactions

Auditing of transactions financial or otherwise is an important tool for financial management in Local Government. Auditing in Local Government administration is classified into two namely

- Internal Auditing
- External Auditing

● Internal Auditing is a managerial control in itself and a duty performed by independent personnel employed for such purpose. The internal Auditor exists to carry out pre-auditing of all activities of the establishment. Pre-auditing is the performed with the main objective of checking before payment for a transaction take place to ensure that the formal rules and regulation governing the transaction have been observed.

Internal auditing provides the following benefits to organization

- Provides tool for monitoring operational efficiency of policies introduced continuously;
- Render's factual and objective evaluation of operational efficiencies of an establishment as a whole;
- It facilitate the duties of the Auditor General;
- It evaluate effectiveness and efficiency of functions performed by an establishment;
- Vital tool for preventing and detecting errors and fraud

● External Auditing function for the critical examination of financial statement of government and allied activities within a financial year by the Auditor General. He performs post-audit function; the post audit function refers to the type of audit performed after all transactions for a particular period have been completed. The audit takes place after the end of the financial year.

The external auditor performs the following functions

- Auditing and Reporting: this is the critical examination of the books; accounts; records and reporting on them for all government establishment;
- Detection and prevention of fraud: the External Auditor is expected to adopt approaches capable of detecting fraudulent practices and as well initiate and develop control measures adequate to prevent or minimize the practice;
- Control of Losses of Funds: this should be done through appropriate advices.

The Auditor General has the following powers:

- To conduct audit of public accounts;
- To monitor contract performance;
- To impose sanctions and surcharge on any erring officer;
- To report his activities to the House of Assembly;
- To pre-audit Gratuities and pensions;
- To head the Audit Alarm Committee through which he can notify the Governor of alarms that are of significant, raise and address queries to accounting officers, issues clearance certificates on resolved alarms.

The activities of external auditor are felt by the two Local Governments of our case study as there are resident external auditors in each Local Government.

4.6.1. Audit Query as a Financial Control Mechanism

An important instrument used in assessing financial management and control in Local Government is Audit Query. Queries are observations raised by the auditor about missing links in a particular transaction. Those raise by the Internal Auditor are pre-audit queries, while those raised by the Auditor General are post-audit queries.

Queries serve as import part of the mechanism of financial control as well as valuable means of detecting and preventing errors, fraud etc. the guideline on Civil Service Reforms gave prominence to queries by specifying time limit for replying audit queries and possible sanctions for failure to respond. Offences on which queries may be raised are classified into three by the 1988 Reforms namely:

i. Irregularities resulting in losses to government due to either fraudulent activities of the functionaries or their negligence or in competence

ii. Irregularities not directly or immediately resulting in losses to government but which infringe upon budgetary and proper financial management

iii. Irregularities arising through poor or inefficient management and accounting which may lead to losses to the government.

Audit queries are not given prominence and prompt attention they deserve in the two Local Governments as emphasized by the Reforms' Guideline. The treasury and other unit that may be involved do not accord them the attention deserved. This makes it for the audit to appear not to be effective in view of arrears in reporting and nonchalant attitude towards observations.

From the investigation conducted during this research it was found out that the Internal Audit unit in the two local governments gives queries in the following areas namely:

- Correspondences and documentation queries: these are queries serve by the auditor when there is lapses in correspondences and documentation in a particular transaction.
- Inspection queries: these are queries serve by the auditor after inspecting a project physically and found some lapses in work
- Queries on expenditure misallocation: auditor gives out queries when there is misallocation of expenditure i.e. when wrong head or sub head are charged on expenditure.
- Pay roll queries: these are queries given in respect of salaries
- Stock verification queries: this has to do with store items

4.6.2. Auditor General Annual Audit Reports of the two Local Governments under study 2005 – 2012

At the end of the year the Auditor General Local Government prepare annual audit reports of Local Government to express his opinion on the true financial position of the Local Governments financial statements and other accounting records of the Local Governments.

Table 4.8 Reports of the Auditor General on the Financial Statements of the Two Local Governments Under Review:

Year	Local Government	General statement On the Account	Major Observations on other Accounting records O/standing P.Vs	Skeleton P.Vs	PB audit	Bank Recon.
2005	Birnin kebbi	Show true and fair	5,680,467.19	1,734,120.13	1,986,156.14	Nil
	Kalgo	Show true and fair	3,856,193.14	986,420.54	2, 174,120.10	Nil
2006	Birnin kebbi	Show true and fair	6,235,186.40	1,846,216.20	2,263,123.00	Nil
	Kalgo	Show true and fair	4,577,300.15	1,320,128.18	2,150,320.00	Nil
2007	Birnin kebbi	Show true and fair	7,367,529.20	3,150,000	3,865,515.40	Nil
	Kalgo	Show true and fair	6,662, 600	2,566,415.13	2,835,400	Nil
2008	Birnin kebbi	Show not a true fair	6,315,329.82	2,745,000	8,929,691.64	Nil
	Kalgo	Show true and fair	18,335,374.32	3,620,540	5,368,520.35	Nil
2009	Birnin kebbi	Show true and fair	8,766,443.29	2,560,000	10,111,237.18	Nil
	Kalgo	Show true and fair	5,425,318:78	3,000,000	12, 437,178:11	Nil
2010	Birnin kebbi	Show true and fair	17,645,532.15	2,830,000	8,176,526.12	Nil
	Kalgo	Show true and fair	11,571,500	2,322,600	2,560,300	Nil
2011	Birnin kebbi	Show true and fair	29, 127,695.13	3,200,000	12,356,123.14	Nil
	Kalgo	Show true and fair	39,012,154:24	3,600,000	10, 654, 132.18	Nil
2012	Birnin kebbi	Show true and fair	28,336,579.36	2,875,000	9,846,500.12	Nil
	Kalgo	Show true and fair	36, 765,480.22	3,236,400	8,126,540.13	Nil

Source: Auditor General Audit Report files 2005 – 2012 (See Appendix XVII A and B for details)

The table above shows the opinion of the auditor General Local Government on the financial statement and other accounting records of the two Local Governments under review. The general statement of the Auditor General on the prepared accounts of the two Local Governments shows a true and fair view of the financial statement and other allied accounting records, but in 2008 the Auditor was dissatisfied with the accounts prepared by Birnin kebbi Local Government council. How ever, observations were raised to show weakness in the records keeping of the two Local Governments.

In 2005 Birnin kebbi local government was observed to have an outstanding payment vouchers of N5,680, 467.19, a skeleton payment voucher of N1,734,120.13 and payment before pre audit of N1,986,156.14 and bank reconciliation statement was not prepared through out the period. Kalgo Local Government on the other hand has an outstand payment vouchers of N3,856,193.14, skeleton payment vouchers of N986, 420.54 and payment before pre audit of N2,174,120.10 and bank reconciliation was not prepared.

In 2006 Birnin kebbi Local Government was observed to have outstanding payment voucher of N6,235,186.40, skeleton P.V. of N1,846,216.20, a payment of N2,263,123.00 before pre audit check and bank reconciliation statement not prepared. Kalgo Local Government on the hand had an outstanding P.Vs of N4,577,300.15, skeleton P.Vs of N1,320,128.18, payment before audit N2,150,320.00 and bank reconciliation not prepared.

In 2007 Birnin kebbi Local Government has an observation of N7,367,529.20 as outstanding P.Vs, N3,150,000 as skeleton P.Vs, N3,865,515.40 as pre audit payment and no bank reconciliation was prepared. It counterpart Kalgo Local Government has 6,662,600.80 as outstanding P.Vs, N2,566,415.13 as skeleton P.Vs, N2,835,400:00 as pre audit payment and no bank reconciliation was prepared.

In 2008 Birnin kebbi Local Government was observed to have N6,315,329.82 as outstanding P.Vs, N2745,000 as skeleton P.VS, N8,929,691.64 as pre audit payment and no bank reconciliation was prepared. Kalgo Local Government on the other hand has N18,335,374.32 as outstanding P.Vs, N3,620,540:00 as skeleton P.Vs, N5,368,520.35 as pre audit payment and no bank reconciliation was prepared .

In 2009 Birnin kebbi Local Government has N8,766,443.29 as outstanding P.Vs, N2,560,000 as skeleton P.Vs, 10,111,237.18 as payment before pre audit and no bank reconciliation was

prepared. Kalgo Local Government on the other hand has N5,425,318.78 as outstanding P.Vs, N3,000,000.00 as skeleton P.Vs, N12,437,178.11 as payment before pre audit and no bank reconciliation was prepared.

In 2010 Birnin kebbi Local Government has N17, 645,532.15 as outstanding P.Vs, N2, 830,000:00 as skeleton P.Vs, N8,176,526.12 as payment before pre audit and bank reconciliation was prepared. Kalgo Local Government on the other hand has N11,571,500:00 as outstanding P.Vs, N2,322,600:00 as skeleton P.Vs, N12,437,178.11 as payment before pre audit and no bank reconciliation was prepared.

In 2011 Birnin kebbi Local Government was observed to have an outstanding P.Vs of N29,336,579.36, a skeleton P.Vs of N3,200,000:00, payment before pre audit N12,356,123.14 and no bank reconciliation was prepared. Kalgo Local Government on the other hand has outstanding P.Vs of N39,012,154.24, skeleton P.Vs of 3,600,000:00 payment before audit of N10,654,132.18 and no bank reconciliation was prepared in period.

In 2012

CHAPTER FIVE

DATA PRESENTATION AND ANALYIS

5.1. Introduction

This chapter deals with the presentation and analysis of data collected through questionnaire administered. A total of 60 questionnaires were purposefully administered to target staff in the treasury Department, Heads of Departments, Accounting staff, Internal Audit Unit of the Councils of the respective local governments under discussion. The sensitivity of the study

informed the decision for choosing these categories of respondents. This is due to the fact that they possess independent views and the technical expertise relating to the study. In the case of the tax payers, a total of forty questionnaires were administered to them randomly to have their opinion.

The responses on the returned questionnaires for the Local Government staff and the Tax payers were scrutinized for completeness and errors. At the end of the out of the exercise out of the sixty (60) questionnaires distributed to the Local Government functionaries, only 56 were duly completed and returned. The analysis of the data was going to be based on the questionnaire returned. While, that of the Tax payers out of the forty questionnaires administered only thirty eight (38) were duly completed and returned. Therefore, the analysis was going to be based on the returned questionnaires. Thus the % of the questionnaire returned are valid enough for my conclution.

As earlier mentioned the chi-square technique constitutes the statistical tool to be adopted for the purpose of testing the hypotheses developed.

5.2. Responses to the Questionnaire one (1) (Local Government Functionaries)

Background of the respondents

Table 5.1 Distribution of the Respondents by Gender

S/N	LG Area	Male	Femele	Total	Percentage
1.	B/Kebbi	24	5	29	51.8%
2.	Kalgo	21	6	27	48.2%
3.	**Total**	**45**	**11**	**56**	**100**

Source: survey Research 2016

Table 5.1 shows that the local government service at the management level is dominated by males, B/Kebbi local government has 82.8% as its males respondents and their female counter parts has 17.2%, kalgo local government on the other hand has a male representation of 77.78% and that of the female respondents is 22.22% . this has to do with the social strata at the local government level in the state, the next table 5.2 provides the age structure of the above respondents.

Table 5.2 Distribution of Respondents by Age

S/N	Age Bracket	B/kebbi L.G	Kalgo L.G	Total	Percentage %
1.	18 – 30 years	03	03	06	10.7%
2.	31 – 40 years	07	06	13	23.2%
3.	41 – 50 years	08	07	15	26.8%
4.	51 – 60 years	06	06	12	21.4%
5.	61 and above	05	05	10	17.9%
6.	**Total**	**29**	**27**	**56**	**100**

Source: survey Research 2016

Table 5.2 shows that the bulk of the staff are matured people in term of age Local Governments Councils in the two local government fall between the age of 31 – 50 years. Those whose ages fall between 31 – 40 years accounts for 23.2%, while those whose age fall between 41 and fifty years accounts for 26.8%, those fall between the age of 51 – 60 accounts for 21.4% while 61 and above accounts for 17.9% respectively. Next table will present the educational, professional and qualification of the officials.

Table 5.3 Distribution of Respondents by Educational/Professional Qualification

S/N	Qualification	B/kebbi L.G	Kalgo L.G	Total	Percentage %
1.	Below SSCE/Equivalent	00	00	00	00
2.	SSCE/GCE	07	08	15	26.82%
3.	Diploma/OND	13	12	25	44.64

4.	Bsc/HND	06	05	11	19.64%
5.	Postgraduate/master Deg.	03	02	05	8.9%
6.	**Total**	**29**	**27**	**56**	**100**

Source: Survey Research 2016

Table 5.2.3 shows that, majority of the respondents are diploma/OND who accounts for 44.64% of respondents, SSCE/GCE accounts for 26.82%, while 19.64% were B.SC./HND holder, while the remaining 8.9% of the respondents' posses postgraduate and master Degree respectively. This shows that the respondents are literate enough to answer our questions without any interpreter.

Table 5.4 Responses on Length of Service of Officials

S/N	Length of Service	B/Kebbi L.G.	Kalgo L.G.	Total	Percentage
1.	1 – 10	09	08	17	30.36%
2.	11 - 20	10	08	18	32.14%
3.	21 - 30	05	07	12	21.43%
4.	31 - 35	05	04	09	16.1%
5.	**Total**	**29**	**27**	**56**	**100**

Source: Survey Research 2016

Table 5.4 shows that the majority of the respondents worked in the services of the local governments between 11- 20 years constituting 30.36% of the respondents, while, those worked for 1 – 10 years account for 30.36% of the respondents, while those that worked for 21 – 30 years accounts for21.43%, the remaining respondents worked for 31- 35 years accounting for 16.1%. The results indicates that majority of the work force worked between 1 – 20 years accounting for 62.50% of the respondents. The result shows that our respondents have put in a reasonable years in the service to be asked to understand the working and operation of finance department of the Local Government as well as financial management procedures involve, which is the focus of the study.

Table 5.5

Perception on the Overall Assessment of Application of Financial Management Procedures in the Disbursement of Funds

S/N	Options	B/kebbi L.G.	Kalgo L.G.	Total	Percentage %
1.	Very satisfactory	03	03	06	10.7%
2.	Satisfactory	07	06	13	23.2%
3.	Fairly satisfactory	08	07	15	26.8%
4.	Below average	06	06	12	21.4%
5.	Not satisfactory at all	05	05	10	17.9%
6.	**Total**	**29**	**27**	**56**	**100**

Source: Survey Research 2016

The table 5.5 indicate that six respondents representing 10.7% of the respondents are very satisfied with the application of disbursement procedures of the Local Governments, 13 respondents representing 23.2% are satisfied, 15 out of the respondents constituting 26.8% are fairly satisfied, 12 of the respondents representing 21.4% says below average with the financial management procedures applications in the disbursement of funds Local Governments. This shows that majority of the respondents are fairly satisfied with the overall assessment of the application of financial management procedures in Local Government.

Table 5.6

Perception on the Causes of Unsatisfactory Application of Financial Management Procedures in the Disbursement of funds

S/N	Options	B/Kebbi	Kalgo	Total	Percentage
1.	Lack of qualified personnel	08	06	14	25%

2.	State Government interference	12	14	26	46.4%
3.	Lack of sound Internal Control System	09	07	16	28.6%
4.	**Total**	**29**	**27**	**56**	**100**

Source: Survey Research 2016

The table 5.6 indicates that 25% of the respondents attribute their level of dissatisfaction with the application of disbursement of funds procedures to lack of qualified personnel, while, 26 of the respondents representing 46.4% attribute it to state interference in the activities of Local Government finances; the remaining 16 respondents accounting for 28.6% attribute it to lack of sound internal control system. The result shows that majority attribute the problem to state government that usually directed the local government to make expenditure outside the budget.

Table 5.7

Perception on extent of Local Governments functionary's efforts in Addressing the Problem of non Compliance with Financial Management Procedures

S/N	Options	B/Kebbi	Kalgo	Total	Percentage
1.	Great extent	09	06	15	26.8%
2.	Some extent	08	07	15	26.8%
3.	small extent	12	14	26	46.4%
4.	Never	Nil	Nil	Nil	Nil
5.	**Total**	**29**	**27**	**56**	**100**

Source: Survey Research 2016

Table 5.7 above indicate 15 respondents representing 26.8% says that the local governments addresses the problems of non compliance to the financial management procedures to a great extent, similarly 15 out of the respondents accounting to 26.8% says to some extent, majority of the respondents constituting 46.4% says to a small extent. This could be due to the councils in experiences in the application of financial management procedures and also they some times

being handicapped by the state government directives on what they should do or what they should not.

Table 5.8

Perception of the Respondents, on Adequate Procedures adhered to in ensuring good account of their revenue and expenditure

S/N	Options	B/Kebbi	Kalgo	Total	Percentage
1.	Very often	10	08	18	32.14%
2.	Often	13	12	25	44.64%
3.	Not often	06	07	13	23.21%
4.	**Total**	**29**	**27**	**56**	**100%**

Source: Survey Research 2016

Table 5.8 above indicates 18 of the respondents representing 32.14% opined that the local governments do often put in place procedures to ensure good account of their revenue and expenditure, 25 representing 44.64% say often, while, the remaining13 of the respondents constituting 23.21% says not often. The result shows that they often adhered to procedures; because, the Local governments cannot work without revenue and expenditure to up keep the system

Table 5.9

Perception on the effectiveness of the Local Governments accounting system and control to ensure prudent management of resources

S/N	Options	B/Kebbi	Kalgo	Total	Percentage
1.	Very effective	05	04	09	16.1%
2.	Effective	06	05	11	19.64%
3.	Fairly effective	13	12	25	44.64%
4.	Weak	02	03	05	8.9%

5.	Very weak	03	03	06	10.71%
6.	**Total**	**29**	**27**	**56**	**100**

Source: Survey Research 2016

Table 5.9 above indicate 25 respondents representing 44.64% of the respondents acknowledge that the accounting system and internal control is fairly effective of in the enforcement of rules and regulations of financial management procedures in the Local government, 11 respondents representing 19.64% says it effective, another 9 respondents representing 16.1% says very effective, the remaining 5 respondents representing 8.9% says the internal control system is weak. The results shows that the internal control system is fairly effective this indicate that the two Local Governments need to improve their internal control system

Table 5.10

Perception on Satisfaction with the Internal Control System in the Local Governments

S/N	Options	B/Kebbi	kalgo	Total	percentage
1.	Yes	10	11	21	37.5%
2.	No	19	16	35	62.5%
3.	**Total**	**29**	**27**	**56**	**100**

Source: Survey Research 2016

Table 5.10 above indicate that 35 of the respondents representing 62.5% of the respondents are not satisfied with the Internal Control system in the two Local Governments, while, 21 respondents representing 37.5% are satisfied with Internal control System. The problem lies with the system non application of the procedures in regard to the Internal Control System in the two local Governments

Table 5.11

Perception on strategies to adopt in improving application of financial management procedures in the Local Governments

S/N	Options	B/Kebbi	Kalgo	Total	Percentage

1.	Training of existing financial staff	18	16	34	60.7%
2.	Employing qualified personnel	07	06	13	23.2%
3.	The use of financial consultant	04	05	09	16.1%
4.	**Total**	**29**	**27**	**56**	**100**

Source: Survey Research 2016

Table 5.11 above indicates that majority of the respondents 34 representing 60.7% opined that the best strategy to apply in the improvement of application of financial management procedures in the local governments is through the training of existing staff on the rules and regulations governing financial management, 13 respondents constituting 23.2% sees the need to employ qualified personnel, while the remaining 9 respondents representing 16.1% saw the need for the engagements of the financial consultant. The results shows that the best way is to train the existing staff of the two Local Governments

Table 5.12

Perception on Level of Satisfaction on the Adequacy of Internal Control System and Auditing Procedures

S/N	Options	B/Kebbi	Kalgo	Total	Percentage
1.	Very satisfactorily	05	04	09	16.1%
2.	Satisfactorily	07	06	13	23.2%
3.	Fairly satisfactorily	12	12	24	42.9%
3.	Unsatisfactorily	03	02	05	8.9%
5.	poor	02	03	05	8.9%
6.	**Total**	**29**	**27**	**56**	**100**

Source: Survey Research 2016

Table 5.12 above indicates that majority of the respondents 24 represnting42.9% are fairly satisfied, 13 respondents representing 23.2% says satisfactorily, another 9 respondents representing 16.1%are very satisfied, the remaining 5 respondents representing 8.9% says it is

poor with the adequacy of Internal Control system and auditing procedures, this shows the adequacy of internal control system and auditing procedures is fairly satisfactory.

Table 5.13

Perception on the Assessment of Budgeting process in proper Allocation of Resources

S/N	Options	B/Kebbi	Kalgo	Totals	Percentage
1.	Very effective	05	04	09	16.1%
2.	Effective	08	06	14	25%
3.	Fairly effective	15	14	29	51.8%
4.	Not effective	01	03	04	7.1%
5.	**Total**	**29**	**27**	**56**	**100**

Source: Survey Research 2016

Table 5.13 above indicates that 29 respondents representing 51.8% constituting the majority of the respondents opined that the budget process in the Local government is fairly effective, 14 respondents representing 25% of the respondents says it is effective, another 9 respondents representing 16.1% says very effective the remaining 4 respondents representing 7.1% says it not effective the result is that is it neither appreciable no commendable. There fore, it shows that the budget process is fairly effective.

Table 5.14

Perception on the Period Local Government get Budget their Approval for proper implementation

S/N	Options	B/Kebbi	Kalgo	Total	Percentage
1.	First quarter	04	03	07	12.5
2.	Second quarter	06	05	11	19.64%
3.	Third quarter	06	04	10	17.86%
4.	Last quarter of the year	13	15	28	50%

5.	**Total**	**29**	**27**	**56**	**100**

Source: Survey Research 2016

Table 5.14 above shows that, 28 respondents representing 50% of respondents says that the local governments get approval of their budget during the last quarter of the year, 11 respondents representing 19.64% says during the second quarter, another 10 respondents representing 17.86% says in the third quarter. This has to do with state interference in the budget process and approval in the Local Government. This shows that most local government operates without approved budget and also shows how unserious budget is handled.

Q15. Perception on the Delay in the Preparation and Approval of Budget

The respondents identified the following as the reasons for poor budget process in the Local Governments which includes: lack of autonomy of the local government councils, delay in sending circulars from the Ministry of Local Government and bureaucratic approach in vetting budget and its approval.

Table 5.15

Perception of the Respondents, on training of Local Governments staff

S/N	**options**	**B/Kebbi**	**Kalgo**	**Total**	**Percentage**
1.	Very often	09	08	17	30.36%
2.	Often	14	12	26	46.43%
3.	Not often	06	07	13	23.21%
4.	**Total**	**29**	**27**	**56**	**100**

Source: Survey Research 2016

Table 5.25 indicate that 46.43% of the respondents representing 26% of the respondents opined that the local government staff are often sent for training, while, 17 respondents representing 30.36% opined that staff are very often trained, the remaining 13 respondents representing 23.1% of the respondents says not often this shows that majority believed that the staff are often trained to be conversant with financial management procedures so that effective and efficient financial management of resources could be achieved.

Q16. Perception on Five Measures to Improve Financial Management Application in the Local governments

The respondents give the following suggestions

25 Respondents, opined that by given them full autonomy to operate as an independent system without unnecessary interference by the state government, 15 of the respondents, believed that the Financial Memoranda should be revised and simplified to meet current trends, another 8 respondents, opined that the Budget process and approval should be left in the hands of Local Government for earlier implementation, while another 6 respondents emphasized that local government staff should be given adequate training on financial management procedures and the remaining 2 respondents, emphasize on employing additional qualified personnel to compliment the existing staff.

5.3. Responses o questionnaire two (Local Tax payers)

Table 5.16

Perception on the Rating of Local governments on Financial Management Procedures Application

S/N	Options	B/kebbi L.G	Kalgo L.G.	Total	percentage
1.	Very high	02	02	04	10.53
2.	High	04	02	06	15.79
3.	Average	09	06	15	39.47

4.	low	04	04	08	21.05
5.	Very low	02	03	05	13.16
6.	**Total**	**21**	**17**	**38**	**100**

Source: Survey Research 2016

The table above indicate that the local government Tax Payers rate the Local governments averagely in the application of financial Management procedures as over 39.47% of the respondents rated the Local Governments averagely, while, 8 of the respondents rated the Local governments low, also 6 respondents representing 15.79% rated them high, another 4 respondents representing 10.53% rated them very high and the remaining 5 respondents representing 13.16% of the respondents rated them very low. This shows that the Local Tax Payers have no confidence on the local government financial management procedures application

Table 5.17

Perception on Issues Hindering Financial Management Application Procedures

S/N	**options**	**B/Kebbi L.G**	**Kalgo L.G.**	**Total**	**percentage**
1.	Political expedience	03	03	06	15.79
2.	Corruption	03	02	05	13.16
3.	Lack of qualified personnel	05	03	08	21.05
4.	All of the above	10	09	19	50
5.	**Total**	**21**	**17**	**38**	**100**

Source: Survey Research 2016

Table shows that 19 respondents representing 50% of the respondents attribute that all the mention issues hinder application of financial management procedures, while, 8 respondents representing 21.05% attribute it to lack of qualified personnel, another 6 respondents accounting

for 15.79% and the remaining 5 respondents representing 13.16%. Despite the fact that all the issues contribute to the problem, but could be generalized to all of them

Table 5.18

Perception of the Tax payers on the payment of their tax/rate to the Local Government promptly

1.	**Options**	**B/Kebbi L.G.**	**Kalgo L.G.**	**Total**	**Percentage**
2.	Yes	05	03	08	21.05
3.	No	16	14	30	78.95
4.	**Total**	**21**	**17**	**38**	**100**

Source: Survey Research 2016

Table above indicate 30 respondents representing more than 78% of the respondents are not paying their taxes/rate promptly, while the remaining 8 respondents representing 21.05% pays their tax promptly. This could be due to I don't care attitude of the local government towards revenue generation due to over dependence on federal allocations.

Table 5.19

Responses of Tax Payers on Reason for failure to pay taxes to the Local Governments

S/N	**Options**	**B/Kebbi L.G,**	**Kalgo L.G.**	**Total**	**Percentage**
1.	Lack of trust on Tax officials	04	02	06	15.79
2.	Lack of Accountability	02	03	05	13.16
3.	poor service delivery	02	02	04	10.53

4.	All of the above	13	10	23	60.52
5.	**Total**	**21**	**17**	**38**	**100**

Source: Survey Research 2016

The table above indicates that 23 respondents representing 60.52% of the respondents are of the opinion that all the above factors are responsible for the failure to pay taxes, while, 6 respondents representing 15.79% attribute the failure to lack of trust on officials, 5 of the respondents representing 13.16 % attribute it to accountability, the remaining 4 respondents representing 10.53% attribute it to poor service delivery. This shows that the local government's officials lost trust of the Tax payers.

Table 5.20

Perception of on the Demand to See their Local Government Accounting Information

S/N	Options	B/Kebbi L.G.	Kalgo L.G.	Total	Percentage
1.	Yes	Nil	Nil	Nil	Nil
2.	No	21	17	38	100
3.	**Total**	**21**	**17**	**38**	**100**

Source: Survey Research 2016

Table above indicate that the Local Governments Tax payers have never shown interest on the Local Governments accounting information, because all 38 respondents says no. This may due to their feeling that the money came from the federal government there fore, it is not their concern, and the only way for local Tax payers to have feelings on what is going on in the Local Governments is by paying their taxes.

Table 5.21

Perception of Tax Payers on Demand to see the Published Account of their Local Government Councils

S/N	Options	B/Kebbi L.G.	Kalgo L.G.	Total	Percentage

1.	it will not be available for them	06	05	11	28.95
2.	Fear of intimidation	11	08	19	50
3.	Lack of interest	04	04	08	21.05
4.	Total	21	17	38	100

Source: Survey Research 2016

Table above indicates that the majority of the respondents 50% representing 19 of the respondents fear to demand to see local government accounts for fear of intimidation, 11 respondents representing 28.95% says it will not be available, while the remaining 8 respondents representing 21.5% says they lacked interest on the accounting information. This may be due fear of intimidation and their ignorance that they have the right to see the accounting information at any time.

Table 5.22

Perception on Strategies of Enhancing Sound Financial Management in the Local Governments

S/N	Options	B/Kebbi L.G.	Kalgo L.G.	Total	Percentage
1.	Training to existing staff	05	04	09	23.68%
2.	To employ competent staff	06	05	11	28.95%
3.	To keep proper check and balances	10	08	18	47.37%
4.	**Total**	**21**	**17**	**38**	**100**

Source: Survey Research 2016

Table above indicates that majority of the respondents 18 representing 47.3% believed that the strategy to be adopted in improving financial management in local government is by keeping proper checks and balance, 11 of the respondents representing 28.95% believed in the employment of competent staff, while, the remaining 9 respondents representing 23.68%

believed in the training of existing staff. This shows that majority of the respondents vote for proper check and balance in the system.

Table 5.23

Perception on Satisfaction with Personnel, Financial Rules and Regulations and Adequate of Internal Control System

S/N	Options	B/Kebbi L.G.	Kalgo L.G.	Total	Percentage
1.	Satisfactory	06	04	10	26.32
2.	Fair	14	11	25	65.79
3.	unsatisfactory	01	02	03	7.89
4.	poor	00	00	00	00
5.	**Total**	**21**	**17**	**38**	**100**

Source: Survey Research 2016

Table above indicates that the two local government Tax Payers are fairly satisfied with quality of personnel, adherence to financial rules and regulations and adequate internal control system of the two local government, as 25 respondents representing 65.79% of the respondents agreed to that, while 10 respondents representing 26.32% of the respondents said they are satisfied, the remaining 3 respondents representing 7.89% are unsatisfied. This shows that the two local government must work towards improving personnel, applications of financial rules and regulations and ensuring good internal control system if they want obtain back the confidence of their Tax Payers.

Table 5.24

Perception on the Control of Financial Activities in the Local Governments

S/N	options	B/Kebbi L.G.	Kalgo L.G	Total	Percentage
1.	To a very high extent	03	03	06	15.79
2.	To some extent	04	03	07	18.42

3.	To a low extent	11	09	20	52.63
4.	To a very low extent	03	02	05	13.16
5.	**Total**	**21**	**17**	**38**	**100**

Source: Survey Research 2016

Table above indicates that, the majority of the respondents about 52.63% rate the financial controls of the local governments to a low extent, 7 respondents representing 8.42% rated it to some extent, another 6 respondents rate it to a high extent and the remaining 5 respondents representing 13.16% rate it to a very low extent. This shows that the financial control system is very week.

Table 5.25

Perception on the Existence of Local Pressure Groups on the Councils

S/N	Options	B/kebbi L.G;	Kalgo L.G.	Total	Percentage
1.	Yes	Nil	Nil	Nil	Nil
2.	No	27	17	38	100
3.	**Total**	**27**	**17**	**38**	**100**

Source: Survey Research 2016

Table above shows that all the respondents say that there is no existence of any pressure group to check the activities of the councils. This indicates the low level of political participation and low level participation in governance.

Perception on none Existence Pressure Groups to Checkmate the Activities of the Councils

Majority of the respondents gives the following as the reason for the non existence of pressure groups due to ignorance on governance, Lack of political awareness and Fear of harassment from the Local Government Officials

Table 5.26

Perception of Tax Payers on Publication of the Local Governments Account for Public Consumption

S/N	Options	B/Kebbi L.G.	Kalgo L.G.	Total	Percentage
1.	Yes	Nil	Nil	Nil	Nil
2.	No	27	17	38	100
3.	**Total**	**27**	**17**	**38**	**100**

Source: Survey Research 2016

Table above shows that all the Tax payers responded that the local government account is not rendered for public consumption, this may due to the issue of keeping government document in top secret, but the Tax payers has right to enquire on how their funds are managed.

Perception on Possible Suggestion on improvement of Financial Management

Majority of the Tax payers suggested that financial management could be improved through the training financial staff, by punishing corrupt officials, and to also make audit effective and efficient in the local government accounts.

5.4. Hypotheses Testing

5.4.1. Hypothesis One

Ho: There is no significant relationship between financial management and effective and efficient disbursement of resources

Hi: there is significant relationship between effective and efficient financial management and disbursement of Local Government resources

In the testing of the hypotheses, the chi-square is used. The observed and expected are presented thus:

Table 5.27 observed and Expected Frequencies

Perception on the Overall Assessment of Application of Financial Management Procedures in the Disbursement of Funds in the Local Government

Options	Observed Frequencies	Expected Frequencies (E)

	(O)	
Very satisfactory	06	11.06
Satisfactory	13	11.06
Fairly satisfactory	15	11.06
Bellow average	12	11.06
Not satisfactory at all	10	11.06
Total	**56**	

Source: SPSS output using Survey Research 2016

To calculate the chi-square value, the formula is re-stated as thus:

$$X^2 = \underline{\sum (O - E)^2}$$

Table 5.28

Observed (O)	**Expected**	**|O – E |**	**$(O - E)^2$**	**$(O - E)^2 \setminus E$**
09	11.6	2.6	6.76	0.583
11	11.6	0.6	0.36	0.031
25	11.6	14.6	213.16	18.376
05	11.6	6.6	43.56	3.755
06	11.6	5.6	31.36	2.703
X^2				**$X^2 = 25.448$**

Sources: From table 5.5

Degree of freedom = 4

Level of significance = 0.01(1%)

X^2 t (critical Value) = 13.277 (see appendix 3)

Interpretation of results

If $X^2 > X^2$ t accept Ho

But if $X^2 < X^2$ t reject Ho

Therefore, since the calculated value of chi-square is greater than the critical value (table value) we accept the null hypothesis (Ho) i.e. 25.448 > 13.277. Meaning that, there are poor financial managements in the disbursement of funds in the Local Governments.

5.4.2. Hypotheses Two:

H_i: there is significance relationship between financial management in accounting and control of local government funds

Table 5.29 observed and expected frequencies

Perception of the Respondents on the Effectiveness of the Local Governments Accounting System and Control to ensure Prudent Management of Resources

Options	**Observed frequencies (O)**	**Expected frequencies**
Very effective	09	11.06
Effective	11	11.06
Fairly effective	25	11.06
Weak	05	11.06
Very weak	06	11.06
Total	**56**	

Source: SPSS output using Survey Research 2016

Table 5.30

Observed (O)	**Expected**	**|O – E |**	**$(O - E)^2$**	**$(O - E)^2 \setminus E$**
09	11.6	2.6	6.76	0.583
11	11.6	0.6	0.36	0.031
25	11.6	13.4	179.6	16.327

05	11.6	6.6	43.56	3.755
06	11.6	5.6	31.36	2.703
X^2				**$X^2 = 23.399$**

Sources: extracted from table 5.5

Degree of freedom = 4

Level of significance = 0.01(1%)

X^2 t (critical Value) = 13.277 (see appendix 3)

Interpretation of results

If $X^2 > X^2$ t reject H_i

But if $X^2 < X^2$ t accept H_i

Therefore, since the calculated value of chi-square is greater than the critical value (table value) we reject the alternate hypothesis (H_i) i.e. 23.399 < 13.277. Meaning that, there is no significant relation between financial management in the account and control of the Local Governments funds.

5.5. Research Findings

Form the presentation, analysis of the generated data and the technique utilize for testing the stated hypotheses, this section reveals the finding of the study and resultant implications. The study therefore comes up with the following findings that:

1. There is no better significance relationship between financial management in the control of the Two Local Government accounts and control of funds
2. There are poor financial management procedures in the two Local Governments
3. Budget exercise in the two local government has been just a ritual exercise, just to say there is a budget, the budgets has no focus and the performance of the budget is not the concern of the Local Governments managements. This makes it difficult to use the budget as a yardstick to measure the local Government performance.
4. There are also the problems of excessive state control over the financial affairs of the local governments, which brought a lot of hiccups in execution of financial management

procedures in the two Local Governments. Example the budget which is yardstick for financial control faces problems right from its formulation, preparation and its implementation. Before the start of preparations the local governments has to wait for a call circular from the ministry for Local Government, which usually comes late, also budget approval is gotten during the last quarter of the year; this makes the local Government continue to spend without focus. During implementation the local governments must seek for clearance before making any expenditure to even to embark on any development projects. All this poses a serious challenge to sound financial management procedures.

5. Another issue affecting financial management procedures especially in the area of resource mobilization is the lack of qualified and trained officials to manage the activities of the revenue units.
6. One of the importance's of financial management procedures is to have a balance expenditure pattern. But due to delay in budget approval makes it very difficult for the local Governments to attain that balance as most of their expenditure are without focus. This result to giving more emphasis on recurrent expenditure than capital expenditure which will bring about development in the local government.
7. Further more, in adequate qualified personnel also add to the problems that hampered the application of financial management procedures in the local governments, majority of the local governments work force are secondary leavers with few that undergoes some training and a few graduates

CHAPTER SIX
SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

6.0. Introduction

The research work has attempted to draw out the level of application of financial management procedures in Birnin kebbi and Kalgo Local Government and the variation existing between urban (Birnin Kebbi) and rural (Kalgo) as well as correlation between budgeted recurrent revenue and actual amount collected to show the level of the Local Governments efforts in

revenue mobilization and also a correlation between budgeted recurrent expenditure and capital expenditure to show the level resources are allocated to different sectors.

6.1. Summary of Findings

During the period (2005-2012) and based on data collected and analyzed in chapter five, the research has discovered and proven beyond reasonable doubts that the level of application of financial management procedures put in place by the two Local Government is not up to optimum level, particularly when related to budget procedures and its implementation, revenue mobilization efforts and sound allocation of resources are put into consideration. In view of that the research came up with the following findings:

- That there is fair application of financial management procedures in the disbursement of funds in the Two Local Governments
- The fair application of financial management procedure in the disbursement of funds is attributed to lack of qualified personnel, lack of sound Internal Control System, but worst to mention is State Government interference into the financial activities of the two Local Governments,
- The Internal Control System of the Local Governments is weak,
- The training of existing staff and employment of qualified ones has been advocated as away of improving the application of financial management procedures,
- The Budget Process in the two Local Governments is fairly effective
- There is delay in Budget approval to the last quarter of the year due to State Government interference in the Budget process of the two Local Governments
- There is poor response to the prompt payments of taxes by the Local Governments Tax Payers
- The poor response to the payment of taxes was attributed to the lost of Tax Payers confidence on the tax official,
- The Local Government Accounting Statements are not made available to the Tax Payers
- There is absence of Local Pressure Groups to ensure accountability and batter governance.

6.2. Conclusion

The objective of this research has been to evaluate financial management procedures application in the drive towards effective and efficient mobilization and allocation of resources for bringing a viable and needed socio-economic transformation in the two Local Governments. The research has tried to compare budgeted Recurrent Revenue and actual amount collected as revenue and also compare budgeted Recurrent Expenditure and Capital Expenditure patterns of the Local Governments in order to see how effective and efficient is the level of resource mobilization and resource allocation in the two Local Governments of our case study.

On the whole, administrative inefficiency on financial management procedures, poor budget process, lack of qualified and untrained personnel, posting of financial Heads base on political patronage rather than working experience and professionalism, too much State interference into the financial activities of the Local Governments, all contributed to great extent the poor financial management procedures in the two Local Governments.

6.3. Recommendations

From the fore going the following recommendations are advocated for the achievement of sound financial management procedures applications in the two local governments.

1. There is the need to review the Financial Memoranda, to reduce it's complexity and local government staff should made literate on it's provision and application;
2. There is the need for more administrative and financial autonomy in the local governments, to reduce the level of state interference into the financial activities of the local governments, in the area of financial control, budget preparations, approval and implementation;
3. Budget exercise should be taken very serious in the local governments, not to be taken as a ritual exercise. Budget should be tailored towards performance and this performance should always be measured to ensured that it is working or not, it gives the desired results or not;
4. To achieved financial autonomy, the local governments should harnessed it's internal revenue potentials, to reduced it's over reliance from external financing i.e. federal allocation;
5. To ensure sound financial management procedures application the local government should strive to have a balanced budget between recurrent and capital expenditure to

reduce wasteful spending and focus on socio- economic project which will bring about the desired development in the two Local government;

6. The state and the federal government should stop imposing responsibilities on the local government, when such responsibilities should have been taken by the state and the federal government itself. Even if such responsibilities are imposed on the local governments, financial backing for such responsibilities should made available to the Local Governments;
7. Adequate qualified personnel should be employed to manned the local government finances and even the present available staff should be trained on the application of financial management procedures;
8. Posting of local government staff into various positions, whether in the field of finance or other fields should be based on merit, i.e. experience and professionalism;
9. There is need for the mobilization of the Tax Payers on the prompt payment of their taxes;
10. Local Government Accounts statements should always be readily available to the Tax Payers;
11. Finally, there is needed to form local pressure groups that can checkmate the Local Government officials for good accountability and better governance.

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APPENDIX 1

ResearchQuestionnaire One for Local Government Functionaries

I am a Student of the Department of Local Government and Development Studies Ahmadu Bello University Zaria, under going Post Graduate course on Master's Degree in Local Government studies. I am conducting theses on "*An Evaluatyion of Financial Management Procedures Applications with special reference to Birnin Kebbi and Kalgo Local Government"*

I would be very grateful if you could kindly offer me the necessary assistance to answer the questions below by simply ticking and filling the appropriate answer available

SECTION A: Background Informatio

1. Gender: Male ( ) Female ( )
2. Age bracket
   a. 18 – 30 ( )
   b. 31 – 40 ( )
   c. 41 – 50 ( )
   d. 51 – 60 ( )
   e. 61 and above
3. Local government (where you are presently working ----------
4. Your Rank …….

5. Highest qualification
    a. Below SSCE /Equivalent ( )
    b. SSCE /GCE ( )
    c. Diploma /OND ( )
    d. Bsc/HND ( )
    e. Postgraduate/Master degree ( )
6. Length of Service
    a. 1 – 10 years ( )
    b. 11 – 20 years ( )
    c. 21 – 30 years ( )
    d. 31 – 35 years ( )

Part two:- Financial Management procedure application in Local Government

Q1. Please how would you asses financial management application procedures in the disbursement of funds in your Local Government

a. Very satisfactory ( )
b. Satisfactory ( )
c. Fairly satisfactory ( )
d. Bellow average ( )
e. Not satisfactory at all ( )

Q2. Is the application financial management procedures is not satisfactory, what would you say are the causes?

a. Lack of qualified personnel ( )
b. State government interference ( )
c. Lack of sound internal control system ( )

Q3. To what extent does the Local Government Council address the problem of non compliance with financial management procedure in the area of Revenue Generation in the Local Government?

a. Great extent [ ] b. some extent [ ] c. little extent [ ] d. never [ ]

Q4. How often does the Local Government put adequate procedures to ensure good account for their revenue and expenditure?

a. Very often [ ] b. often [ ] c. not often [ ]

Q5. How effective is the Internal Audit Unit in the enforcement of financial management procedures in the Local Government?

a. Very effective [ ] b. Effective [ ] c. Weak [ ] d. Very weak [ ]

Q6. Are you satisfied with the application of the internal control system in the Local Government?

a. Yes ( ) b. No ( )

Q7. Which of the following strategy do you think will improve the application of Financial Management procedures in your Local Government?

a. Through training of existing financial staff
b. Through employing qualified personnel
c. Through the use of financial consultant

Q8. Please indicate your level of satisfaction with the following aspect as they relate to financial management procedures

	Satisfactory	Fair	Unsatisfactory	Poor
a. Qualified personnel	{ }	{ }	{ }	{ }
b. Adequate financial rules & Regulations	{ }	{ }	{ }	{ }
c. Adequate internal control System	{ }	{ }	{ }	{ }
d. Auditing procedures	{ }	{ }	{ }	{ }

Q9. How would you assess the budget process in your Local Government?

a. Very effective [ ] b. Effective [ ] Fairly effective [ ] d. Not effective at all [ ]

10. Early budget approval helps in application of financial management procedures and resource control in any organization, how often do you get budget approval in your Local Government?

a. First quarter of the year [ ] b. Second quarter [ ] Third quarter [ ] d. Last quarter of the year [ ]

Q11. If there is delay in budget preparation and approval, what do you think are the reasons?

Q12. How often does the Local Government send its financial staff for training?

a. Very often [ ] b. Often [ ] c. Often [ ]

Q13. Please suggest five measures which you consider important for improving financial management procedures in your Local Government?

1. ……
2. ……
3. ……
4. ……
5. ……

APPENDIX II

Research Questionnaire two (Llocal Tax Payers)

I am a Student of the Department of Local Government and Development Studies Ahmadu Bello University Zaria, under going Post Graduate course on Master's Degree in Local Government studies. I am conducting theses on "*An Evaluatyion of Financial Management Procedures Applications with special reference to Birnin Kebbi and Kalgo Local Government*"

I would be very grateful if you could kindly offer me the necessary assistance to answer the questions below by simply ticking and filling the appropriate answer available.

Part One Background Information

State……. ……

Local Government……...

Occupation ……..

Part two: Issues surrounding Financial Management and Tax payers

1. How would you rate your Local Government in application of financial management procedures?
   a. Very high { } b. High { } c. Low { } d. Very low { }
2. Which of the following hinder application of financial management procedures in Local Government?
   a. Political expedience { } b. Corruption { } c. Lack of qualified personnel { } d. All of the above { }
3. Have you being paying tax/rate to the Local Government?
   a. Yes { } b. No { }

4. If no which of the following is the most important factor responsible for your action?
   a. Lack of trust on the Local Government officials { }
   b. Lack of accountability { }
   c. Dissatisfaction with the level of service delivery
   d. All of the above
5. Do you ever demand to see the accounting information of your Local Government?
   a. Yes { } b. No { }
6. If no why?
   a. The Local Government will not make the account available { }
   b. Fear of intimidation { }
   c. Lack of interest { }
7. In your opinion which of the following strategy will enhance good financial practices in Local Government
   a. By providing adequate accounting training to the existing staff { }
   b. By employing competent staff { }
   c. By keeping proper check and balance { }
8. Please indicate your level of satisfaction with the following aspect as they relate to financial management procedures

	Satisfactory	Fair	Unsatisfactory	Poor
a. Qualified personnel	{ }	{ }	{ }	{ }
b. Adequate financial rules & Regulations	{ }	{ }	{ }	{ }
c. Adequate internal control System	{ }	{ }	{ }	{ }
d. Auditing procedures	{ }	{ }	{ }	{ }

9. How would you assess the state control on the financial activities of the Local Government council?

a. To a very high extent { } b. To some extent { } c. To a low extent { } d. To a very low extent { }

10. Is there any existing pressure group that checks the activities of the Local Government?
    a. Yes { } b. No { }
11. If no why?

    ……
    ……
    ……
12. Does the Local government rendered it account for public consumption
    a. Yes { } b. No { }
13. Give suggestion for improving Financial Management in your Local Government

    ……
    ……

.....