

LOCAL GOVERNMENT INSPECTORATE DIVISION AND THE PROBLEM  
OF FINANCIAL ACCOUNTABILITY IN KATSINA STATE  
LOCAL GOVERNMENT

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A THESIS SUBMITTED TO SCHOOL OF POSTGRADUATE STUDIES,  
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PUBLIC ADMINISTRATION (LOCAL GOVERNMENT).

MAY, 2015.

## **DECLARATION**

I declare that the thesis entitled “Local Government Inspectorate Division and the Problem of Financial Accountability in Katsina State Local Government” has been carried out by me in the Department of Local Government and Development Studies. The information derived from the literature has been duly acknowledged in the text and a list of references provided. No part of this thesis was previously presented for another degree or diploma of this or any other institution.

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**Lawal Ahmad Safana**

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**Signature**

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**Date**

## CERTIFICATION

This theses entitled Local Government Inspectorate Division and the Problems of Financial Accountability in Katsina State local Governments Lawal Safana AHMAD meets the regulations governing the award of Master of Public Administration (Local Government) of Ahmadu Bello University, Zaria and is approved for its contribution to knowledge and literary presentation.

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## **DEDICATION**

This thesis is dedicated to the memory of my late father, Alhaji Ahmadu Rufa'i and late brother Alhaji Hayatu Rufa'i for living a life I wish to emulate.

## **ACKNOWLEDGEMENT**

I must express my sincere gratitude to my lecturer and supervisor, Prof. A. Odoh for the assistance and encouragement he gave me in the compilation of this research work. There is no doubt that this piece would not have come out the time it did if not for his support and encouragement. The same thanks go to the duo of Dr. Usman Abubakar and Dr. Muhammad Kabir Isa my second supervisor and Head of Department respectively for their encouragement.

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accomplish. Lastly and not the least I do extend warm gratitude and appreciation to my parents and especially my late father and late elder brother Alhaji Ahmadu Rufa'I and Alhaji Hayatu Rufa'I respectively to whose memory I dedicate this work.

## ABSTRACT

*This study on local government Inspectorate Division and the problems of accountability in Katsina state local governments examined the relationship between the Inspectorate Division of the Ministry of Local Governments and its oversight role on Local Governments in Katsina State. The study adopted the use of descriptive survey design. Twenty one out of the 34 local government areas constituted the population of the study. From these local governments; key officers of the local governments such as Local Government Treasurers, Local Government Inspectors, Zonal Inspectors, Budget Officers and a Director from the Ministry of Local Government Inspection whose duties have bearing with financial management of the local governments were interviewed. Accordingly, the interview schedule was complemented with group discussions and available records in the Ministry of Local Government and periodicals. The data collected were collated and analyzed and on the basis of the analysis, the study established that the Inspectorate Division of the Ministry of local government is living up to its expectation in carrying out its constitutional oversight functions on local governments in Katsina state. Furthermore, the study established that a cordial relationship exists between the Inspectorate Division of the Ministry of Local government and Chieftaincy Affairs in Katsina state with the 21 Local Government Areas in the state. In conclusion, the study established that in order to improve on the existing level of cooperation, additional leverage be given to the inspectorate division to guide local governments in their financial management functions.*



## TABLE OF CONTENTS

Title Page .....	i
Declaration .....	ii
Certification .....	iii
Dedication .....	iv
Acknowledgement .....	v
Abstract .....	vii
Table of Contents .....	viii

## TABLE OF CONTENTS

Title Page .....	i
Declaration .....	ii
Certification .....	iii
Dedication .....	iv
Acknowledgement .....	v
Abstract .....	vii
Table of Contents .....	viii

## CHAPTER ONE

### 1.0 INTRODUCTION

1.1 Background to the Study .....	1
-----------------------------------	---

1.2	Statement of the Research Problem .....	3
1.3	Research Questions .....	6
1.4	Objectives of the study .....	6
1.5	Propositions .....	7
1.6	Significance of the Study .....	8
1.7	Scope of the Study .....	9
1.8	Limitation of the Study .....	10
1.9	Definition of Concepts.....	11

## **CHAPTER TWO**

### **2.0 LITERATURE REVIEW AND THEORETICAL FRAMEWORK**

2.1	Introduction .....	15
2.2	Literature Review .....	15
2.3	The Concept of State / Central-Local Relations.....	16
2.4	The Concept of Accountability .....	25
2.5	Control and Accountability .....	28
2.6	State – Local Financial Relations and Accountability in Nigeria .....	31
2.7	Theoretical Framework .....	40

## **CHAPTER THREE**

<b>3.0 RESEARCH METHODOLOGY</b> .....	44
3.1 Introduction .....	44
3.2 Research Design .....	44
3.3 Population and Sample.....	46
3.4 Sampling Techniques .....	46
3.5 Method of Data Collection .....	48
3.6 Method of Data Analysis .....	49

## **CHAPTER FOUR**

<b>4.0 BRIEF HISTORY OF CASE STUDY: THE MINISTRY FOR LOCAL GOVERNMENT AND INSPECTORATE DIVISION</b>	
4.1 Introduction .....	50
4.2 Functions of Ministry for Local Government and Inspectorate Division ...	50
4.3 Functions of the Commissioner for Ministry for Local Government and Inspectorate Division .....	51
4.4 Departments in the Ministry for Local Government and Inspectorate Division .....	53
4.5 Funds of the Ministry for Local Government and Inspectorate Division..	54

## CHAPTER FIVE

<b>5.0</b>	<b>DATA PRESENTATION AND ANALYSIS</b> .....	56
5.1	Introduction .....	56
5.2	Secondary Data Source Accounting .....	56
5.3	Data Presentation and Analysis .....	57
5.4	Secondary Data Sources: Local Government Officials .....	58
5.5	Budget Implementation Reports .....	61
5.6	Analysis of Inspectorate Activities at the Local Government Area.....	63
5.7	Budget Implementation Report .....	91
5.8	Inspector’s Report on Sampled Local Governments .....	93
5.9	Findings .....	95
5.10	Findings form Interview Conducted with Some Key Functionaries of Local Governments in Katsina State .....	96

## CHAPTER FIVE

<b>6.0</b>	<b>SUMMARY, CONCLUSION AND RECOMMENDATION.....</b>	<b>100</b>
6.1	Introduction .....	100
6.2	Summary .....	100
6.3	Conclusion .....	102
6.4	Recommendation .....	103
	Bibliography .....	105
	Appendix .....	109

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background to the Study**

At independence in 1960, Nigeria inherited a civil service system that was primarily designed and equipped to secure the housekeeping function of maintaining law and order. In the same view, the management and administration of public finances were centered on the basic objectives of ensuring accounting control and accountability (in the accounting sense) particularly in the conduct of the daily financial transactions of government. Political independence however, brought with it greater and more profound challenges especially for national development a task which the inherited system of financial administration was found to be grossly incapable of facilitating (Jumare and Abubakar, 2005).

However, the objectives of the 1976 Local Government Reforms by the Federal Military Government was to make appropriate services and development activities responsive to local wishes and aspirations. The reforms gave local government enough powers to enable them have substantial control over local affairs as well as the staff, institutional and financial powers to initiate and direct the provision of services; determine and implement projects so as to complement the activities of the state and federal government in their areas (FGN, 1976:1).

In order to assist in the transformation of the rural areas and extension of development activities to the grassroots through the local government the federal government went further to devolve to the local government specific revenue generation sources and approved for local governments, monthly statutory allocations. For a start, the federal government disbursed the sum of N100 million to state governments for onward transmission to local government as take-off funds and at the same time directed state governments to determine their own allocations to the local governments and disburse same immediately.

Subsequently, from 1978, local governments were to be allocated a share of the revenue from the federation account from which they have not received less than 10% to date and a constitutional provision was made to the effect that each state government was to pay into the coffers of their local governments 10% of the total internally generated revenue of the state.

However, more and other resources were made available to local governments without any instrument for ensuring their effective and efficient utilization. According to the 1976 local governments reforms:

*“if responsible local governments are to perform effectively, they will need a great deal of financial and technical support from state governments which will need to monitor the way in which these resources are used. Hence in each state, there should be a ministry for local government whose duties include among others ensuring that the financial resources including taxes, government grant and other revenue at the disposal of local government are sufficient to enable them to provide adequate standards of services, as well as promote and encourage local government development plans” (FGN, 1976:11).*

## **1.2 Statement of the Problem**

The Ministry for Local Government received legal backing in the promulgation of local government edicts by the various state governments in 1976 which gave Commissioner for Local Government in each state the power to appoint in respect of any local government or group of local governments a local government inspector; who:

- i) Shall have the right to attend all general and committee meetings;
- ii) Shall at all reasonable times have access to and be entitled to inspect all books, accounts and records of a council; and
- iii) May advise a local government in regards to any of its functions under the edict.

In addition to the Katsina State Local Government Edict, a local government Financial Memoranda was prepared and approved for local government. The Financial Memoranda, otherwise known as the FM, is a document which outlines



such accounting and financial procedures as the local government annual estimates, opening, keeping and maintaining all books and records of accounts and also procedures for all financial activities of the local government. The financial memoranda contain instructions which shall be observed and complied with by all local governments for the better control and management of the financial business of local government in all states of the federation. It gave the local government inspector oversight functions over these processes and activities.

In spite of these watertight arrangements made to ensure effective and efficient financial supervision and even control, local governments are beset with accusations of impropriety, embezzlement and even carelessness over the funds given to them. These have gone to such an extent that critics of the local government system have asserted that the condition of the ordinary man at the grassroots level of the Nigerian society is still the same or even worse than it used to be in the pre- 1976 local governments reforms period. It is presently a matter of general consensus that the level of development (social, economic, and political) in our rural areas is by far not proportionate to the huge amount of money given to the local governments by states and the federal governments, besides, the internal revenue which local governments generate yearly.

Many observers maintain that most books and records of accounts and other financial procedures that are meant to ensure financial accountability are hardly kept and maintained by local governments. The books and records of accounts include the monthly returns of revenue and expenditures, monthly reconciliation of account, cashbook, daily abstracts, the local government estimates, etc. It seems therefore, that local government exist only to “receive” and ‘pay out” money without keeping proper records to reflect the actual utilization of funds put at their disposal.

This is the reason for this investigation, because it is only through compliance with these stipulated financial procedure and requirements that local governments can be able to review their performance at the end of each fiscal year, and attain financial accountability among others while the inspectorate division could easily perform its major function of monitoring and supervising the financial administration of local government councils in order to ensure financial accountability in the system. This will in turn facilitate the work of both the internal and external auditors who by regulations governing their duties, must also ensure financial accountability in the day-to-day affairs of the local government through checking and auditing of local government financial records.

The problem which this study therefore, intends to investigate are posed thus:

What is the role of the Ministry for Local Government and Chieftaincy affairs in ensuring probity and accountability in the management of Local Governments' financial resources?

### **1.3 Research Questions**

For the purpose of our investigation, the following research questions are offered;

- i) What role did the Inspectorate Division of the Ministry of Local Government and Chieftaincy Affairs play in ensuring probity and accountability in the management of local government financial resources?
- ii) How well did the Inspectorate perform this role?
- iii) What problems did the Inspectorate encounter as it performs this role?
- iv) How were these problems tackled?

### **1.4 Objectives of the Study**

The main objective of this study is to establish whether local governments are truly neglecting the financial processes meant to ensure accountability and what efforts the Inspectorate Division has made in getting the local governments to comply with the laid down guidelines. The specific objectives are:

- i) To establish the role of the Inspectorate Division in ensuring probity and accountability in the management of local government finances.
- ii) To establish the extent or level of performance of these oversight role
- iii) To find out what problems the Inspectorate Division encountered in the performance of these roles and
- iv) To proffer solutions/ recommendations towards tackling these problems.

## **1.5 Propositions**

For the purpose of this research, the following propositions were formulated to guide the study:

- i. That, there is a direct relationship between financial discipline by local governments and the role of the local government Inspectorate Division in ensuring proper record keeping and prudent financial management by Katsina State Local Governments.
- ii. That, there is a direct relationship between the level of financial accountability exhibited by local government programme managers and the oversight function of ensuring probity and accountability exercised by the Inspectorate Division over local governments.

iii. The collaborative relationship between the Inspectorate Division of the Ministry of Local Government and Chieftaincy affairs and Local Governments in Katsina State would result in better methods of service delivery and prudent financial management of scarce resources.

## **1.6 Significance of the Study**

This study is predicated on the interest of this researcher in good governance at the grassroots level. The issue of governance generally of which probity, transparency, accountability/stewardship are very central to the discussion on financial management. It is on this premise that this study is significant as it will explore the institutional collaborations that exist between the Katsina State Local Government Inspectorate Division and Local Governments in the state and how they relate to ensure that value for monies received are spent judiciously and for purposes they were earmarked for.

The study will bring to the fore, the reality of local government administration in Katsina State and the role of the Inspectorate Division in ensuring probity and accountability.

The study will throw more light on the importance of the Inspectorate Division of the Ministry for Local Government which has assumed some negative image over the years.

It is therefore hoped that the outcome of this study will be useful to civil society groups who are been anti-corruption crusaders by illuminating on how certain loopholes are plugged through the activities of the Inspectorate Division. In concrete terms, we hope the findings of this study will be of tremendous value to tertiary and university students of public administration, political science and local government.

### **1.7 Scope of the Study**

The scope of the study covered the period 1976 to 1988. The period 1976 formed the watershed when modern single tier-multi-purpose system of local governments were ushered in the country. The Inspectorate Division were established in the Ministry of Local government and Chieftaincy Affairs and it is within this framework that the following issues will be focused in this study.

- i) Activities of the Inspectorate Division to the extent to which they ensure prudent financial management by local governments

ii) Extent to which the Inspectorate Division is able to perform this functions in level of collaboration between local governments and the Inspectorate Division in planning and budgeting activities

iii) Positive impact off such collaborating on service delivery of the local level empirical data to test the proposition would be generated from 21 out of the 34 Local Government Areas in Katsina State.

Also this study will be restricted to financial accountability of which the Inspectorate Division is entrusted with its enforcement in its relationship with local government councils in Katsina State. The local governments are: Funtua, Katsina, Malumfashi, Daura, Dutsinma, Kankia, Batagarawa, Ingawa, Kurfi, Kusada, Charanchi, Kankara, Mai-Adua, Jibia, Zango, Safana, Butsen, Matazu, Musawa, Danja and Rimi.

## **1.8 Limitation of the Research**

This thesis examined the role of the Local Government Inspectorate Division and the problem of financial accountability in Katsina State Local governments. Considering that Katsina State has 34 local government areas which will be too vast to explore considering the land mass and terrain, the research was restricted to 21 local government areas drawn from Daura, Katsina and Funtua zones of the state. The local governments from these 3 zones were randomly selected on the

basis of Urban, Semi-urban and rural status for further study. The choice off the three zones and 21 local government areas was deliberate. This is to allow for adequate control over respondents and ease in the administration and collection of questionnaire responses.

Other problems are time and financial constraint. But as far as depth of data scrutiny is concerned, this problem was solved as the researcher is a senior local government practitioner with several years of working experience in the Inspectorate Division of the Ministry of Local government and Chieftaincy Affairs in Katsina State.

## **1.9 Definition of Concepts**

A study of this nature made use of certain concepts whose meanings need to be operationally defined to have a clear understanding of their applications within the context of the work. Thus, the concepts applied in this research and their meanings are discussed below:

### **1.9.1 Financial Accountability**

It refers to that aspect of public accountability that deal mainly with the judicious expenditure of money by a person or group of person charged with the custody and spending of such money in the provision of specific services to specific



communities; while accountability as a concept could be defined as “the evolution of the actions of appointed career employees and officials in terms of whether their actions are within or outside their bounds of authority”.

### **1.9.2 Expenditure**

Expenditure is payment of cash or cash-equivalent for goods or services or a charge against available funds in settlement of an obligation as evidenced by an invoice, receipt, voucher, or other such documents.

Two types of expenditures come to mind at this point in time. These are capital expenditure and recurrent expenditures.

#### **(a) Capital Expenditure**

Capital expenditure is primarily expenditure on the creation of fixed assets and on the acquisition of land, buildings and intangible assets.

#### **(b) Recurrent Expenditure**

Recurrent expenditure refers mainly to expenditures on operations, wages and salaries, purchases of goods and services and current grants and subsidies.

### **1.9.3 Financial Accounts**

Financial records of an organization that registers all financial transactions, and must be kept at its principal office or place of business.

#### **1.9.4 Local Government Inspector**

The local government inspector is an officer appointed by the local government inspectorate Department of the governor's Office to serve in any local government of the state or Headquarters, with specific instructions to advise and ensure compliance with all financial rules and regulations as provided in the local government Financial Memoranda and the local government Law of the state. The local government Inspector is to submit periodic reports on such matters to the Headquarters.

#### **1.9.5 Local Government Allocated Funds**

This refers to the money received by local government from either the federal or state governments, while 'fund' generated internally by the local government refers to that amount of money which the local government is able to collect from various sources of revenue available to it and which is put in the coffers of the local government as internal revenue.

#### **1.10 Arrangement of Chapters**

This thesis consists of six chapters. The first chapter is made up of the background to the study, the statement of the problem, objectives of the study, research questions and the statement of hypotheses. Included in this chapter also are the

significance, scope and limitations of the study. The last component of the first chapter is the definition of terms and the arrangement of chapters.

The second chapter is the theoretical framework and literature reviews. The literature explored the concepts of state-local relations, local government autonomy, the concepts of accountability and control, including state-local financial relations and accountability in Nigeria. The second part of this chapter is the theoretical framework. The framework of the study is hinged on Stewart's Ladder of accountability.

The third chapter is the research methodology, the chapter discussed the research design, sample population, sampling techniques, methods of data collection, how data was treated and the method employed for data analysis.

The fourth chapter covers the brief history of Ministry for Local Government and Inspectorate Division Katsina State. The fifth chapter was devoted to an overview of the Inspectorate Division and records of accounts at the local government which chapter six provides a summary of findings, conclusion and recommendations.

## **CHAPTER TWO**

### **LITERATURE REVIEW AND THEORETICAL FRAMEWORK**

#### **2.1 Introduction**

This chapter deals with the works of authors who in one way or the other relates to accountability. Various individuals have made a lot of researches on the issue under investigation and indeed a lot of literature have been documented in this area. This section therefore intends to review the available literature on the subject matter as well as discuss the theoretical framework that will guide the research.

#### **2.2 Literature Review**

This part of the work reviews the existing literature relevant to the study. Areas that received critical analysis are the concept of State/Central-Local relations, state-local relationship in Nigeria, and local government autonomy. In the discussion of the concept of autonomy, both administrative and financial autonomies were discussed. Furthermore, the literature discussed the concept of accountability and the types of accountability. The concepts of control and accountability and how they both relate to the study were presented. The discussion continued with a review of state-local financial relations and

accountability in Nigeria. The second aspect of the chapter is the theoretical framework on which the study is based.

### **2.3 The Concept of State/Central-Local Relations**

In the discussion of the concept of state/central-local relations Oladosu, (1981), posits that there are two major schools of thought; thus the centralist school and the localist schools of thought. The localist school contends that the relationship that exists between central and local government should be that in which:

- i. The central government provide more money to finance both central and local programmes or else reduce its plethora of control; and
- ii. The statutory and administrative controls of the central government reduce local government to mere branches of the central government.

The localist's bone of contention is that central government has steadily curbed local autonomy.

The centralist on the other hand contend that such merits of decentralization as the diffusion of powers, the promotion of democratic participation and the provision of efficient, effective and coordinated services in response to local circumstances are no match for the damage decentralization can do to the wider public interest. They are quick to point out mal-administration by the local official and their rampant

tendency for corruption. They also feel that the state and federal government promote the general interest but should ensure that local and factional interest should not be allowed to impede the national interest. (Abubakar, 2009).

It is clear from the two schools above that while the localist would want autonomy or local government in the management of resources, the centralist would want a large range of control because they do not trust the local officials. These arguments have informed the way state-local relations have been ordered in the country over the years. At a point for example state-local relations was patterned along the lines of thinking of the centralist school. That was when it had the following powers of: obtaining and getting a wide range of responsibilities for local government, powers over quantity and quality of staff , conditions of service for local government staff, and supervision over revenue. Furthermore, it was vested on the functions of: promoting local government training; encouraging efficiency of local government bodies, preparing local governments development plans, promoting community development guidance and support, providing secretariat and other support facilities to local government service boards, including keeping and processing records of all local government staff and other functions listed in the 1976 reforms.

In the implementation of these, the ministry of local/government exerted excessive control over local governments. But with time, especially in 1990, the ministry for

local government was abrogated and replaced with a Department of local government whose functions thinned down considerably.

Government therefore was working in a manner that moved such relations from a centralist to a localist framework. Little wonder therefore, that with the abrogation of the ministry and the introduction of allied reforms that tended to strengthen the autonomy of local government, the move to the localist conception became very wide. However, the point remains that at each point in time, and with every policy, government is either pursuing the centralist approach or the localist approach or a combination of both (Abubakar, 2009).

The thrust of the relationship between local government and the Department / Ministry of Local Government, the Local Government Service Commission/Board and the office of the State Auditor-General for Local Government is worthy of mention at this point in time.

One of the most important aspects in the development of local government and on which very little interest has been demonstrated is the area of inter-governmental relations. Not much has been achieved in establishing an acceptable, workable and effective relationship that could promote the course of local government in any reform measures that have been undertaken and which were meant to transform the institution into an effective vehicle for development. Even the most radical and

most celebrated nation-wide local government reforms of 1976 have not been able to solve the problems of state-local government relations, not because there are no adequate provisions for these in the enabling laws but more because the area of people quest for 'control' is insatiable over the peasantry through the legal institution that gives the higher level of government some form of authority and legitimacy; a situation of dependence and also subservience. It is this relationship, more than anything else, that needs to be re-examined if local government is to play its proper role in the development of the country.

Adewumi, (1983), believed that lack of adequate finance is the main weakness of local government; even if all the financial resources are available to local government, its ability to perform, can still be frustrated and crippled if proper relationship is not maintained between the local government institution and the state authorities. Given appropriate political will and commitment to the development of a virile local government system by the state administration, the provision of adequate finances to local governments has the potential of transforming the dormancy of rural life into active agent of development. In all these, the role of the Ministry of local government is a vital factor in the development of an effective relationship between state and local governments. In addition to the control and supervision of local governments, the ministry must provide guidance, and promote the cause of local government throughout the state.



With the introduction of the 1976 local government reforms, fundamental changes were effected. The varying systems of local governments in the country were harmonized, streamlined and standardized – a sort of uniformity in structure, functions and operation. Second, a traditional council accommodated the interest of traditional rulers which itself became secondary to the local government administration (it became advisory in nature). A third major change was the streamlining of local government finances as spelt out in the guidelines. Grants came to play a dominant role as a source of local government finance while the internal sources became rather inelastic with the abrogation of other hitherto dominant source in the North (community and cattle taxes) (Guidelines, 1976).

During this period too, the constitutional existence of local government was guaranteed on a nationwide basis, while local government was integrated into the overall revenue allocation structure/formula for the federation (FGN;1979, section 7).

Local government under the Second Republic was a subordinate creation of the state government. Having been given the powers to establish, determine its structure, composition, finances and functions, the state government thought it better to operate along the lines of the Guidelines to the Reforms, part of which

was integrated into the 1979 constitution. Various edicts were formulated from these broad guidelines and modified in line with the constitution.

Two major functional institutions regulated the activities of local governments during this period, viz: the Ministry for Local Government and the Local Government Service Commission/Board. The State Executive as a political institution had also its own share in the control. These political and functional institutions, in their dealings with the local governments, one way or the other, influenced the degree of autonomy of local governments. Let us take these one by one, beginning with the political institutions. This shall be done summarily.

Under the Second Republic local governments were reduced ordinarily to the creation of the state governments through the instrumentality of the Governor. This is often referred to as political interference. The very fact that local government elections were not held throughout this period, left the Governor with absolute powers to constitute, dissolve or reconstitute the local government councils. They preferred to appoint caretaker or Management committees who they could easily control along party and selfish lines. It reduced local governments to a worst form of deconcentration. Even the system of reward whereby the governor could create new local governments (with the support of his assemblymen) as a reward for

electoral support had untold effects on the viability of new local governments and hence their autonomy.

Apart from the State Assemblies being carried along in the creation of new local governments, they also determined the allocation of public revenue to local government councils within the state. In a state dominated by a single party, the minority local government could be sanctioned through such an instrument. Moreover, laws for local government elections were not passed by the state assemblies (in conjunction with other bodies) thereby leaving local governments in perpetual dependence on the whims and caprices of the state administration.

For the functional institutions, the Ministry for local government, rather than coordinate the activities of local governments, interfered with their operations. There were even cases of local government estimates not cleared within the budget period, thereby paralyzing the various activities of local governments. Bureaucratic procedures held up local government day to day administration because clearance had to be sought on major issues beyond the constitutional control of the unit local governments. (However, there were incidents where some local government Chairmen and councilors who were seen by the government as the main source of support sometimes resisted control which they regarded as interference). The

inspectorate could not perform effectively with the unfortunate consequence of poor management of finance of the local government.

Local government staff often complained about the local government service commission/board because of its reckless and partisan handling of recruitment, posting, transfer and promotion matters. Moreover, the problem areas between the service Board and the Ministry for Local government slowed down the progress of work in local governments.

Local governments were financially crippled under the second republic inspite of the fact that a new innovation of statutory grants from the Federal and state Government was built into the system. It was ironical that the period when these units got additional financial support from the federal government was the period they least performed their functions or demonstrated any real position of strength or autonomy (except for a few urban local government especially in Lagos).

Studies have pointed out the real source of weakness in local government finances during this period – this included: the little attention paid to the internal source of revenue, withholding and diverting grants meant for local government by state governments, while on its part not honoring its own share of the allocation to local governments, which in turn diminished the meager resources for management purpose. The primary education element and the withdrawal of direct Federal

government subsidy was a real thorn in the flesh of local governments. Primary education consumed an average of 70% of local government funds leaving it with 30% to run the rest of its services. Moreover, the allocation of funds from the federation account sent most of the local governments into a lull, with little or no attempt to exploit their internal sources.

In an earlier study, on the financial dependence of local governments, it was discovered that the financial autonomy the local governments used to enjoy before the reforms and especially before the Second Republic (in the North) had vanished, with the abolition of key tax areas (Jangali and Community tax which used to constitute 80% of their total revenue). The reverse was now the case where internal source account for 20% and in many cases much less. Second, studies have advocated that for any meaningful mention of autonomy, local governments should consider the grants from the other tiers of government as given, while turning inwards primarily to exploit their internal sources. Asking for more funds was rather a marginally effective option. At the disposal of local governments are an array of revenue Heads like property, fines, fees, rates, loans and investments (Odoh, 1984). Research has shown that apart from market fees, local governments failed on most of these. In an appraisal study carried out by the Department of Local Government Studies, Ahmadu Bello University Zaria, it was discovered that no local government committed up to 3% of its funds to investment with more than

70% of the local governments failing below the 1% mark, which sharply contradicts what obtains in advanced capitalist countries (Department of local government studies 1985).

The argument is often made that if political interference was minimal and the state government had honored its financial obligations to local governments through the various institutions as required by the constitution and if local governments had tapped their internal sources, the so called financial autonomy would have been achieved. The credibility of such argument was demonstrated by the quasi financial autonomy of Lagos local governments.

#### **2.4 The Concept of Accountability**

The concept of accountability has been treated in various ways by different scholars. Carino, (1988) contends that accountability has different meanings to the different fields of human activity. Thus we have administrative, political, economic, and social accountability depending on the institution and subject one is interested in. The term accountability could also be traditional, managerial, programme and process or fiscal/regulatory, ethical /moral outcome, legal/judicial etc; thus accountability encompasses all facets of human activity. Further, he identified accountability as the ‘central problem of government which are or claim to be democratic. The activities of civil servants and public agencies must follow

the will of the people to whom they are ultimately responsible”. Carino, (1988), He explained that accountability is of various types and each has the following standard questions to answer; that is, who is considered accountable, to whom is he accountable, to what standards or values is he accountable; and by what means is he accountable.

Carino, (1988) believes that, depending on the answers to these questions, accountability could be judged as traditional, managerial, programme or process accountability. He explained each of these categories thus:

#### **2.4.1 Traditional Accountability**

This focuses on the regularity of fiscal relations and the faithful compliance as well as adherence to legal requirement and administrative policies. Under this type of accountability, the person or individual who is charged with the authority or responsibility of discharging a particular function is also bound by legal procedure or administrative regulation or guideline by which process he is expected to base actions to discharge his functions. This accountability is found most relevant in financial transactions, where people who are charged with financial responsibilities are bound by some guidelines which are to be faithfully complied with before their actions are accepted as legal and according to procedure.

### **2.4.2 Managerial Accountability**

This implies the efficiency, and economy in the use of public funds, property, manpower, and other resources. This type of accountability recognize the fact that government officials are responsible for more than just trust compliance. It focuses on the input side and suggests the need for constant concern by officials of government about avoidance of waste and unnecessary expenditures and the promotion of judicious use of public resources.

### **2.4.3 Programme Accountability**

This is concerned with results of government operations. The effectiveness of an accomplished programe is measured by the manner the programme is implemented based on the actions of executors. It seeks to establish whether a programme and activities surrounding it were conducted in such a manner as to justify the extent of financial commitment into the programme by the sponsoring authority.

### **2.4.4 Process Accountability**

This emphasizes procedure and mode of operation. This type of accountability recognizes that some goals may not be measurable directly and surrogates representing how government directed activity may be reformed are used instead.



It speaks of the way by which programmes could be directed into continuous performance and assigned functions based on the measurement of achievement either directly or indirectly.

Generally, administrative accountability as analyzed by Carino (1988) establishes the way by which government functionaries are continuously made mindful of the purpose and result of their actions in such a manner that intended goals and objectives are achieved.

## **2.5 Control and Accountability**

Jumare and Abubakar (2005) see control and accountability as two sides of a coin in the financial and fiscal activities of government in many democratic political system. However, while the concept of control is fairly straight forward and appropriate, measures do exist and can fairly be instituted to ensure some organization in the conduct of the financial activities of government, 'accountability' has remained a rather amorphous and intimidating concept difficult to define and even more difficult to operationalise.

Attempts by governments to institutionalize the ethics of accountability particularly in countries like Nigeria have often stopped at the level of high-sounding statements generally lacking in any conscious operational apparatus both legal and administrative for actualization. Possibly because of this difficulty (in

operationalising the concept of accountability); some writers have tended to use the two concepts – control and accountability interchangeably. This is wrong, while it may be true that an effective system of control is required for the enforcement of an accountability ethic, the concept of accountability is a much broader one than control. All said, however, both (control and accountability) are self-supporting. Let us explore these concepts further.

### **2.5.1 Financial Control**

Financial control is basically the operation of a system of public accounts and audit that ensure that public funds are used for public purposes or at least for purposes (for) which they were statutorily appropriated in the first place. The control of functions ensure that the business of government is conducted in accordance with laid down procedures, rules and regulations. Essentially, financial control “reflects a managerial process that is both political and administrative, dealing with horizontal and vertical relationships within government organizations” (Premchand, 1983).

### **2.5.2 Accountability**

Accountability stands out as a cherished goal of every government. In the view of Day and Klein (1987) “Accountability is one of the fashionable words of our time”. Over the past decades, new institutions and new techniques have been

developed in the service of accountability. This preoccupation with the institutions and techniques, Day and Klein argue, “Mirrors wider concerns”. The modern welfare state is also a service delivery state. This development has compounded the problems of making those who deliver services answerable both to those who finance them and those who use them.

Despite these widespread references to the concept and concern for it to work, accountability remains a misunderstood and maligned concept. At best of attempts, it has been defined rather narrowly within the framework of financial management. In recent years, much attention has, quite understandably been focused on defining the concept and in providing a more meaningful yardstick for it as a desirable and hopeful attainable goal not only in the management of public funds but also in the management of public trust.

In Etzioni’s (1975) view, accountability is associated with three popular meanings;

- (i) Greater responsibility to elected superiors;
- (ii) Greater responsiveness to community groups; and
- (iii) Greater commitments to “value and higher standards of morality”

Jumare and Abuabkar while quoting M’kinney and Howard saw accountability as “responsibility to account for Stewardship of a resource or authority”. It is in this vein that Mckinney and Howard identified what is their own view constitutes

different types of “accountability, which bureaucrats in general are typically called upon to discharge. These are:

- i) Fiscal accountability - responsibility for public funds
- ii) Legal accountability - responsibility for obeying laws
- iii) Programme accountability - responsibility for carrying out a programme
- iv) Process accountability - responsibility to carry out procedures
- v) Outcome accountability - responsibility for results

These facets of accountability above are mutually exclusive and require that bureaucrats have a concurrent responsibility regarding all these facets.

## **2.6 State – Local Financial Relations and Accountability in Nigeria**

In Nigeria, a great deal of attention is yet to be given to the subject of inter-governmental relations and little has been done to document the changing role of the state vis-à-vis Local Government Inspectorate Division (Oladosu, 1981). It is impossible to analyze effectively the current conditions of local government and the problems plaguing it and at the same time neglect detailed considerations of how the state and local governments interact in the formulation and execution of policies.

Inter-actions between levels of government have a great deal to do with the attitudes and behavior of the functionaries at each level. Usually, in inter-governmental relations, two types of relationship can be distinguished, namely: superior-subordinate and bargaining / negotiating relationship. In their dealings with local government officials, the state government officials in Nigeria always assume an air of superiority. Thus, between the two levels of government a superior-inferior/subordinate type of relationship can be identified. In fact, the pattern of relationship is one in which the state government officials lord it over their local government counterparts and the bargaining/negotiating pattern of relationship which should be a characteristic feature of their interactions is indeed a far cry (Ademolekun, 1982).

At present, the state-local government relationship in Nigeria is characterized by vertical patterns of interaction. Poor horizontal relationship which limits the extent of cooperative interaction between them and a dependency structure in which a master – servant relationship evolves between the two levels of government. But the Chief characteristic feature of their interaction ought to be corrective as opposed to obstructive attitude on the part of the officials of the two governments for “it is people rather than institutions that have the crucial roles to play in inter-governmental relations”. The poor horizontal relationship and the dependent

structure of state – local government interaction are a direct consequence of the officials of the two governments.

In Nigeria, local governments are the creatures of state government and are therefore subordinate to it. But the degree of subordination depends on the attitude of those controlling the state government. However, the relationship between the state and local governments is primarily determined by the conception of the role of the latter should play in the political process by the former. To many Nigerian politicians past and present, local government is an agent of political control. Many policy makers and officials both at the state and local government level conceive of local government as an agency for development an efficient provider of essential socio-economic services and adviser of various benefits among different local communities. (Oladosu, 1981).

Oladosu (1981), further says that, local government from the practical point of view are more of agents of the state government than local government of the English type which is treated as an independent base for the social, economic and political life of the community; instead of seeing local government as a political institution for “home rule” or the “democratic participation” in the processes of governance at the grassroots, it is seen and employed by the state government as

“an instrument with which to achieve its purposes at the local level and as an alternative machinery for the provision of socio-economic services”

Oyeyipo and Odoh (1983) are of the opinion that the emphasis placed on the improvement of local governments management capabilities is only explicable within the context of developmental or functional efficiency role. The political as opposed to administrative approach to decentralization which places intrinsic value on the right of the local communities (with a will of their own to determine their political, economic, and social destiny is only ancillary to the functional efficiency role. Very rarely is local government seen and consciously used by policy makers and officials of the state government as “a means of promoting democratic values practices.

Adewumi (1983) concludes that “one of the most important aspects in the development of local government and on which very little interest has been demonstrated is the area of inter-governmental relations. Not much has been achieved that could promote the course of local government in any reform measures that have been undertaken and which were meant to transform the institution into an effective vehicle for development. It is generally believed that, lack of adequate finance is the main weakness of local government, even if all the financial resources are available to local government, its ability to perform, can

still be frustrated and crippled if proper relationship is not maintained between the institution and the state authorities. Given appropriate political will and commitment to the development of a virile local government system by the state administration, the provision of adequate finances to local governments has the potential for transforming the dormancy of rural life to an active agent of development. In all this, the role of the Ministry of Local Government is a vital factor in the development of an effective relationship between state and local governments. In addition to the control and supervision of local governments the ministry must provide guidance, and even more important still, promote the cause of local government throughout the state.

Ademolekun, (1982), says that state-local government relationship is the inter-governmental interaction that takes place among the different levels of government within a state. Usually, the concept is associated with states having a federal administration system. Here, the relationships between the federal, central or national government and the major subnational units (province, region or state) are formally spelt out in the constitution. In particular the jurisdictional powers of each level of government are spelt out in the constitution and any re-arrangement must be through a constitutional amendment involving both levels of government. Although the emphasis is federal-state relations; the full picture also includes how both levels relate to the local government units established within each state. The



result then is that a full analysis of IGR within a federal administration system must cover the following: federal-state, federal-state-local; federal-local; inter-state, state-local; and inter-local relations. However, harmonious and cooperative state-local government relationship is more of an attitude of mind than of institutional arrangement. The real determinant of state-local government relationship is to be found in the attitude of the central (state) government as manifested in various policy circulars, (legislative, administrative, judicial, and financial) and regulations as well as in the behavior of its field staff towards local government generally. Oladosu, (1983) clearly points out that genuine decentralization of governmental powers (i.e. democratic decentralization as opposed to bureaucratic decentralization) is indeed more an act of political faith than (one of) administrative theory. It is the absence of this faith in local organs (on the part of the functionaries at the state government level) that makes all our efforts at decentralization half hearted; which appears that there is a basic deep-rooted mistrust of local organs. "Policy makers seems to be apprehensive of the possibility of power passing to the wrong hands at the local level and as a result of which localism may run riot"; Oladosu(1983). He says, to guard against this dangerous state of affairs, state governments always, as a rule, have a few of their administrative officers posted to the local government areas as their watchdog,

serving as the eyes and ears of the state. He further says that the three essential pre-conditions for genuine decentralization are as follows:

- a) The power to take final decisions which are subject neither to prior approval nor to special ratification by a higher authority with discretionary power to annul or amend them;
- b) Some measure of independence (for local community leaders) from the central authorities; and
- c) Lastly, the ability to procure sufficient financial resources on its or their own authority.

Whether a local government plays a ‘house-keeping’ or a ‘house-holding’ role is largely dependent upon the state government’s disposition towards it at any point in time. The history of state-local government relationship in Nigeria shows that local governments are “house-keepers” as opposed to “house-holders”. The sort of relationship that exists between state and local government is largely determined by practical politics, any perception of political misfortune on the part of the state government automatically means curtailment of freedom of action for local government. There is no such thing as “independent or ‘sacred existence” in the central-local relations; nor is there any such thing as a hands-off” posture by the state government in its interaction with local government. The acid test of whether

or not a local government is master in its own home (that is its area of authority legally) usually comes to light when it is controlled by a political party in opposition to the one controlling the state government.

On issues that have some political connotations even if the issues are vital to their interests, local governments in Nigeria lack the final decision-making power; they have no final policy-determining voice as they simply echo the state government's voice in nearly all issues which have some political undertones. The centre-local relations can best be described as "central dictation to and obedience from the localities". Instead of a cooperative, deliberative, consultative, competitive, and federal type of relationship, it is a hierarchical and command obedience type of relationship that emerges.

Ideally, the two levels of government should influence each other on matters in which both of them have responsibility. Hence, Brian Green (1968) with specific reference to central-local relations in Britain aptly remarked: "Although it is generally agreed that there are strict limitations on the autonomy of local authorities and that they (the English local authorities) operate within the framework of major decisions made centrally, there is an element of reciprocal influence which should not be ignored" (Green, 1968).

Thus reciprocity of influence is lacking in the Nigerian situation, instead, the command-obedience type of relationship is clearly in evidence. In as much as it is the party that controls the state government that creates local governments, one can “justly assert that they are a creature of partisan power.

Under the present dispensation, local governments are expected to enjoy some measure of autonomy from the state government. Their incorporation into the law of the land (the Nigerian constitution) is to ensure that the state government cannot increase or decrease the number or tamper with the list of functions assigned to them just anyhow. The state government is expected to promote the cause of local government and give necessary advice and direction. If care is not taken, it may interfere unduly with the activities of the councils; opportunities for undue interference by the state government which makes nonsense the whole idea of autonomy abound in the existing arrangement. The governor for example, can nominate one quarter of the councilors and has to appoint the chairman of the council. Also, the funds meant for local governments are not usually sent to them in good time by the state government which is also empowered to dissolve any local government council which is guilty of dereliction of duty.

The powers of the state governor over the local government councils seem too wide and it is difficult to see how the latter can have an appreciable degree of

independence in discharging their legitimate duties. The existing controls of local government which include even deprivation of existence are unnecessarily comprehensive and can easily lead to a feeling of alienation at the grassroots”.

## **2.7 Theoretical Framework**

The theoretical framework of the study is hinged on Stewart’s Ladder of accountability.

Stewart (1984) provided a very clear analysis of the different levels at which accountability occurs. He argues that, there is a ladder of accountability and, suggest that unless we break down our discussions about the subject from the usual generalization to consider what is required at each rung of the ladder, little practical progress will be made. It is only by identifying clearly with which one is concerned, at any particular points in time, that one begins to establish to what level of accountability and who should exercise sanction over whom. Stewart’s ladder as illustrated by Tomkins (1987) is presented in the figure below.

**Figure 2.1: Stewarts ladder of Accountability**

Level 1:	Policy Accountability	Selection of policies pursued and rejected
Level 2:	Programme accountability	Establishment and achievements of goals
Level 3:	Performance Accountability	Efficient operation
Level 4:	Process Accountability	Using adequate measures
Level 5:	Probity Accountability	Complying with laws and regulations

Source: Tomkins, C. (1987), *Achieving Economy: Efficiency in the Public Sector*, Longman, London (p. 60).

The model of accountability provided by Stewart suggests that different groups and certainly different information sets are involved at different levels of accountability. Moreover, Stewarts points out that there is a difference between what he calls ‘bond’ of accountability and a ‘link’ of account. The letter involves only the right to information and Stewart’s ladder itself provides the basis of a framework for setting about the task of developing a comprehensive and broad based system of accountabilities.

### **2.7.1 Relevance of the Institutional Framework of Accountability to the Study**

In organizing administrative and legislative procedures therefore, a number of institutional conditions must be satisfied. In this connection, Moak and Hillhouse (1975: 19-39) suggested three major objectives that should be considered:

- i) The establishment of standards of effective leadership;
- ii) Efficiency, in the use of resources, and
- iii) Accountability to citizens;

When the emphasis is put on effective leadership like that which is expected to be provided by the Chief executive, due cognizance should be given to the following guidelines:

- i) Approximate span of control for the Chief Executive;
- ii) Requirement that staff be provided to aid the Chief Executive in planning financial matters;
- iii) Provision of effective controls to obtain compliance with authorized plans;
- iv) A system of checks and balances to maintain administrative honesty and integrity; and
- v) Provision of control over and technical assistance, for operating managers.

In pursuing the second objective, of the goal of efficiency, Moak and Hillhouse further stated that the organization be designed to:

- a) Provide for specialization and division of labour;
- b) Place related financial activities together;
- c) Establish a monitoring and control system; and

d) Set up responsibility centres' to permit comparism between actual performance and predicting standards.

Finally, in order to make the system more accountable to the public, the organization must be structured to receive and respond to citizen's concerns and demands by:

- a) Providing clean lines of authority to facilitate identification officers carrying out their financial duties effectively or ineffectively;
- b) Placing responsibility for and requiring integrated financial report;
- c) Providing an independent post-auditor's and
- d) Giving citizens an opportunity to appeal or seek redress from arbitrary financial rules and regulations.

This study shall use the framework provided by Stewart which has been discussed in the foregoing. This approach is useful because of its contextual relevance for examining and discussing the provisions for financial administration, particularly, control and accountability roles of the Inspectorate Division and its role in ensuring accountability of Local Governments in Nigeria generally and Katsina state in particular.



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter describes the methodology adopted in the course of the study. It discusses issues such as design of the research, sources and methods of data collection, treatment of data and data analysis.

#### **3.2 Research Design**

Research design is the systematic process involving series of specific guidelines for specific data capture. It is a coherent data gathering process through which questions relating to data needed, its location, its interpretation and how it is sourced are answered in this study.

The study adopts historical and descriptive data in assessing how financial accountability is ensured by both the Inspectorate Division and the Local Governments in Katsina in particular. The historical data helped to assess over the years, how the Inspectorate Division carried out its supervisory roles of local governments. Similarly, since the study is qualitative in nature, each of the scenario was qualitatively described since the study did not adopt a quantitative approach.

## **Sources of Data**

Data was gathered from primary and secondary sources as follows:

### **i. Primary Sources:**

Primary data for the study was obtained through semi-structured interview with some of the top staff of the Inspectorate Division and local governments' staff. This was to enable the study obtain the views of a cross section of persons involved in the administration of the local government finances. The officers include, Budget officers and Zonal Inspectors of the Local Governments.

### **ii. Secondary Sources:**

Secondary data was obtained basically from official records of the local government Inspectorate Division and the Local Government Annual Estimates, Audit Reports, books, and other academic texts, conferences and seminar reports, articles in newspapers, magazines, and other periodicals

The secondary data was carefully studied in order to understand the degree to which local governments comply with financial procedures besides ascertaining how well the role of the Inspectorate has performed in enhancing financial accountability in the local government management process.

### **3.3 Sample Population**

The sampled population for interview comprises twenty one (21) local government areas of Katsina state, thus identifying seven (7) urban, 5 semi-urban and nine (9) rural settings; in which treasurers, inspectors, zonal inspectors, directors, and budget officers were targeted for structured interviews.

### **3.4 Sampling Techniques**

A total of twenty one (21) local governments areas were covered for personal face-to-face interview and observation method where the population sampled at the ministry level included the Directors of budget, Local Government Inspectors, and Directors. List of those sampled at the local government level included zonal inspectors, treasurers, and others. The techniques used in arriving at the respondents interviewed was the simple random technique of chance selection procedure.

**Table 3.1: Sampled Population of LGA of the Ministry and LGA**

S/N	LGA sampled	Treasurer interviewed	Inspectors	Zonal inspectors	Budget officers	Directors
1	Funtua	1	1	1	2	1
2	Katsina	1	1	1		
3	Malumfashi	1	1	1		
4	Daura	1	1	1		
5	Dutsinma	1	1	1		
6	Kankia	1	1	1		
7	Batagarawa	1	1			
8	Ingawa	1	1			
9	Kurfi	1	1			
10	Kusada	1	1			
11	Charanchi	1	1			
12	Kankara	1	1			
13	Mai-Adua	1	1			
14	Jibia	1	1			
15	Zango	1	1			
16	Safana	1	1			
17	Butsen	1	1			
18	Matazu	1	1			
19	Musawa	1	1			
20	Danja	1	1			
21	Rimi	1	1			
Total	21	21	21	6	2	1

Source: Researcher's Survey, 2014.

**Table 3.2: Katsina state Sampled LGAs**

S/N	Urban LGA's sampled	Semi-urban LGA's sampled	Rural LGA's sampled
1	Katsina	Charanchi	Danja
2	Daura	Rimi	Musawa
3	Funtua	Kankara	Matazu
4	Malumfashi	Mai-Adua	Batsari
5	Dutsin-ma	Jibia	Safana
6	Kankia		Kurfi
7	Batagarawa		Ingawa
8			Kusada
9			Zango

Source: Researcher's survey, 2014

### **3.5 Method of Data Collection**

Data was collected through interview and historical documents gathering (documentary sources).

#### **3.5.1 Interviews**

Interview has been conducted primarily for the purpose of sampling opinion of the local government inspectors, Budget Officers, Treasurers on the financial activities of local governments. Issues relating to the activities of the Inspectorate Division at the local government level and Inspection reports were addressed.

This interview served the purpose of filling information gaps created on the mind of the researcher. Contacts were made where necessary with former key personnel of local governments and former local government Inspectors and such other relevant and valuable sources, whose contribution was useful in cross-checking facts and analyzing data.

### **3.6 Method of Data Analysis**

Data analysis was aimed at establishing the relevance of information obtained to the problems under investigation. It seeks to classify data and determine its role or place in the process of the study. The data analysis method used in this study is qualitative, involving descriptive approach.

## **CHAPTER FOUR**

### **4.0 BRIEF HISTORY OF CASE STUDY: THE MINISTRY FOR LOCAL GOVERNMENT AND INSPECTORATE DIVISION**

#### **4.1 Introduction**

The Ministry for Local Government Katsina state is headed by a Hon. Commissioner appointed by the Governor of the State. The Ministry like all other ministries has a permanent secretary who is the Chief Administrative Officer and Accounting Officer of the Ministry for the discharge of its functions. The Ministry has nine departments, out of which four are programmes departments headed by trained local Government Inspectors.

#### **4.2 Functions of Ministry for Local Government and Inspectorate Division**

The Ministry shall carryout the following functions:

- a) Issuing guidelines for the preparation of development plans and annual estimates to local governments to ensure conformity with the State and national development objectives;
- b) Assisting need Local Governments in the preparation of development plans and annual estimates;

- c) Monitoring and ensuring the implementation of guidelines from higher level of government;
- d) Coordinating matters relating to Local Government reform;
- e) Assisting needy treasuries in the maintenance of treasury records;
- f) Advising the State Government on matters relating to the creation of new development areas from the Local Government Areas as and when necessary;
- g) Advising on issues relating to boundary disputes among the Local Government;
- h) Coordinating common services where applicable;
- i) Dealing with complaints and petitions from local government areas;
- j) Relating with the office of auditor-General for Local Governments, Local Government Service Commission and office of the Vice President (Local Government Department);
- k) Performing such other related functions as may be assigned to it from time to time by the Governor.

The Ministry shall provide Secretariat for the:

- a) Meeting of the Chairmen of the Local Governments with the State Governor and the Deputy Governor;
- b) Joint Account Committee of the Local Governments in the State.



### **4.3 Functions of the Commissioner Of The Ministry for Local Government and Inspectorate Division**

The Commissioner appointed by the Governor shall be responsible for and ensuring, the carrying out the functions of the Ministry;

The Commissioner shall ensure that:

- a) 10% of the State internally generated revenue is remitted to the Local Governments as and when due;
- b) The State Government contributes its own quota (2.5% of basic salaries of Local Government personal) to the Local Government Pension fund);
- c) The quarterly returns of the actual income and expenditure of the local governments in the State are promptly rendered to the office of the Vice President with a copy to the central Bank of Nigeria.

There shall be appointed a Permanent Secretary for the Ministry

All the existing staff of the department for Local Government and Chieftaincy Affairs shall at the commencement of this Notice be deemed to be the staff of the Ministry. They may be posted from the office of the Head of Civil Service such as additional offices as may be required for discharge of the functions of the Ministry.

#### **4.4 Departments in the Ministry for Local Government and Inspectorate Division**

The Ministry consist of:

- a) Inspection Department
- b) Political Monitoring and Evaluation Department;
- c) works Department;
- d) budget Department;
- e) legal Department;
- f) common Services Department;
- g) Finance and Accounts Department;
- h) Administration and Supplies Department

The Governor may on the advice of the Commissioner set up such other departments as may be necessary for efficient discharge of the function of the Ministry;

There shall be a public relations unit and such other units as may be set up for the proper discharge of the functions of the Ministry;

All the staff of the Ministry shall be subject to the rules of the Civil Service and such other laws and rules as may be applicable to them.

The Commissioner may under delegated power employ such staff as may be necessary for the effective discharge of his responsibilities.

#### **4.5 Funds of the Ministry for Local Government and Inspectorate Division**

The fund of the Ministry shall consist of:

- a) Such sums as may be provided under the appropriation law of the State;
- b) Grants or donations from donor agencies;

Such sums as may be in any manner become payable to the Ministry.

The permanent Secretary shall cause proper account and other records to be kept and ensure the preparation of annual statements of account.

The accounts of the Ministry shall be audited by the Auditor-General for the State;

The Permanent Secretary shall cause to be prepared estimated income and expenditure for next succeeding year;

The Commissioner shall at the end of each financial year cause to be prepared and submit to the Governor financial report of its revenue and expenditure in respect of the next financial year.

The Ministry shall at the end of each financial year compile and submit to the Governor an annual report of the activities carried out by the Ministry.

The Commissioner shall have powers to set committees or sub-committees and to hold such meetings as may be necessary for the discharge of its function.

The Ministry may make standing orders for the purposes of holding of its meetings.

## CHAPTER FIVE

### 5.0 DATA PRESENTATION AND ANALYSIS

#### 5.1 Introduction

This chapter deals with the presentation and analysis of data. In this chapter, account will be given of how the secondary data instrument was collected and data will be presented in tables with a description and interpretation of the items contained in each table.

#### 5.2 Secondary Data Source Accounting

The table that follows presents and account of the number of questionnaires distributed and returned to the researcher by the respondents.

**Table 5.1: Questionnaire Accounting, Local Government Staff**

S/N	Urban LGA's sampled	Semi-urban LGA's sampled	Rural LGA's sampled
1	Katsina	Charanchi	Danja
2	Daura	Rimi	Musawa
3	Funtua	Kankara	Matazu
4	Malumfashi	Mai-Adua	Batsari
5	Dutsin-ma	Jibia	Safana
6	Kankia		Kurfi
7	Batagarawa		Ingawa
8			Kusada
9			Zango

Source: Researcher's Survey, 2014.

The above table is an account of the questionnaires distributed and returned from the 21 local governments sampled in Katsina State.

Table 4.2 is also an account of questionnaire distributed and returned in respect of the staff of the Inspectorate Division of the Ministry for Local Government and Chieftaincy Affairs, in Katsina State.

**Table 5.2: Questionnaire Accounting, Ministry for Local Government Katsina State**

Designation of Staff	Number of Questionnaire Distributed	Number of Questionnaire Returned
Zonal Inspectors	10	6
Budget Officers	10	7
Directors	10	8
Total	30	21

### **5.3 Data Presentation and Analysis**

The data presentation and analysis will follow the format mentioned below. The first aspect will discuss the combined findings with respect to all the responses elicited from the local government officials across the state. It will cover issues of record keeping and update of Local Government Treasury form LGT. Form 78, staffing of the treasury department result of cash survey and reports on deposits/advances.

Secondly, data will be presented on the basis of secondary data information on specific issues such as capital expenditure reports, authority to incur supplementary

expenditures, departmental vote account books (DVA Books) and report on the Inspectors attendance of the Finance and General Purpose Committee meetings. Accordingly, both the qualitative and secondary data and interview responses will be presented so as to provide answers to the instruments used. The result will be presented under various headings, highlighting also, the answers to the questions posed.

#### **5.4 Secondary Data Sources: Local Government Officials**

This aspect of the thesis deals with the secondary data sources and a brief interpretation of each item of response as contained in the reports of Local Government Inspectors.

In an attempt to verify the level of financial accountability being maintained by the local governments, the Local Government Inspectors report in respect of one of our case studies (Charanchi Local Government Area) revealed the following.

**Table 5.3: Local Government Inspector’s Report on Charanchi Local Government Area 1999**

Issue Area	Comments of Local Government Inspectors
1. Opinion on LGT Form 78	Found correct and up-to-date
2. Opinion on staffing in the Treasury	Treasury staff are fully trained
3. Cash survey and cash book status	Officer in charge of Bank Statement not on sit as at the time of visit by the Local Government Inspector
4. Revenue Collectors Chart	Not maintained
5. Authority to Incur Supplementary Expenditure	The Local Government is yet to open a register for AISE
6. Update on Departmental Vote Account (DVA) Books	Well maintained and up-to-date.

Source: Form LGID 1, Charanchi LGA, Inspectors Report, Ministry for Local Government and Chieftaincy Affairs, 1999.

The detail of this inspectors report summarized above is contained in Appendix of this study. The Inspectors report with respect to Charanchi Local Government Area shows that Form LGT 78 which is the Annual Statement of Accounts of the Local Government was up-to-date and found correct.

Most Local governments have difficulty in updating this account. The account is derived from weekly and monthly statements of local governments. It is the duty of local government inspectors to ensure that this record is correctly entered and up-to-date because it gives the true financial position off the local government at any point in time.



Similarly, secondary data sources from Jibia Local Government Area contains the following information as in table 4.4.

**Table 5.4: Local Government Inspectors Report on Jibia Local Government Area 1999**

	Issue Area	Comment of Local Government Inspector
1	Opinion on LGT Form 78	Not prepared
2	Opinion on staffing in the Treasury	Trained but under utilized
3	Cash survey and cash book status	Not prepared
4	Revenue collectors chart	Not prepared and not in use
5	Authority to incur supplementary expenditure	None
6	Update on Departmental vote Account (DVA) Books	No liabilities outstanding

Source: Form LGID, 1 Jibia Local Government Area Inspectors Report, MLG & Chieftaincy Affairs 1999

The report from Jibia Local Government area was generated by the Resident Local Government Inspector. The report is acted upon by the Zonal Inspector. It is after his action that the form in triplicate (see Appendix III) will be sent to three principal officers, namely, the Local Government Chairman, the Local Government Inspectorate Department and the Auditor General for Local Governments in the State. The report is usually retted and where there are contravening issues, the appropriate officers are held to account. Usually, during the quarterly meetings issues seriously contravening financial procedures are discussed and addressed in order to forestall future occurrences.

The Inspectors report of Jibia Local Government area shows that Form LGT 78 which is the Annual Statement of Accounts of the Local Government was not kept this is in serious contravention of the provisions of the Model Financial Memoranda for use by Local Governments.

Again, the cash book unto which all transactions of the Local Government are entered is also in a serious state of not being kept the local government would therefore be at the mercy of Banks in terms of their account details. Similarly, this act contravenes the provisions of the Financial Memoranda with penalties ranging from being removed from the schedule or even demotion of staff concerned.

Even though it was observed that trained staff exist, it is very evident as contained in the report that they are underutilized. This would call for the Finance and General Purposes Committee to be seriously warned or sanctioned as the case may be.

The Inspection Report of Rimi Local Government Area for the months of August to June, 1999 in respect of all the departments are as detailed below. On the position of the Cash Book, and Forms LGT 78 are not indicated. All postings in the Departmental Stores ledgers are up-to-date and no over expenditure was recorded. In some instances, the stores lack stationaries.

## **5.5 Budget Implementation Reports**

All the Local Governments are required by law, to defend their draft Budget (Annual Estimates) with the Ministry for Local Government and Chieftaincy Affairs. This is usually enforced by the Ministry to ensure that local governments follow a uniform guidelines and that these is conformity with laid down procedures. After the estimates are approved, the provisions made on capital expenditure of each local government are then prioritized and a schedule of implementation is developed for month by month execution of the projects. These projects are thereafter inspected by the Resident Local Government Inspectors. The Resident Local Government Inspector thereafter reports the status of the Budget implementation schedules to the Ministry of Local Government. It is on the basis of this reports that monies for project implementation are periodically released to local governments according to sectors. Project Accounts and cash book are maintained. For example, there are cash books for capital expenditures, overheads, salaries and contingencies or miscellaneous. Contingencies/miscellaneous cash books relates to projects that are jointly funded or executed by the state and local governments in Katsina state.

This arrangement provides a clear understanding on what each sector is allocated based on the percentage division of the budget. The Budget implementation report

contains details of monthly implementation of the budget, provisions made under the budget for each project on monthly basis and monies are matched with the schedule. This allows for effective “rolling-over” as contained in the rolling plan; this does not however affect projects of the following month.

## **5.6 Analysis of Inspectorate Activities at the Local Government Area**

### **5.6.1 Financial Supervision by the Inspectorate Department**

We will begin the discussion of this chapter of the thesis by first putting into context, the functions of the Local Government Inspectorate Department.

#### **(a) Functions of the Local Government Inspectorate department**

“The Commissioner may appoint, in respect of any Local Government or group of Local Governments a Local Government Inspector. The Local Government Inspectors:

- i shall have the right to attend all Council and Committee meetings;
- ii) shall at all reasonable times have access to and be entitled to inspect all books, accounts and records of a council; and
- iii) may advise a Local Government in regard to any of its functions

under the Edict”.

Section (102) of the Local Government Edict summarizes the totality of the functions of the Local Government Inspectorate Department at the Local Government level. The Local Government Inspector is expected to discharge in detail all functions specified above and in their individual capacity and periodically make reports to the Headquarters of the inspectorate Department. Though various reforms had taken place in the Local Government system since this Edict was promulgated in 1976, these functions of the Inspectorate Department, formerly Ministry for Local Government have not significantly changed.,

The point all the reform measures had tried to emphasize was that Local Governments should not be controlled by the Inspectorate, but should instead be guided. However whether the word is ‘control’ or ‘guidance’, the functions of the Inspectorate Department at the Local Government level have remained the same over the years. In the light of all these, we shall try to identify the duties of the Local Government Inspector in the day-to-day financial administration of Local Governments and to ascertain the key role he plays in ensuring compliance with laid down rules and regulations in the process of withdrawal and spending of Local Government Funds and in the collection and receipt of Local Government revenues.

The Local Government Edict provides for the Local Government Inspector. He participates at the decision making level of the local government where he offers advises and at the implementation or execution level where he inspects and guides procedures. We shall study the Inspectors role at these three levels i.e. the decision-making, the implementation and the Execution levels.

i. The Decision- Making Level.

The Local government Inspector “Shall have the right to attend ALL Council and Committee Meetings (Local Government Edict, 1976).

This clause in the Local Government Edict gives the Local Government Inspector unlimited access and makes him part of the decision-making process of the Local Government more than any other Local Government functionary, because there is hardly any individual Local Government functionary including the Chairman who is a part of every council and Committee meeting of the Local Government. The Local Government have many committees with functions which are administrative, financial, political, religious, security, establishment, traditional etc. Membership of such committees differ depending on the functions set out for them.

However, for the purpose of this study, we shall restrict our study on the role of the Local Government Inspector in the meetings of the general council of the Local Government and the Finance and General Purpose Committee.

The Local Government Council meets periodically to deliberate on various aspects of the Local administration and of particular importance is the deliberation on Local Government Annual Budgets/Estimates. The Local Government Inspector's attendance of Local Government Council meetings gives him the opportunity to 'guide' the council on the allocation of funds to specific services of the Local Government.

Thus the Local Government Inspector in this respect becomes the instrument that directs the allocation of resources in the implementation and execution of the Local Government policies. The role is strengthened by the fact that he attends meetings of the Finance and General Purpose Committee which compiles Local Government Budget based on the guidelines stipulated by the State Government which the inspector represents.

#### **5.6.1.1 Finance and General Purposes (FGPC)**

The Finance and General Purposes Committee is the body responsible for the regulation and control of the finances of the Local Government. It enunciates financial policies, prepares and submits the Local Government Annual Estimates to the Local Government council for deliberation and approval. The FGPC awards Contracts in accordance with relevant standing orders and makes bye-laws on revenues, loans and investments by the Local Government. Besides receiving and

considering reports from the Internal Auditors and Inspectors and recommendation on those reports, the FGPC ensures that all officers charged with financial duties and responsibilities perform their jobs

The Local Government Inspector, even though not a member of this Committee, is placed in a very important position by his power do attend meetings of this committee and even offer advice to the members whenever necessary in the course of their deliberations. To a great extent, major decisions of the FGPC in Local Governments in Katsina State are directly influenced by the advise and contributions of the Local Government Inspectors.

#### **5.6.1.2 The Implementation Level**

Having seen the position of the Local Government Inspector at the decision making level of the Local Government system, we have come to the implementation level or the management level. Here we are presupposing that immediately a decision is arrived at by either the Local Government Council or the Finance and General Purposes Committee such decision is now communicated to the management personnel of the Local Government through either minutes of meeting prepared by the council or committee or through any other official communication method for implementation and final execution. Thus the Secretary to the Local Government, as it is under the present dispensation, would now



communicate the council or committee's decision to the Head of Department for implementation by his Department.

At this level the Local Government Inspector does not have any much say - if not for the fact that at some instances as seen from other research, he plays the role of consultant to the Head of Department whose action is required to effect a particular decision. Some Heads of Department we understand prefer to seek the advice of the Inspector on the best way and method to effect decisions instead of their supervisory councillors who they believe know nothing outside politics. In other instances the Heads of Department believe it is safer to consult the Inspector because as in the final analysis he would be the one to examine the procedure and report on their actions. In any case, the Local Government Inspector is hardly out of the picture in the implementation process because even when he is not consulted, the person implementing decision is fully aware of the fact that the Inspector was part of the decision and will one day question any action that failed to comply with the decision that was taken.

### **5.6.1.3 The Execution Level**

This level of the process is considered very significant because it is the level where everyone is involved right from the Head of Department to the lowest ranking

officer and this is also the stage where the Local Government Inspector features prominently.

The moment a Head of Department implements a decision, he monitors and supervises the execution. Every detail has to be done according to specification, every procedure has to be strictly followed and every officer has to do his part according to regulation. The Inspector at this point does a DVA job of watching actors and actions. Let us take an example to understand the process.

A Local Government Council had *decided* to purchase stationery worth three hundred thousand naira (₦300,000.00). The decision was taken at the Finance and General Purposes Committee after satisfying itself that a provision for this purpose had been approved in the Local Government Annual Estimates by the Local government Council.

After the decision had been taken, the Secretary to the Local Government communicates this decision to the Head of Personnel Management Department, who is charged with discharging such responsibility. The Head of Personnel Management Department implements this decision by calling for quotations from contractors for the supply of these stationery with all specifications listed. When a quotation has been chosen and accepted, he completes the Contract Agreement Forms and the Local Purchase Order Forms (LPO) stamp signed with the supplier,

on behalf of the Local Government and the contract is issued. Thus, the *decision* of the Finance and General Purposes Committee to purchase stationery is now implemented.

At the Execution stage, the contractor would now supply these items direct to the Local Government store keeper, who takes and studies the Local Purchase Order of the contractor of which he has already received a copy, before the supply. He cross- checks the items listed with those supplied and finally takes record on his Tally Board Card, all items as received. He then stamp sign the suppliers Local Purchase Order and Contract Agreement Forms and issues the store receipt voucher (SRV) to the supplier. He then directs him to the Head of Department who in turn would now direct the Departmental Accountant to raise a Payment Voucher attaching all relevant documents of the transaction, make all such entries into his Departmental Vote Book and all relevant records of Account.

The Payment Voucher is now submitted to the Local Government Treasurer through his checking Accountant who checks the payment voucher by way of making sure every detail on it is correct and passes it to the Local Government Internal Auditor for prepayment audit check The audited voucher is submitted to the Local Government Treasurer who records it and direct the cashier to raise a cheque for it and submit for signatures.

The cashier, would raise the cheque, attach it to the payment voucher, record the date, number, amount and payee in his cash book. He then fills-in the payment schedule form and the cheque register with the same information and submit the cheque attached to the voucher with the payment schedule to the Local Government Treasurer for signatures.

The Treasurer passes same to the Head of Personnel Management Department who appends the first signature after satisfying himself that all transactions have been duly completed and sends same back to the Treasurer, who appends the second signature. The Chairman of the Local Government counter sign the payment schedule and directs the cashier to issue the cheque to the payee. The Cashier issues the cheque to the payee after he has signed the cheques Register and takes a receipt for the cheque and post same on the payment voucher also duly signed by the payee. The process of executing the decision to purchase stationery worth Three Hundred Thousand Naira is now completed.

Within these processes, the Local Government Inspector has power to ensure that.-

- i. The stationery supplied were of good quality;
- ii. The Store Keeper had taken due and correct records of the supply.

- iii. The stationery were supplied according to specification on the Contract Agreement;
- iv. All documents relating to the transaction have been duly attached to the payment voucher;
- v. All entries into books and records of account concerning the transaction both at the service Department and the treasury have been duly made. These include the store Tally Board Card, the Store Receipt Voucher, the Department Vote Book, the Treasury Cash Book, the Cheque Issue Register, the Receipt for the Cheque and Treasury Payment Schedules, among others.

Furthermore, over these duties, the Local Government Inspector is again empowered by the Local Government Edict to at all reasonable times have access to and be entitled to inspect all books, accounts and records of a council and pursuant to these powers the Local Government Inspector does among other things, the following:

- i. Checks all revenue receipts at every revenue station received from the Local Government Treasury, ascertain and record normal revenue collection on the spot to ensure that revenue received is actually entered into revenue receipts and ensure that all finished revenue receipt books are promptly returned to the treasury or the store,

- ii. Inspect revenue cash books at all revenue sub-stations of District Offices and at the Local Government Treasury in order to ensure that at any given time revenue receipts attached to the cash book actually corresponds with the actual collection of the period;
- iii. Checks the revenue receipt distribution register to confirm that all receipts received from the treasury store have been given to revenue collectors by officers at sub-stations and duly signed for;
- iv. Checks the daily abstracts of revenue and expenditure to make sure that entries on expenditure incurred and daily revenue receipts are entered correctly;
- v. Inspects all ledger accounts, for example, the vote service ledger, the Advances ledger, the Deposit ledger to make sure they are properly kept and updated without any anomaly;
- vi. The Personnel Emolument Register is another very important document which is checked by the Inspector to ensure that every Local Government employee is recorded for purposes of payment of monthly salaries. It represents the master list record of all employees of the Local Government.

There is no doubt that since we are in agreement with the definition of Financial Accountability by Day and Klein that it is a “verification of financial accounts to check on whether the appropriate funds have come in and whether the outgoing money has been spent properly It is about keeping true and accurate accounts in a realm where there is agreement about the currency” (Day&Klein, 1987) Abubakar and Odiongenyi in their paper on Financial Management and Accountability in the Local Government, similarly assert that Financial Accountability involves “ensuring adequate checks and balances (control) in the disbursement and use of financial resources” (Abubakar, 1986). The explained further that when proper care is taken to ensure that monies are spent for the purposes for which they were approved and proper value is obtained for money spent, then Financial Accountability is achieved. The Local Government Inspector who is charged with the duties and responsibilities enumerated above, is definitely a very central figure in the achievement of financial accountability in the Local Government administration structure. This therefore is the test and confirmation of our hypothesis that there is a direct relationship between the administration of funds by the Local Governments in Katsina State. and the functions of the Local Government Inspectorate Department or still, it is thus Confirmed that there is a direct relationship between the level of financial accountability exhibited by Local

Government programme managers and the type of oversight exercised by the inspectorate Department over Local Governments.

### **5.6.2 Books and Records of Accounts of Local Government**

“.....the Local Government accounting staff has to contend with at least a hundred different Local Government Treasury (LTG) forms in the course of full annual cycle of financial transactions. (Abubakar, 1986). There are precisely one hundred and twenty nine books and records of account which the Financial Memoranda stipulates are to be kept and maintained by each Local Government Treasury for financial transaction. However, of these one hundred and twenty nine books and records of account, there are those that are considered the main books and records, while others are regarded as subsidiary.

The classification is brought about by the fact that most of these subsidiary books and records are not actually necessary until for any other reason their need arises, while the main books and records are those that are considered necessary for the recording and maintenance of the day to day affairs of the Local Government Treasury. The main books of accounts as contained in the Local Government Financial Memoranda are as follows:

1. The Cash Book



2. Journal or Adjustment Record
3. Daily and monthly Abstracts
4. The Main Ledger: (FMM: 1992).

In addition to the main records, a Local Government Treasury shall keep and maintain the following subsidiary ledger and records of account which are considered as important:

- i. The Trial Balance
- ii. Monthly Reconciliation of Account
- iii. Annual Financial Statement (FMM: 1992).

An overview of these main and important subsidiary books and records of account shall further open us up to some other accounting records that are important to the day to day affairs of the Local Government Treasury and Departmental accounts.

The Cash Book is otherwise known as LGT Form 12A or LGT Form 12B. If a Local Government accounting document, in which all receipts and payments must be recorded or entered should be supported by either a receipt or a payment voucher.

“The Cash Book shall be kept on form LGT 12B which is an analytical cash book providing for an analysis of each amount received or each amount paid as recorded in the Cash Book, under such of the following control account headings as may be appropriate: Revenue, Expenditure, Credits (Recoveries] Expenditure, Revenue Debits (Refunds), Advances, Deposits, other accounts (as appropriate) (Ejisun, 1987).

**5.6.2.1 The Journal or Adjustment Record:-** ‘(otherwise known as the summary of adjustments to the Adjustment Record) is, like the cash book, a book of original entry and shall be used to record financial transactions which do not involve the actual payment or receipt of cash” (Ejisun, 1987). Such Adjustment record shall contain entries that are necessary for example:

- a) Correcting of wrong allocation on vouchers recorded in the accounting records of the Local Government;
- b) Debiting a personal advance account in the name of the responsible officer and
- c) Crediting the appropriate sub-head of account in accordance with the provisions of the Financial Memoranda (1999) 815 when:
  - i. Funds are lost which had been received by a revenue collector but not paid into the treasury;
  - ii. Cash issued by a Treasury on a cash order form is lost in transit;

- iii. A loss of revenue is assessed as arising from loss of revenue earning books; Crediting a personal advance account and debiting the appropriate subhead of account when money due from an officer held responsible for a loss is recovered from his impounded salary.
- iv. Other monies due to him from the Local Government in accordance with the Financial Memoranda 8.16 of the progress of revenue and *Expenditure* under each sub-head against the amount approved in the annual estimates

The daily abstracts refer to the daily entry of receipts and payments under the various relevant receipt and voucher numbers quoted. For example, a daily abstract on revenue and expenditure shall be divided into separate sections of:

- a. Each sub-head of revenue or expenditure
- b. Remittances
- c. Advances
- d. Deposits
- e. Investments
- f. Revenue Fund

**5.6.2.2** The Main Ledger records the monthly entries in a number of total or control accounts, summary of the financial transactions of the Local Government during a financial year. Details of these financial transactions are recorded in subsidiary ledgers and accounting records as stipulated in Financial Memoranda.

The main ledger accounts shall contain the following:

- i. Revenue (total) Accounts to the credit side of which -will be posted the total monthly revenue for all heads of revenue as shown in each monthly summary of revenue (Form LGT 75);
- ii. Expenditure (total) Account to the debit side of which will be posted the total of monthly expenditure for all heads of expenditure as shown in each summary of expenditure (Form LGT 76);
- iii) Surplus (or Deficiency) account;
- iv) Revenue Fund Account (if any); and
- v) The following accounts to which shall be posted total of the appropriate transactions for the month as shown in the daily abstracts:
  - a. Remittances (total) Account
  - b. Advances (total) Account

- c. Investment (total) Account
- d. Deposit (total) Account
- e. Loans (total) Account
- f. Renewal Fund (total) Account
- g. State Government Control Account
- h. Unallocated stores (total) Account (FMM, 1992).

In addition to the main books of account, we have also identified the necessary statements of account to be prepared by a Local Government Treasury which are otherwise referred to as the subsidiary books and records of account as follows:

- i. Trial Balance:

This is a monthly statements prepared from the main ledger accounts that tries to prove the accuracy of the entries made, by showing that the total debit balances equals the total of the credit balances.

“The entries in the Trial Balance shall consist of the balances at the end of the appropriate month of all the main ledger accounts referred to in FM 22.2. Where appropriate, the balance of cash in hand and at bank or

the amount of the bank overdraft, as shown in Treasury Cash Book (Financial Memoranda, 1992).

ii. Monthly Reconciliation of Account:

“After the trial balance has been reconciled, the balance of the total accounts in the ledger shall be reconciled with the totals of balances of the appropriate subsidiary ledger accounts as recorded in the monthly summaries of the individual accounts (Financial Memoranda, 1992).

iii Annual Accounts.-

The annual accounts simply refer to the balance sheet to be prepared at the end of each year. “The annual financial statement shall consist of the final accounts of a Local Government for the financial year and supporting schedules (Financial Memoranda, 1992). This Final Account is expected to provide the following information:

- i. Revenue and Expenditure
- ii. Accounts Summary for the financial year on LGT 78;
- iii. Surplus and Deficit statement LGT 78
- iv. Statements of *Assets* and Liabilities

- iv. A comparative Revenue and comparative Expenditure statement on LGT 79 and 90 respectively

Supporting schedules in the annual accounts shall be prepared showing among others schedules of Advance Account balances, schedules of Deposit Account balances, schedules of suspense accounts, investments, loans outstanding, reserved-fund Accounts, Deposit Accounts, Bank Reconciliation statements, Loans Advance accounts and finally certificate of the Inspectorate Department in respect of balances in debit or credit of the Local Government and Local Government Loan fund.

For ease of reference the complete list of all books and record of Accounts expected to be kept and maintained in a Local Government Treasury are attached as appendix to this thesis.

### **5.6.2.3 The Local Government Accounting**

#### **(a.) Expenditure**

Under this, attention is focused on the procedure of incurring expenditure or receipt of Revenue in a Local Government Treasury. . This information is intended to lay the foundation for the identification of the role of the Inspectorate Department in the process.

By the provision of the Financial Memoranda the procedure- for payments begins with a payment voucher which must be duly authorized by the officer controlling a vote. The payment voucher usually goes through different officials conferred with financial transactions in the Local Government before a cheque or cash is made available to the payee.

**(b) The Payment Voucher.**

The payment voucher is a document or a Treasury form meant to begin the procedure for payment, numbered between 45 and 49, depending on the purpose which is raised under the following guidelines:

- i. It must be made out in favour of the person or persons to whom the money is actually due;
- ii. It must be clearly worked and give full particulars of the payment;
- iii. It must be consecutively numbered to correspond with the cash book entry number and filed in numerical order;
- iv. It must be typed or written in indelible pencil or an approved type of ballpoint pen;
- v. It must be capable of being checked without reference to any other documents;



- vi. Only the original of the voucher clearly printed shall be signed in full; facsimile signature stamps are not allowed;
- vii. The copies of a voucher must not be signed in full but simply initialed or stamped.
- viii. All documents referred to on a voucher including where appropriate the original of a Local purchase order with the certificate section (b) or (c), as appropriate, dully completed, should be attached to that voucher under such documents as have been attached to a previous voucher dully quoted;
- ix. Where goods supplied have been taken into store, the stores ledger reference must be quoted on the voucher;
- x. Each voucher shall show the head and sub-head of expenditure to be charged; and finally;
- xi. All; alterations to payment vouchers must be signed in full by the official authorizing payment and vouchers with extensive alterations may be rejected at the discretion of the Local Government Treasurer' (Financial Memoranda, 1992).

Having been prepared, the payment voucher, (usually under the schedule of duty of a subordinate officer in the accounts section of the local government

treasury) is then submitted with all relevant documents attached to an officer in the same department, but higher in rank to the officer preparing the voucher for checking. Such officer, usually referred to as checking clerk, or checking accountant shall preferably be an official not involved with: the accounting for payments and shall carry out the following checks:

- a) Ensure that the payment voucher has been raised with due authority from the Officer Controlling such Vote of Account charged;
- b) Ensure that due postings of the amount., number and date of payment voucher has been reflected in the Departmental Vote Expenditure Book (DVEA) of the affected Department from whose allocated funds such payment was made;
- c) Ensure that the correct Heads and Sub-head have been quoted;
- d) Ensure that all relevant documents relating to the payment so raised on the voucher have been attached to it to make it possible for checking and passing without reference to any other document. At the completion of this exercise (by the checking clerk or checking accountant) the payment, voucher is now sent to the Internal Auditor for the prepayment audit.

All payment vouchers for ₦1,000 and above or such other limit as may be determined by the commissioner shall be submitted to the Internal Auditor for

prepayment audit and shall not leave the Treasury until the Internal Auditor has countersigned the payment voucher” (Financial Memoranda, 1992). The main purpose of prepayment audit by the Internal Auditor is to verify that the provisions of these financial memoranda have been followed in all respects, the payment is done properly to be made by the Local Government, that is, has been properly authorized and correctly charged and sufficient funds are available to meet it”(Financial Memoranda, 1992).

The Internal Auditor returns the payment voucher and the Departmental Vote Book after checking directly to the Departmental Accountant with his counter signature signifying audit authority for payment with a query on any aspect the auditor is not satisfied with. The voucher if duly counter signed is forwarded to the Officer Controlling Vote (OCV Holder) or Head of Department for transmission to the Local Government Treasury for payment.

The Local Government Treasury would on receipt of such payment voucher authorize the Local Government Cashier to raise a cheque: for payment to the payee quoted on the voucher or pay cash depending on the amount involved.

The Local Government Cashier who is the Chief pay clerk responsible for all payments by the Local Government, shall now raise cheques in the same amount and payee as in the payment voucher,- post payments into the main Local

Government Cash Book in his custody, recording the date, number, amount, Head and Sub-Head of such cheque and payment, raise a schedule of payment indicating the same information for the Treasurers' signature and custody and post same-information into his cheques or payments register. The Cashier writing the cheque is bound by the same guidelines for raising payment vouchers, which include the following:

- i. Cheques must be made out in favour of the person or Persons to whom the money is due;
- ii. The cheque counterfoil must bear the same information as in the cheque issued out
- iii. Cheques must be written in indelible ink; and
- iv. Alterations must be signed in full by official authorizing payment

The Cashier will submit to the Local Government Treasurer all the cheques raised along with the cash book in which they were recorded and the payment schedules for the signature of the officers charged with the responsibility for signing Local Government Cheques. At the moment under the implementation guidelines for the operation of the Presidential system of Government at the Local Government level

in Katsina state, the Local government Treasurer and the Head of Local Government Administration.

On receipt of these documents from the cashier, the Local Government Treasurer will forward the same to the Head of Local Government Administration for his signature after satisfying himself that all entries are in order. The Head of Local Government Administration will now go through all documents attached to the payment voucher, check all entries and authorities and after satisfying himself will append his signature on the cheque and return same to the Local Government Treasurer, to append his signature, thus making the cheque a legal tender ready for issue to the payee. The Treasurer passes the cheque and all relevant documents there attached to the Cashier who then issues the cheque to the person or persons to whom it is due and collect receipt for such payment which he attaches to the payment voucher duly signed by the payee. The circle of incurring expenditure is thus completed. At this point all documents, entries and records at each point of these processes shall be kept by the officers responsible and who shall make them readily available for the inspection of the Local Government Inspector at anytime he wishes to conduct an inspection exercise.

(c) **Revenue:**

The procedure for the collection and receipt of revenue due to the Local

Government is not any different from what obtains at the State and Federal Bureaucracies.

“All revenues and other monies due to a Local Government shall be received either by the cashier in the Treasury or by the: Revenue Collector”(Financial Memoranda).

A Revenue Collector shall receive and pay all Local Government monies into the Local Government Treasury or into the nearest branch of a Local Bank, if so authorized. He shall record all collections made by him in a Revenue Collectors Cash Book which will show the date of receipt, number of receipt, from whom received, amount and daily totals.

Revenue collectors at the Local Government are classified into different categories, but this categorization is only at the level of the job each is charged with. Thus, there are Revenue Collectors in charge of Markets, Motor Parks, District Offices, Allocations and Grants etc. Some of these Revenue Collectors are located in the field i.e. outside the administrative circle of the Local Government Secretariat, while others are located within the Secretariat. All these officers are directly answerable to a Senior Revenue Collector at the Headquarter to whom they make returns. This Senior Revenue Collector shall record all returns made to him in a

Revenue Collector's Cash Book which he submits to the Cashier while making payments to the Treasury.

As provided by the Financial Memoranda

“before making payments to the Treasury at the intervals prescribed under the financial memoranda 6.3, the Revenue Collector shall total the receipt under each type of Revenue as shown in the Revenue collectors cash book and insert such totals in a Revenue Collectors summary cash book (form LGT 16) recording the under the mentioned information:

- a. Type of Revenue
- b. Date,
- c. Numbers of receipt issued since last payment (first and last receipt to be quoted for each type of Revenue)
- d. Total amount for each type of Revenue
- e. Grand total of all revenue collected” (Financial Memoranda).

However, in cases where the Revenue Collector is authorized to pay his collections direct to the branch of a Local Bank on behalf of the Local Government, he shall submit to the Treasury his paying-in-slip in respect of cash paid direct to the bank, produce this receipt book and Revenue collector's summary cash book. This will enable the cashier at the Treasury to check the cash or paying-in-slip of the

revenue collector against all records so produced. The moment the cashier is satisfied, he would then date-stamp and sign the duplicates or counterfoils of the last receipt issued in the receipt book, and finally prepare a Treasury summary receipt on form LGT 18 and post the original on an appropriate page of the Revenue Collector's summary cash book.

All these submissions, transactions and records shall be subject to the periodic checks and inspection of the Local Government Internal Auditor and the Inspector.

## **5.7 Budget Implementation Report**

The procedures for budget presentation, approval and implementation provides that each local government presents their draft budget to the Ministry of Local Government and Chieftaincy Affairs which must be in conformity with the local government guidelines; which is then sent to the council for approval. After approval, their provision on capital expenditures is then prioritized and a schedule of implementation is developed for monthly implementation with proper inspection from the inspectorate division which is the responsibility of the President Local Government Inspector. He reports to the ministry on the status of the implementation of the budget schedules. Monies are released on this basis and council must account for funds released.



The inspectorate officer advises the local government to implement their budget according to sectoral priority and also to operate accounts/cash books accordingly thus for:

Account /cash book - Capital

Account /cash book - overhead

Account /cashbook- salaries

Account /cashbook - contingencies/miscellaneous

This way a clear understanding is reached on what sector gets what based on the percentage division of the budget. A separate account also exist for the Internally Generated Revenue (IGR).

The budget report contains the following:

- i. Month of implementation of project
- ii. Provisions made under the budget for each project on monthly basis
- iii. Monies are matched with the schedule; if it is enough, it is okayed, if it is not, it is rolled over but it does not affect the project of the ensuing month.

## **5.8 Inspector's Report on Sampled Local Governments**

The Inspectors reports on local government are detailed. The inspectors reports covers all the departments in a local government. The report investigates financial and accounting records and procedures to check for acts of omission, commissions or errors.

1. For instance, the financial position of the local government is of utmost concern to the local government inspector. He among his other duties checks and cross check the cash books, cash at hand and cash at bank and total daily and monthly balance of local government accounts. In addition to the above, document studied and scrutinized across all departments in the local government include (but not limited to):
  - a) Statement of revenue and expenditure
  - b) Percentage of expenditure against revenue
  - c) Position of other subsidiary bodies
  - d) Position of LGT form 78
  - e) Position of AISE (Authority to Incur Supplementary Expenditure)
  - f) Budget implementation (expenditure as against budgetary provision and capital estimates and percentage of implementation).

**2. Administrative documents such as:**

- a) Position of DVA
- b) Position of stores
- c) Welfare of personnel
- d) Local government council FGPC minutes and meeting

**3. PHC Department documents such as:**

- a) Position of DVA
- b) Condition of health centres and dispensaries
- c) Welfare of health personnel
- d) Store management

**4. Agriculture Department documents such as:**

- a) Position of DVA
- b) Position of store
- c) Welfare of personnel
- d) Activities carried out during the period of report

**5. Works and Housing Department documents such as:**

- a) Position of DVA
- b) Position of store
- c) Position of vehicles
- d) Activities carried out during the period

## **6. Education and Social Department documents such as:**

- a) Position of DVA
- b) Position of stores
- c) Supply of working materials and equipments
- d) Community development (number of community development projects executed; and local government contribution to the project).

## **5.9 Findings**

From the foregoing analysis, and based on the documents collected from the inspectorate division, it can be deduced that:

- i) the LGT Form 78, was found to be correct and kept up-to-date;
- ii) the Treasury staff are competent and well trained;
- iii) deductions from the LG accounts are being made monthly and are remitted to the agencies concerned,
- iv) the Departmental Vote of Accounts is maintained; with only few local government defaulting or lagging behind as the case may be.
- v) stores records are up-to-date; and
- vi) the vote service ledger are put into use.

However, there are some isolated cases in some LGA. A case in point is Charanchi where the following were observed:

- i. revenue allocations charts were not maintained;
- ii. the officer in charge of bank statements was not on seat as at the time of visit;
- iii. the local government staff responsible for opening an AISE register did not do so and
- iv. some VAT deductions were not remitted to the appropriate state authorities.

Similarly, in Jibia local government area, the underlisted observations were made:

- i. staff are well trained but under-utilized;
- ii. cash books were yet to be prepared as at the time of inspector's visit, meaning that they were behind schedule, and
- iii. revenue collectors chart was not hanged on the wall and also not in use.

These are all contrary to the provision of the model financial memoranda use by local governments in Nigeria.

#### **5.10 Findings form Interview Conducted with Some Key Functionaries of Local Governments in Katsina State**

The interview conducted with respondents on the activities and role played by te Inspectorate Department of the Ministry of Local Government and Chieftaincy Affairs returned the underlisted array of responses.

In response to the first question on how the respondents view the role of the Ministry in relation to local governments, a large number of respondents see their role as regulatory. A total of 60% of the respondents affirm to this. The other respondents are however of the opinion that their role is supervisory.

The respondents were unanimous on the second question in the interview schedule. They are palled a “yes” response on whether the interaction between the Inspectorate (Ministry) and local governments was cordial.

On whether or not the activities of the local government Inspectorate Department has helped improve the quality of accounting and enhanced local government financial discipline? 80% of the respondents answered in the affirmative that the activities of the Inspectorate Department has to a large extent improved the quality of record keeping, accounting and financial management of the local government level across Katsina state.

In response to the question on the performance of the Inspectorate Department, 65% of the respondents rated them as excellent, 20% as good and 15% as average. The respondents are equally of the view that the role of the Inspectorate Division is very vital in enhancing good financial and accounting practices at the local government level in Katsina.

Probing further to find out in what areas these vital roles were played?

Respondents listed the following:

- a) assistance in the completion of LGT Form 78.
- b) Keeping up-to-date, the Departmental Vote Accounts both Expenditure and Revenue.
- c) Ensuring that accounting procedures are followed; particularly prepayment audits.
- d) The Inspectorate Department has ensured that the right thing is done at the right time always.

Challenges in the relationship between the Inspectorate Department and the local governments were also enumerated. These include, logistics i.e means of movement from the local government to the headquarters; when invited to explain certain matters in accounting forms or records.

The second challenge is that needy local governments sometimes wait for almost 3 – 4 months before assistance are rendered and finally, respondents complained on lack of motivation in terms of rewarding local governments that excel.

In summary and from the responses elicited and discussed above, it can be deduced that the relationship between the Inspectorate Department of the

Ministry and the Local Government in Katsina is cordial, and has helped to enhance and or improve local government financial management and accounting practices in Katsina State.



## **CHAPTER SIX**

### **SUMMARY, CONCLUSION, AND RECOMMENDATION**

#### **6.1 Introduction**

In this study, attempt has been made to highlight the role of the Local Government Inspectorate Department in enhancing financial accountability in Local Governments and also the process of keeping and maintenance of proper books and records of account and obtaining value for money spent, in Katsina State.

#### **6.2 Summary**

The research approached the topic from the angle of the relationship between the Local Government in Katsina State and the Local Government Inspector (zonal and resident) in the field and the role each plays in the day to day financial management and administration of the Local Government Council, towards ensuring financial accountability at the grassroots.

The research gave an insight into the uniqueness and peculiarity of the Local Government financial administration as against what obtains at the state and federal levels. It is noted that financial accountability at the Local Government level is unique in the sense that state bodies exercise oversight functions on local government financial management. In this regards, the local government Inspector

plays very prominent role in the process of financial management at the local government level to the extent of becoming a very dominant partners in financial management, control and accountability.

The summary of findings arising from this study are:

1. Local government inspectors are living up to expectation in the discharge of their oversight functions at the local government level.
2. Available secondary evidence showed that most local government kept up to date records of their Departmental Vote Account (DVA) Books but many have not reconciled same with the treasury cash books in order to ascertain the actual expenditures incurred.
3. Local governments kept minutes of their meetings but the cash book register in most local governments sampled are not up-to-date.
4. There was no recorded case of diversion of funds from capital expenditure into recurrent expenditure.
5. The revenue collectors' chart in most local governments was not kept and most local governments did not display the revenue collectors chart.

### **6.3 Conclusion**

Conclusively, the researcher dwelt on the functions and responsibilities of the Local Government Inspector at the Local Government level which helped show how central these functions and responsibilities are to the financial process in the Local Government.

This situation identified could have been responsible for the continuous progress and up-to-date records being kept by the Local Government in Katsina State. This however, is not to dismiss totally that there are no battle necks. But in our effort to identify the root of these problems, we have noted the non-dynamic nature and cumbersome structure of the Local Government Financial Memoranda and its lack of accommodation for changes and reforms over time has been its major stumbling block. Thus, while Treasury staff of the Local Governments are transformed into robots who must Consult the pages of the Financial Memoranda for any action whatsoever, the Local Government Inspector, who is identified as the second major problem, is always at the heels of the local Government officials to make sure that their robot status is maintained by their religious compliance to rules and regulations including any guideline or directive received from the State Government on financial management of Local Government

We have tried to show that this situation has been largely responsible for the lack of effectiveness and efficiency in the Local Government financial system as officials are made to satisfy themselves with the production of only those account records and statements the Inspector cared to ask for, resulting in other vital documents being relegated to the background.

#### **6.4 Recommendation**

In proposing solution to this problem and in order to enhance financial effectiveness and efficiency at the Local Government level, the researcher hereby propose for the review of the Local Government Financial Memoranda to make it conform with the present status of the Local Government System and make it a document that guides financial activities allowing for alternative methods and ways of action including the use of initiative and innovations within the confines of the law, to enhance efficiency and effectiveness of the system. We also found the powers of the Local Government Inspector in the financial process rather contradictory to the dynamism of the Local Government system and proposed a way by which the Inspector is made not an outsider who enforces rules and regulations, but a guide and partner in the system who encourages initiative in the administration to promote the flexibility of the system so that he becomes part of the system rather than its supervisor. Finally we have said the State Government

must relax its interest in the Local Government financial management: and allow it to develop in a way that would suit its circumstances, otherwise financial accountability, effectiveness and efficiency will continue to mean a different thing to the Local Government system in Katsina State and the Country in general.

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## APPENDIX I

“Any Accounting Officer, Officer Controlling Expenditure, Federal Pay Officer, Sub-Accounting Officer, Imprest-holder, Revenue Collector or other officer having monetary or financial responsibilities directly connected with, or arising from, his official duties, must, in so far as the following requirements may be applicable to his particular duties:

- a) see that the proper system of account as prescribed by or under the authority of the Commissioner for Finance is established and maintained;
- b) exercise supervision over the receipt of public revenue and ensure its punctual collection;
- c) promptly bring to account, under the proper Heads and Sub-heads of the Estimates or other approved classifications all money, whether revenue or other receipts accounted for to him;
- d) see that proper provision is made for the safe keeping of public moneys securities, stamps, receipts, licences and valuables documents;
- e) exercise supervision over all officers under authority with the receipt and expenditure of public money, and take precautions, by the maintenance of efficient checks, against the occurrence of fraud, embezzlement or carelessness;

- f) supervise the expenditure of the Government: take care that no payment is made which is not covered by proper authority, expressed or referred to on the voucher relating to it; and in the case of any apparent extravagance or of any apparent defect in the provision for a charge owing to the exhausting or absence of a vote, call attention to the matter in writing to the appropriate officer;
- g) promptly charge in his accounts under the proper heads and sub- heads all disbursements whether expenditure or other payments;
- h) check all cash and stamps in his charge and verify the amounts with the balances shown, in the cash book or stamp register;
- i) promptly make good any minor deficiency not caused by theft or fraud in the cash or stamps for which he is responsible and report in writing details of any such deficiency to the appropriate officer. Any other deficiency should be reported in accordance with Chapter 15 of these Regulations;
- j) Promptly bring to account as a receipt any cash or stamps found in excess of the balances shown in the cash book or stamp register;
- k) promptly prepare such financial statements as are required by Law or by the Commissioner for finance;
- k) see that all books are correctly posted and kept up to date;

- l) see that the authorised maximum cash balance that may be held at one time is not exceeded;
- m) report apparent defect in the procedure of revenue collection which comes to this notice in the course of his accounting duties;
- n) produce when required” by the Accountant-General or his deputies, or by the Auditor-General or his deputies, all cash, stamps, securities, and account books, records; to vouchers in his charge;
- o) within twenty-one days reply to formal queries or any other enquiries addressed to him by the Accountant-General or by the Auditor-General of the Federation giving fully the particulars or information required. Disciplinary action will be taken against defaulting officers as, prescribed by the relevant Civil Service Rules. In this connection; it is essential that an officer of sufficient seniority is assigned the duty of ensuring that all’ formal queries received are replied to in accordance with this Regulation”<sup>17</sup>
- p) ensure that the proper system of accounts as prescribed by or under the authority of the Ministry of Finance is established and maintained;
- q) see that all books are correctly posted and kept up to date;
- r) exercise supervision over the receipt of public revenue, ensure punctual collection, and report any apparent defect or difficulty in the procedure for the collection of revenue -which comes to his notice;

- s) promptly bring to account, under the proper Heads and subheads of the Estimates or other approved classification all money, whether revenue or other receipts, accounted for to him;
- t) promptly bring to account as a receipt any unexplained surplus of cash or stamps by placing it on deposit;
- u) take care that no payment is made which is not covered by proper authority and report any waste or extravagance which comes to his notice;
- v) promptly change in his accounts under the proper Heads and sub-heads of the Estimates or other approved classifications all disbursements of the Government;
- w) ensure that proper provision is made for the safe keeping of public money, securities, stamps, counterfoil receipts, licence etc.;
- x) ensure that the authorised maximum cash balance that may be hid at: any time is not exceeded without the approval of the Accountant-General;
- y) regularly, and not less frequently than weekly, check all cash and stamps in his charge and verify the amounts with the balances shown in the cash book or stamp register;
- z) exercise strict supervision over all officers under his authority entrusted with financial and accounting duties and bring to notice any incompetence or repeated carelessness on their part: take precautions, by surprise inspections

and the maintenance of efficient checks, against the occurrence of fraud, embezzlement or carelessness

- aa) produce when required by the Accountant-General or his staff, or by the Director of Audit or his staff, all cash stamps, securities and account books, records or vouchers in his charge;
- ab) promptly reply to any queries or other observation addressed to him by the Accountant-General or Director of Audit, giving fully the particulars or information required;
- ac) promptly prepare such financial returns and statements as are required by any Law or Directions or Subsidiary Legislation there under, or these instructions;
- ad) study the convenience of the public and make arrangements, compatible with the carrying out of these instructions to facilitate the transaction of business with the public;

**APPENDIX II**  
**INTERVIEW SCHEDULE**

1. What in your opinion is the role of the Ministry in regulating financial activities of the local governments (supervisory/Regulatory)
2. Can you conclude that the interaction between the ministry and the local government officials is cordial (yes / No)
3. What is your opinion on the Inspectorate Division activities to the local governments?
4. Has the activities of the inspectorate division helped in improving the quality of accounting in local government financial discipline
5. Has it helped to enhance the financial behavior local government officials.
6. How can you rate the performance of the inspectorate division in terms of compliance and coherence to financial memoranda status (good/average/excellent).
7. Are there any challenge(s) being faced by the inspectorate division in ensuring that the local government officials comply to financial procedures (yes/No)
8. If yes, how have the challenges been addressed
9. Has the ministry of local government and chieftaincy affairs played vital role in inception works

10. How can you analyze the level of accounting procedure and finance administration in the ministry (excellent/average/poor).