MANAGEMENT OF BUDGET IN THE PUBLIC SECTOR

(CASE STUDY SABON-GARI LOCAL GOVERNMENT ZARIA)

BY

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DECLARATION

I hereby declare that this write-up is original and a product of my research findings. To the best of my knowledge and belief, this research work has never been submitted either in Ahmadu Bello University, Zaria or elsewhere for the award of a degree. All materials used/consulted for this research have been acknowledge accordingly in the references and bibliography

HALIDU, JA'AFAR EL-YAKUB

CERTIFICATION

This thesis entitled "Management of Budget in the public sector (Case Study Sabon - Gari Local Government)" by EL-YAKUB JAFARU HALIDU, meets the regulations governing the award of the degree of Masters of Business Administration (M.B.A.) of Ahmadu Bello University, Zaria and is approved for it's contribution to knowledge and literacy presentation.

SUPERVISOR — DATE 6/3/22

EXTERNAL EXAMINER — DATE

HEAD OF DEPARTMENT — DATE 23/10/00

DEAN, POSTGRADUATE SCHOOL — DATE 05/10/01

DEDICATION

This project is dedicated to my parents Mr. and Mrs. Halidu Tela Kayarda and my wives Zulaihatu and Aishatu El-Yakub Jafaru Halidu.

ACKNOWLEDGMENT

I thank Allah the Almighty for giving me this opportunity to complete this programme and for guiding me through this rich and competing task.

I owe much to many for their assistance and encouragement throughout the duration of the course. It is difficult to single out some few as the most favoured. Inspite of all the above, there is the need for special mention of my able supervisor Mallam Sani Abdullahi M.B.A. Co-ordinator and my supervisor as well, without their pieces of advice, guidance and encouragement this thesis would not have been as it is today.

I am highly indebted to my two wives Zulaihat and Aisha for their loving encouragement and of course my friends and well wishers such as Abdulkadir Magaji, Sani Hussaini and Yahaya Saleh Ibrahim of Liberal Studies Department of Kaduna Polytechnic may Allah reward you abundantly Amen.

My profound gratitude goes to the Head an Staff of the Department of Business Administration and the entire management and staff of Ahmadu Bello University, Zaria for their cooperation. Also special appreciation to the entire management of Sabon - Gari Local Government for providing me with relevant materials used for this thesis. I thank you very much may Allah reward you abundantly.

ABSTRACT

Budget is a special tool that is being used by the Management Officers for efficient and effective utilization of scarce resources. For an effective and result oriented management the budget should be used as a control mechanism and also a oriented management that budget should be used as a control mechanism and also means of doing away with confusion and complication of programmes. The budget can only be effective if it is being used in collaboration with the other managerial techniques and procedures as prepared by the organization. If all the above are techniques and procedures as prepared by the organisation. If all the above are taken into confidence, the success anticipated from the budget and budgeting will be achieved.

The title of our research is Management of Budget in me public sector. A case study of Sabon-Gari Local Government Zaria. We intend to study thoroughly the analysis ot the Sabon-Gari Local Government Budget in relation to the way it was managed in terms of allocation to the spending departments of the local government. Consideration has been made of the departments of the local government. Consideration has been made of the procedures of the budget management in the local government for the period of one year.

An efficient of Management of Budgets in an organization. A faulty management of budget speak doom of an organization and will lead to an unprecedented crises in the organization. Therefore the importance of a budget in any organisation can never be overemphasized.

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CHAPTER ONE

1.1 INTRODUCTION

To serve effectively as a tool for resource mobilization, economic management and control a budget is expected to have some salient characteristics management of Budget in the public sector constitute our major topic of discussion for the purpose of this research work. It is also pertinent to state that, Sabon Gari Local Government is chosen as our case study reference point 1998 - financial year. Treated in this chapter includes the objectives of the study, it's significance, scope and limitation and problems which are regarded very importance to the reader of this research.

Before delving into the discussion of management of budget in the public sector, there is the need to understand what is budget, management, and resources as tools of consideration in treating this topic.

Budget as defined in module 3 of Aid - management programme is "An action plan, for a specific period of time covering all department and functions of an organisation and containing targets to be achieved both in physical and financial terms which serves as important criteria of performance".

Normally, a budget describes in details Government fiscal policies and their corresponding annual plans. Therefore a typical budget consists of revenue estimates, expenditure estimates (recurrent & capital) and policies. An immediate implication of the aforestated is that, the nature of the budget (whether balanced, deficit of surplus) id determined by the relationship between the revenue and expenditure aspect of budget.

To serve effectively as a tool for resource mobilization, economic management and control a budget is expected to have some distinctive features or characteristics, such as:

- A budget should have a clear set of development objectives, which would serve as guide for resource allocation over it's life span.

- It should have an optimal structure. This implies (among others) that the policies and structure of expenditure should be adhered to during implementation.

- It should derive from the underlying - medium term plan to ensure systematic approach to development.

- It most be based on a system of collective responsibility, this minimize political interference in its preparation and implementation.

- Efforts should be made to prioritize, abandoned and on - going projects before embarking on new one's while preparing the budgets. This would ensure that resources are not thinly spread over a large number of projects, this reduce the incidence of cost over runs due to untimely project completion or eventual abandonment: in addition to the above expected of a budget, a budget must state clearly it's source(s) and application of finance.

Resource incorporates all aspects of financial, materials, human and even machines required for a project. The appropriate combination of this variable automatically gives a project.

Tools means device, techniques, or method used or applied for the achievement of the laid down objectives of an organisation.

Human resource is a vital document to an organisation since the application of the management function and procedures facilitate the identification of clear goals or objectives in respect of which funds are committed. The strategies and

programmes for achieving stated objectives are formulated to make sure that, the desired funds human and materials are mobilized, allocated and utilized for the achievement of the organizational - objectives.

Good and efficient management of resources - lead to success in an organisation especially when there is proper delegation of authority by the delegator, adequate supervision, by the supervisor good administrator by the administrative etc. Which could only be achieved through the development of people to handle management jobs. Individuals having the necessary basic qualities may acquire the proficiency needed to become capable supervisors and high level administrators.

The term management has been defined many times and each definition, whether it contains few or many words is usually intended to convey the same explanation. The term management has two - distinctive meanings. One has to do with the action, the doing of something while the other refers to that group of people in the organisation who are solly responsible for performing that action.

Management is the function of looking after or overseeing the operation of an organizational unit. The unit could be the total industrial enterprise, a group of operations conducted in a specific geographical area, a department, a division, a section, a branch or a work unit, like the budget unit of the Sabon - Gari Local Government treasury.

Management functions are usually divided into three sub-functions of Directing, Co-ordinating and controlling. It is important to mention right here that in the actual performance of the management function it is impossible to single out independently these functions because of their direct link. That is to say, it is not possible to perform the directing job without doing some co-ordinating function and some certain controlling activity. In the co-ordination process, often through some form of inspection, considerable direction and coordination take place.

It is the responsibility of a manager to plan, direct, co-ordinate and control activities in an organisation. When the manager personally performs individual tasks or operations, other than for the purpose of executing some other features of the management function, we say he is no longer managing The manager is responsible for the planning of operation, staffing his units, organizing, directing, co-ordinating and controlling of activities generally within organisation. The success of a manager to achieve desired result depends on proper delegation of responsibilities to deserving subordinates officers. At such a level, conformity is assured to be optimum.

In the final analysis Fredrick W. Taylor (1991 P:264-9) who is regarded as the father of scientific management, postulated that the main - objectives of management should be to secure the maximum prosperity for the employer, couple with the prosperity of each employee.

Employer and employee therefore, has basic common interest. A more scientific approach to management was Taylor's answers to those problems. The approach is founded on four basic principles

* That a true science of work should developed observation and measurement to constitute a fair days work i.e managers should observe and study job to acquire all necessary knowledge about it. To facilitates certain rules of its performance.

* Men should be scientifically selected and trained to the work for which they are best suited. Observe and study the workmen to identify these abilities and develop his facilities accordingly.

* The science of work and the scientific selection and training of men needs to be integrated so that employee has the opportunity to earning a high rate pay, which makes the employers obtain a low cost of production

* There must be constant and willingness to co-operate between employer and employee to achieve the benefits of scientific management.

Taylor believes that because of the scientific - observation and measurement of work greatest efficiency could be achieved by dividing work into component parts and not individual part, with the above maximum specialization would be they key.

To make our expianation of management more glaring the Marrim Bower's assertion may suffice our purpose. Bower is a distinguish management consultant. He states in his book "The will to manage" that the requirement for business leadership; in terms of both personal qualification and leadership abilities are for less than those necessary for political leadership.

He further stated two facts; one is the fact that in what he referred to as "System managed" business the elements of the system, provide people with guidelines for action. Thus, inspirational leadership may not be necessary.

His second fact is based on the fact that political leadership often requires inspiring people while business leadership needs stimulation of the people toward achieving the organizational goals.

Therefore in making budget a workable tool in the Local Government administration, the two assertion made by Bower need to be the guiding, principles for an effective budget management and implementation in both business and Government organisation.

The budget is a management tool for guidance and control. It is an instrument used for a successful decision making and carries a lot of concern in the minds of Local Government functionaries. It is in the light of the above that this topic: "MANAGEMENT OF BUDGET IN THE PUBLIC SECTOR" was born. Therefore, in our desire to expound the above topic we need to treat in details the meaning of Budget i.e.

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(i) What is a budget?

(ii) What is management and

(iii) What are the various function of budget in Sabon-Gari Local Government.

1.2 THE STATEMENT OF THE PROBLEM

Local Government areas all over Nigeria to a greater extent depend on Federal allocation from the central Government for an effective functioning. Apart from the Federal financial support given to them known as "grant" the Local Government also source for some finance from locally generated revenue as prescribe by the law of the nation i.e. constitution.

The 1979 reforms of Local Government in Nigeria, the state edicts establishing Local Government, the 1979 constitution of the Federal Republic of Nigeria and subsequent decrees – amending the constitution in relation to Local Government all provide for two types of functions for Local Government, namely, exclusive and concurrent function. The exclusive function are those specifically assigned to Local Government alone.

They include;

- Collection of some rates, fees and taxes (to boast) internal revenues and to control some socio – economic activities in the area.
- Establishment and maintenance of markets and motor parks to boast economic activities of L.G.A. and to raise internal revenue.
- Establishment and maintenance of recreation centres home for destitute, burial grounds etc (to provide social services).
- Licensing and control of liquor houses, selling of foodstuffs, hawking and social gathering (as a means of regulating socio – economic activities, which could pose some danger to the community.

Concurrent functions are areas of responsibility which Local Governments and other levels of Government and organisation could jointly or severally handle. They includes areas like:-

- Primary educational literacy classes
- Primary health care and social welfare
- Agricultural extension services
- Housing and industrial estates.

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In a carrying out these function, a Local Government as a third – tier of Government is faced with challenges from three places, viz the machinery of Government at local level (political and administrative structure of Local Government). The state and Local Governments and people of the Local Government area.

Therefore, for an organisation like Local Government with wide ranging responsibility as stated above, for local service delivery and the promotion of sustainable development, the prudent and efficient management of financial resources is a task that can only be ignored at the risk of community dissatisfaction and disaffection. This is more so when solid events of the recent past have shown that to a large extent the traditional explanation for the poor performance of our Local Government i.e. inadequacy of funds, is no longer convincing. Definitely, not with the significant increase in their share of statutory allocation from the federation accounts, from 10 to 20 percent within a period of just three years- 1989 – 1991. It is becoming increasingly clear that the answer to the problem of Local Government should be sought elsewhere. One of such area is a more effective and efficient financial management system with a strong emphasis on control and total accountability of Local Government budget.

Therefore, it is with these, problems and difficulties in mind that this study is conducted with the aim of throwing more light on the role of the Local

Government budgets and it's management in Sabon – Gari Local Government area of Kaduna state.

1.3 THE OBJECTIVE OF THE STUDY

Budget is defined as a conscious and systematic allocation of resources prepared in advance relating to a future period and based on a forecast of key variables adopted to achieve certain policy objectives, which may or may not set explicitly defined performance targets for the achievement of objectives; relates anticipated expenditure to anticipated revenue and forms the basis against which actual expenditure and revenue can be measured and controlled. Among the many uses of the budget include; control, accountability and resources management. (Oyelekan O.O. 1992 p 28).

Therefore, the budget can be seen as a management tool that is indispensable and its achievement rest on able pillars of communication, motivation and reporting. The planning of any workable budget rested squarely on it's management, while it's implementation needed the cooperation of all and sundry, especially the middle class or junior class manpower.

The budget whether made by a group of people, experts, committee or an individual must be able to cater for all the departments within the organisation and of course the yearning of the local inhabitant. Hence the objective of this study are:

(i) To asses in great dept the concept objectives process of management and budget .

(ii) To examine the existing literature on Sabon – Gari Local Government and gain insight into the application of budget as a tool for efficient management of resources.

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(iii) To look into those problem areas that hindered the effective implementation of budget in Sabon – Gari Local Government.

(iv) To identify the strength, weakness and importance of budget in Sabon – Gari Local Government.

(v) To give some suggestion and if possible solution to some of the management problems in respect to budgeting in Sabon – Gari Local Government.

1.4 SIGNIFICANCE OF THE STUDY

This study is not meant for Sabon – Gari Local Government alone. When completed it will go along away in benefiting Local Government areas in Nigeria but to a greater extent the Sabon – Gari Local Government area of Kaduna state. Budget as caption in our topic, is a fundamental tool for an effective and efficient management of scarce resources. It is a tool for sound financial decisions that affect any organisation. Therefore the significance of this research work is thus, to found in the following:-

(1) It intend to shade more light on the preparation and application of budget in Sabon – Gari Local Government area.

(2) It also symbolizes the way towards an efficient and effective budget management.

(3) The work when completed would serve as an avenue for judicious scarce resource allocation to various department.

(4) It will help the Local Government area in the area of financial and general programme control without waste of time.

(5) The research reveals that effective management in terms of budget will be a major foundation for efficient allocation and optimal utilization of scarce resources for economic advancement .

(6) The research serve as a ladder for controlling performance of management and their subordinates.

1.5 SCOPE OF THE STUDY

In this research analysis would be made of how budget function as a tool for effective and efficient management of scarce resources in Sabon – Gari Local Government. It is also going to take a look at the budget formulation and administration in the Local Government in question. This, research as said earlier covers the headquarter of Sabon – Gari Local Government only, where the various department are situated.

The research study covers a period of one year, reference 1998 financial year. However this is without forgetting, the previous years. Reference would be made of any year if the need arises for the sake of clearity and elucidation.

1.6 LIMITATION OF THE STUDY

This research work is in one way or the other hindered by the financial position of the researcher. Lack of time and role conflict between the academics and office work also serve as an impediment in conducting the research.

The unavoidable human shortcoming i.e. of biases, sentiment, and prejudices from the officers interviewed, the difficulties surrounded by the collection of data especially those that pattern to finance or accounting documents and improper record keeping in the Local Government Area created a barrier in the execution of the project/research.

17. RESEARCH METHODOLOGY

INTRODUCTION

This section discuss the research method used in this study, the procedures employed in the process of data collection and the statistical technique used in analyzing the data collected for the study.

RESEARCH METHOD USED

The researcher find it more convenient to use exploratory research in approaching this problem. Exploratory research is often used to gain insight to areas that have not been surveyed or for developing hypothesis. The process of this research work will depend on quality of data collected and limited on time wasted.

The choice of exploratory research method was not accidental but emanates from the nature of the topic under study. The method is also more analytical in nature and the researcher feels it can help much on the subject matter. Management of budget in the public sector (case study, Sabon Gari Local Government Area). The use of the approach as said earlier is to enable the researcher gain an insight and additional knowledge on the subject matter.

RESEARCH INSTRUMENTS USED

This is in order to elicit the required-information from the top management down to the rank and files of the Local Government Area.

Questionnaires were administered to low levels employees while the management staff were personally interviewed by the researcher.

METHOD EMPLOYED FOR THIS PROJECT

Methods employed in this write – up includes the following:

(i) Documentation
(ii) Interview method
(iii) Observation

The use of the questionnaire was not wholesomely practicable as a result of the time constraints, due to the above we restricted ourselves to the top and middle management levels.

PERSONAL INTERVIEW

This is where the writer had free discussion and face to face conversation with key staff of the organisation on the subject of the project case study. The staff interviewed includes the Treasurer, Assistant Treasurer Finance, Assistant Treasurer Budget and Planning, Departmental accountant and other senior officers in the administrative division in-order, to know the political implication of budget in the Local Government Area.

DOCUMENTATION

These specifically refer to extraction of vital information relating to the topic in the existing records. Typical example is our reference point i.e. 1998 budget and many more, which were made available to us by the organisation. The research also made use of textbooks and information from journals, daily newspapers, magazines and paper presentation. These are quoted as reference at the end of the research.

DIFFERENT TYPES OF METHOD OF DATA COLLECTION

A. Basically data are classified into two types:

(1) Primary data

(2) Secondary data

The method of research to be adopted in any type of research depends on the type of data to be used.

B. PRIMARY DATA

Primary data are raw data collected personally which have to be processed and arranged into meaningful and informative forms. Methods of collecting primary data are as follows:-

a) Observation method

b) Interview method

c) The use of questionnaire

(i) OBSERVATION METHOD

Observation is a very important aspect of science. A scientific statements for example can only claim that status, if it is empirical and can be tested. But these two qualities can only be demonstrated through observation.

(ii) INTERVIEW METHOD

This has been defined as a meeting of person face to face especially for the purpose of formal conference on some points. Interview is perhaps the most unique method of obtaining information from people. It can be used in different context, by a physician to collect information from patient, by all mission officer for the purpose of collecting data on or about the students, by an extension worker for the purpose of knowing the problems of his work.

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(iii) **QUESTIONNAIRE METHOD**

It is a very useful method in data collection. Unlike the interview it is very much less sociological the interaction in most cases need be face – to – face. Questionnaire involves training questions about a particular subject matter and get the relevant groups or individual to react to it on paper. Since it is not as interviews situation the respondent can take his time and react to it more conveniently. The investigator can not sense a stimulus and therefore the incidence of reactivity is minimized.

(iv) **SECONDARY SOURCES OFDATA**

Secondary sources of data is data that have already been gathered by researchers, data published in statistical and other journal and information available either within or outside the organisation all of which the researcher might have found useful for his study. In this regard, secondary sources of data from libraries such as textbooks, journals, magazine, encyclopedia, handbooks, theses and dissertation, projects and other relevant data available were consulted for the conduct of this research.

HISTORICAL BACKGROUND OF SABON GARI LOCAL GOVERNMENT AREA OF KADUNA STATE

History, Geography and Economic Strength.

Sabon – Gari district itself was first established as a rehabilitation centre for non – indigene workers of the colonial administration. A railway line was brought to the protectorates of Northern Nigeria by the British colonial masters in 1901. The district comprised of Government settlement for the colonial administrators and officers, and the settlement for the non – indigenes of the area who were brought from all parts of southern Nigeria to work as clerks and employees.

In 1911, the area was handed over to the native authority and some villages were added to it to from a district to ease the problem of the indirect rule. This is what has now transformed to - become Sabon Gari Local Government Area. The land area is 600 square kilometers approximately and has boundary in the north with Ikara Local Government Area, in the west by Giwa Local Government Area and in the south by Zaria Local Government Area.

It has an undullating landscape and in some places there are marshy, and loamy soil. There are high hills in areas of Hanwa, Zabi, Palladan, Gwanda and Tsugugi. It covers 20 villages with scattered hamlets. Railway line links the areas to other states in Nigeria. Road transportation is usually by use of motor cars, trucks, buses and trailer vehicles usually travelling to all states in the federation. Small chartered planes provide air transport from the college of aviation technology, Air strip for VIPs.

Local indigenes are mainly farmers, major produce being maize, beans and other cereals. They also produce cash crop like cotton, tobacco and groundnut. There are a few industries but commercial activities mainly centre round the small traders banking on the immigrant students of Ahmadu Bello University and other institution of technical education.

Minerals like lime, iron ore and precious stones are also obtainable in smaller quantities usually for local use. There are a few industries but commercial activities mainly centre round the small traders banking on the immigrant students of Ahmadu Bello University and other institution of technical education.

People Culture and Education.

The population is a mixture of Hausa/Fulani, Yoruba, Igbo, Bajju, Benin, Calabar etc. The L.G. has a projected population of 25,239,340 in 1997.

CHAPTER TWO

LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

In this chapter we shall focus our attention on the presentation of a comprehensive review of the literature that relates in one way of the other to the research study. The chapter has been structured in the following ways.

We shall treat the literature review first and then the conceptual framework for both Budget, management and search resources being they key terms involve in the theme of the research study.

P.C. EBON (1998) in his paper tittle "The Budgeting Process" (An overview). Assert that, normally, a Budget described in details Government fiscal policies and their corresponding annual plans. Therefore, a typical Budget consists of revenue estimates, expenditure estimates (recurrent capital) and policies. An immediate implication of the aforestated is that the nature of the budget (whether balanced, deficit or surplus) is determine by the relationship between the revenue and expenditure aspects of the budget.

To further buttress his point he stated that for a Budget to serve effectively as a tool for resource mobilization, economics management and control, a budget is expected to have some salient characteristics.

(i) The Budget should have a clear set of development objectives, which would serve as guide for resources allocation over its life span.

(ii) It should have an optional structure. This implies (among others) that the policies and structure of expenditure should be adhered to during implementation.

(iii) It should derive from the under lying medium term plan to ensure systematic approach to development

(iv) It must be based on a system of collective responsibility, thus minimize political interference in its preparation and implementation.

(v) Efforts should be made to prioritize abandoned and on-going projects before embarking on new one's while preparing the budget. This would ensure that resources are not thinly spread over a large number of projects; thus reduce the incidence of cost over-runs due to untimely project completion or eventual abandoned. In addition to the above characteristics expected on a budget, a budget must state clearly its sources of finance.

Within the context of the budget being a tool for mobilizing revenue for Government expenditure, it (the budget) is therefore,

(i) A forecast of adequate expenditure
(ii) A plan to secure the right relationship between incomes and expenditure
(iii) A means of control of expenditure in particular and other activities of Government in general; assessing probable socio-political development in national economic

H. I. Abubakar (1999) a paper presented to the elected Local Government officials in Kastina State, entitled financial management in Local Government control and accountability; In his bid to analyzed the above he divided the paper into three, and stated thus:-

Financial management or administration in Government generally consists of three main components these are:-

(a) Determining fiscal policies and priorities; a process in which community or political leaders identify general policies and programmes and authorize application (through the budget) to get them implemented; this also includes a specification of revenue expectation and policies for revenue generation;

(b) Ensuring accountability, so that public funds are spent honestly and judiciously for the purpose (a purposes) duly authorized by an appropriate authority:- and

(c) Providing the required organizational structures and controls to effectively carry out designated fiscal/financial duties and responsibilities.

Our concerned here is the first component which relates to budgeting i.e. the process of resource generation, allocation and management; because the above form the basis of our discussion we need to give or provide some operational definition to guide our discussion.

As defined earlier, Budget could be seen as a conscious and systematic allocation of resources prepared in advance relating to a future period, and based on a forecast of key variables adopted to achieve certain policy objectives, which may or may not set explicitly defined performance targets for the achievement of objectives; relates anticipated expenditure to anticipated revenue and forms the basis against which actual expenditure and revenue can be measured and controlled. Among the many uses of the budget include control, accountability and resource management.

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From the definition, it should become clear that the guiding principles of financial management include efficiency or economy, effectiveness and equity. Efficiency stresses the need for achieving maximum results with least cost combinations; effectiveness, with ensuring maximum relevance of expenditures and equity, with justice and fair play. Sound financial decisions and plans have to be based on these principles. (H.I. Abubakar 1999).

Budget can also be seen as a quantitative expression of plan of action and an aid to co-ordination and implementation. Budget may be formulated for the organization as a whole or for any sub-unit. The master budget summarizes the objects of all sub-units of an organization such as the various department of a state or Local Government. It take stock of the revenue of financial position and supporting plans. In most cases, the master budget or the best practical approximation to formal model of the total organization; it's objectives it's inputs, and it's outputs.

If master budget serve as a "total decision model" for top management, then decision about strategies for the forthcoming period may be formulated and altered during the budgetary process traditional, this has been a step by step process whereby tentative plans are gradually changed as executive exchange views on various aspect expected activities. While this is being done, the human aspect of the entire budget is not overlooked.

The importance of these aspects of human can not be overemphasized. According to (Horgen 1972) "without a thoroughly educated and cooperative management group at all levels of responsibility, budgets are a drain on the funds of the business and are hindrance instead of a help to efficient operations. A budgetary programme per-se is not a remedy for weak managerial talent, foulty organization, or a poor information system.

It should be borne in mind that budgeting in a non-profit making organization such as the Local Government is quite distinct from the process involved in profit making organization. This is because of the reasons below;

(1) There are very many people involved with diverse interest, the one purpose objective (profit) to which everybody in a company is committed to is missing here.

(2) The principal budget factor "sales" which is the starting point of company budget, does not exist in non-profit making organization like Local Government.

In view of this, Premch and says that "The budget process is an intricate and complex process containing many pieces (which if) viewed as a puzzle cannot always be arranged sequentially because several of them interact simultaneously".

It is a "process that entails competing and often counter vailing forces" centralization and decentralization, autonomy and interdependence, micro-politics and macro-politics".

On a wider form (at the national level) the Sunday Punch Newspaper has this to say "At Do don Barracks, the budget fever is gripping everybody, from the reporter, bureaucrats to the policy makers and scoffers. The air around the citadel of national power was impregnated with tension. The budget session itself was very guelling and energy sapping. It consumed the precious hours usually spent by the president in attending to visitors and public functionaries".

It is in the light of this (multi - dimensionality) that John Wanet suggest seven "facets" or perspective from which we can perceive the budget. According to

Wanet, the budget can be seen as any or combination of or indeed, all of the following:-

(i) An allocation mechanism whereby a significant proportion of the nations resources are channeled into Government sector.

(ii) The process that organizes the appropriation of money by elected leaders for specific purposes.

(iii) A stylized interaction among groups of Governmental elites, all of whom have specific interest, stakes and motivation's for securing particular budgetary outcomes.

(iv) A technical tool for controlling expenditure for particular budgetary outcomes.

(v) A ritual in which many political and Government figures go through the paces leading to nearly fore-ordained conclusion.

(vi) Plan and simple politics by which is meant who gets what when and how.

(vii) A measurement of certain output of the Governmental system.

In our different areas of work, we have managers, supervisors or other superior's to whom we are either directly or indirectly responsible. Each of these superior is identified with a particular technical skill or activity, such activity is done well to refer to as managing.

Then to this extent what is management. The definition given to "management" are many and include the following.

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(1) Management is the art and science of organizing preparing and directing human efforts and utilizing the materials of nature for the benefits of man.

(2) Management is the scientific utilization of man, materials, machines, method and money (5m's) to accomplish a desired purpose.

(3) Or management is the getting of things done though the efforts of other people.

These are some of the fear definitions out of many given to management by some management experts such as Henry Feyol and Fredrick Tailor who are the founders of scientific management.

Management concern the proper employment of all the resources of an enterprise for the attainment of predetermined objectives. It makes use of underlying organized knowledge in the light of realities to gain a desired practical result "An art".

The most productive art is always based on an understanding of the science underlying it. If the principles of a particular skill is not understood, the success of anyone using a skill will be based on luck, intuition or what he did in the past. Therefore science and art are complementary to each other.

Management practice can be said to have started when people first attempted to accomplish goals by working together in groups. Many records and ideas relating to management date from the time long past. Among these are records of the Egyptians, the early Greeks and the ancient Romans. In addition, there have been experience and administrative practices of the Catholic Church and early military organizations.

SCIENTIFIC MANAGEMENT APPROACH:

Organized management thought became recognized with the work of Fredrick Taylor and Henry Fayol during the early twentieth century. Since then, so much development of this body of knowledge has taken place.

Taylors scientific approach to management was aimed at improving productivity, giving people their best opportunity to be productive, and rewarding workers for individual productivity. It consists the following:-

(i) Replacing rules of thumb with science (organized knowledge).
(ii) Obtaining harmony in group action, rather than discord.
(iii) Achieving cooperation of human beings, rather than chaotic individuals.
(iv) Working for maximum output, rather than restricted output.
(v) Developing all workers to the fullest extent possible for their own and their companies highest prosperity.

Henry Fayol (1980) often referred to as the father of modern management theory divided the activities of an industrial set up or organization into six:-

(i) **Technical**:- concerned with all machineries ranging from generating plant to production plant.
(ii) **Commercial**:- any produce with intention of selling or any commercial activity taken place.
(iii) **Financial**:- sources and disbursement.
(iv) Security of the premises, workers, and work.
(v) **Accounting**:- Management of financial and processes.
(vi) **Management**:- This entail act of coordinating the above and more to achieve the goal of the industry or organization. (DAVAR 1980) called the above universal principle of management.

It was the managerial aspect of industrial activities that Fayol concentrated much of his effort. He observed that management functions were for planning, organizing, commanding, coordinating and controlling. These functions are still valid today. Taylor and Fayol are said to belong to the scientific management school of thought. (FAYOL 1981).

Other approaches to management pursued by other scholars and practitioners, include the "Behavioural approach". It is based on the believe that social factors are the main ingredients in the improvement of productivity. These social factors are morale, satisfactory inter-relationships between members of work group (sense of belonging), and effective management, a kind of management that would understand human behaviour, especially group behaviour, and serve it through such inter-personal skills as motivating, counselling, leading, and communicating. Proponents of this ideology include mayor, Likerts Weber among others.

The operations research approach looks at management as a system of mathematical models and processes and attempt to provide quantified answers to the management problems. One of the contributors to operational research approach to management is Stanffard Beer.

CONCEPTUAL FRAMEWORK: Functions of management: 4732

Management functions are said to include planning, organizing, directing, staffing, controlling and co-ordinating all factors or scarce resources towards the accomplishment of the established goal of the organization.

PLANNING: Is the process by which one anticipates the future or possible courses of factors that may effect or change the activities and objectives of a particular organization with end in view of discovering alternative courses of action open to him. The activities within planning include, forecasting,

determination of objective policy formulation, preparation of programmes, policies procedures, budgets, rules, anticipating and preparing for innovations.

Even though above is the by product of the postulation made by Fayol, thus:

> "There is no limit to the number of principles of management; every where a managerial procedure which strengthens the body corporate or facilitates it's functioning has a place among the principles so long at least, as experience confirms it's worthiness. A change in state of affairs, can be responsible for change of rules which had been engendered by that state" (FAYOL 1981:101).

Planning according to Koontz et al (1980:78-79) "involves selecting objectives and the strategies, policies, programmes and procedures for achieving them either for the entire enterprise or for any organized part thereof". It sets forth norms, standards, rules, regulations, procedures, programme policies, to guide members of the organization in their actions or general behaviour. Modern administrative planning for Local Government is believed to bring controlled change in Local Government administration in the country. It is expected to bring more objectivity to administrative policy making processes and to improve their effectiveness. (Recum 1984).

(i) **Need for Joint Planning:-** planning permeates all levels of the organization, and therefore, responsibility for it should devolve on all managers, whether they are at the top, middle or bottom of the organizational strata. Joint planning is considered desirable in organizations because appropriate participation in setting goals and programmes by those who will work to achieve them can ensure that everybody in the organization appreciate the problems and opportunities that face them, and therefore, they become more enthusiastic at

implementing programmes (Ransch 1980). Besides, consulting the man with responsibility to do the work regarding many of the decisions affecting his work can lead to identification of those with initiative, originality and sound judgement among staff and better utilization of personnel (Nerman 1953).

(ii) **Advantages of Planning:-** Planning, as a managerial function has several advantages. According to Ajakaiye (1994) by intervening in the functioning of a system, planning meets three needs as follows:-

(a) The need to prevent the system from deviating from currently desirable state:-

(b) The need to seek to improve upon the currently desirable state and

(c) The need to improve upon the currently undesirable state.

In conclusions, there is therefore no stage or time in the life of an organization when planning ceases.

(b) **Organizing:-**

The process by which the structure and allocation of jobs are determined. The activities within organization include:- Identification and grouping of work, establishment of relationships taking into consideration organizational principles such as

(i) Unity of command

(ii) Limited span of control

(iii) Delegation of responsibility and authority and

(iv) Homogenous assignment.

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After the general and specific objectives have been determined through planning, the next logical step in the management process is to organize the activities of the organization in order to implement the plan, and ultimately attain it's objectives. Organizing takes the form of grouping activities harmoniously and assigning them to appropriate departments: (Koontz and O'Donnel 1978) for the purpose of this study, organizing or organization implies a formalized, intentional structure of roles or positions, designed to facilitate efficient financial management and for the purpose of attaining the goals of the institutions or universities.

(i) Organizational Structure:

The development of sound structure generally has a high priority in the thinking of managers or executives, because, according to Albers (1974:63).

> "The management hierarchy ranks and relates positions from down and from down-up. It represents simultaneously, a decentralization and centralizing of decision making. Decisional responsibilities are decentralized in the sense that they are dispersed among whatever number of executives is necessary to do the job. The ranking of executives in a hierarchy provided, a means for coordinating management action".

Centralization and decentralization, which describe the manner in which decision making responsibilities are divided among executives at different hierarchical levels are, therefore, source of the management procedures adequately catered for through organizing. As Albers 1974 observed; complete centralization which is the concentration of all decision – making at the apex of the --- management hierarchy is as absural as complete decentralization or the delegation of all decision – making function to the

lowest level of the hierarchy. The question now, then, is whether or not decentralization or centralization should take place: rather, it is a matter of finding the proper balance between these mutually dependent forces. Delegation becomes necessary when the workload of the executive position exceeds the physical and psychological capacity of the executive. However, It should be noted that while the delegation process reduces the executives workload, it adds to his work load by increasing the number of his subordinates and therefore, his supervisory responsibilities; the authority or power to carry it out and the obligation for accountability for failure to perform the task so assigned. (Davar 1980).

(ii) **Staffing:**

Staffing is more commonly referred to as line and staff in most management literatures. Line and staff relationships are important as an organizational way of life because they define the authority relationships of members of the organization. Writers like Hicks and Gullet (1976) and Koontz and O'Donnel (1978) have tried to draw a distinction between line functions and staff functions in organizations and also to categorize staff according to line and staff groupings. According to them, line and staff denote different function within the organization and that "line staff are those who have direct responsibility for the accomplishment of the objectives of the enterprise or organization. Hicks and Gullet (1976 (3328 – 329) staff, on the other hand are "three elements of the organization that help the line to work most effectively in accomplishing the primary objective of the enterprise" (Koontz and O'Donnel 1978:219). The nature of line authority therefore, becomes apparent from the scalar principle, as being that relationship in which a superior exercises direct supervision over a subordinate.

The basic question about staffing of organizations is therefore, that of availability of staff of various categories insufficient numbers and in the right mix. Collier (1962) has advised that in recruiting and employing staff, such desirable managerial skills as decision making, communication, leadership, organizational, and social skills should always be considered.

(iii) **Committees:**

Committees are also products of organizing. According to Hick and Gullet (1976:332) "A committee is a group of people who meet by plan to discuss or make decision for a particular subject: It is a group of people appointed and charged with the performance of some defined aspect of managerial function. Thus defined committee, in this sense, differs from those group which occur spontaneously or informally, within formal organizations usually owing to the quest to meet the felt needs of subordinate, which the formal organization has failed to address.

(c) **Directing:**

This is the process by which actual performance of subordinates is guided towards common goals. Supervising one aspect of this function at lower levels where physical overseeing of work is possible. This involves effective utilization of executive ability using the rule of the exception, co-ordinations of the different activities of the organizations. Other aspects of directing include securing the co-operation of all personnel with the used of:

(i) **Adequate Communication**; the process by which information is transmitted to others for the purpose of effecting desired result. In giving orders through communication, Douglas McGregor recommends that as far as possible, only objectives should be permitted freedom to exercise

self direction and self control (Mcgregor 1960:5). The position taken by Mcgregor suggest management by objectives (MBO) approach to the running of organization.

The point must be made that the giving or communication of order to subordinate, should entail two things, given the correct order to the correct. Personnel at the correct time, situation and words and the willingness of the subordinate to execute the order or instruction. (Davis 1951) has summarized the characteristics of a good directive, order or instruction that make subordinate to willingly accept and execute according to plan. These include.

(i) The order should be in accordance with the demands of the situation. An order which fits into the demands of the situation is more likely to accepted by subordinates, because they then see themselves as being ordered by the situation rather than by the arbitrary decision of their superior.

(ii) Wherever possible, the reason for the order should be indicated; explaining the reason, makes the subordinate to appreciate the need for the command or order.

(iii) The order should be brief and clear. Enough information should, however be given to the subordinate to ensure that the order is understood.

(iv) Suggestion is more powerful than command depending on the subordinates generally, a suggestion is likely to stimulate better acceptance than an outright command.

(d) **Leadership:**

There is a strong relationship between directing and leading. According to Stogdill (1950:14) and Greenfield and Andrew (1961) "leadership is the

process of influencing group activity toward goal achievement "It is an input into an organization which improves interpersonal influences as one initiates structures and acts that result in a consistent pattern of group interaction aimed productivity and individual fulfillment. Leadership therefore, concerns "the relationship in which one person or the leader, influences others to work together willingly on related tasks to attain that which the leader desires" (Terry 1968:45). Good leadership, which can guide others or their activities towards a predetermined objectives or goals is indispensable to the success of the organization.

In order to be able to lead others, the leader must not only be knowledgeable and experienced in his area of specification and operation he must also be emotionally stable; be able to look at issues objectively; communicate clearly: have good human relations: the ability to develop and inspire others: social skills that enable him to understand people and know their strengths and weaknesses and he must, himself be highly motivated and enthusiastic to get the job done (Terry 1968). A weak and corrupt leadership can, therefore, never be relied upon to achieve the goals of the organizations.

(c) **Motivation:**

Motivation:- this is the means by which employees are inspired to work to effectively achieve the objectives of the organization. Motivation is the driving force which carries out the plans of management through group enthusiasm. Human being are motivated to work not because of money alone, but also through non financial incentives such as: state of human relation in the forum, the quality of leadership, and the attitude of management towards the employees as manifested by it's personnel and programmes.

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(f) **Good Personnel Management:**

This refers to the handling, directing, and controlling of individual employees as group. It deals with individual relationships, including employee problems with management. It covers the acquisition and retention of competent employees through proper recruitment, selection, placement, utilization and development.

(i) **Decision Making:-**

Decision – making permeates all levels and types of organizational structures and activities. From the planning through the implementation and on to the evaluation stages of the organizational plans and programmes, decisions constitute the basis for actions. Decision – making is therefore, very important in the operations of organizations (Pendlebury 1990).

A decision has been defined by (Davar 1980:37) as the selection, based on some criteria, of one behaviour alternative from two or more possible alternatives" etc.

Budget:

The word Budget has been defined in the terminology of cost Accounting of the Institute of Cost and Management Accountants as:

"A financial and/or quantitative statement prepared prior to a defined period of time, of the policy to be pursued during that period for the purpose of attaining a given objective".

Viewed in thro-way, the concept of Budget is strategic in nature. In the words of John Gibbs "A budget is the expression in financial and quantitative terms of a business plan for a defined period of time".

From the foregoing we may say budget is a detailed commitment to a plan of action, it differs from forecast which is merely an assessment of future events which are likely to occur if no positive planning action is taken. Forecast, however, argues John Gibbs, "Are a necessary preliminary to budget preparation. It is only when the existing trends have been extrapolated and modified to take account of changed conditions that it becomes possible to take decision about the actions necessary to alter the forecast results and to establish a budget plan.

From the angle of public finance, it may interest the reader to know how the term Budget came to being. Historically, the word referred to a leather puch, Wallet, Bag or purse. According to Jesse Burkhead, the term was used in Britain to describe the leather bag in which the Chancellor or Exchequer (The Minister of Finance) carried to parliament, the statement of Government needs and resources. With the passage of time, the budget came to refer to the statement within the bag rather than the bag itself.

The public finance experts have in their perception what "Budget" entails. To the Municipal Finance Officers Association of the U.S.A. Budget by their definition, "is a comprehensive plan, expressed in financial terms, by which an operating programme if effective for a given period of time which includes estimated of:

(a) The services, activities and projects comprising programme.
(b) The resultant expenditure requirements and
(c) The resources usable for their support.

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BUDGETING PROCESS:

Budgeting process consists of:-

(i) Budget preparation/formulation
(ii) Budget approval or authorization
(iii) Budget implementation/monitoring
(iv) Budget implementation/quarterly and annual report.

The main agencies involved with Budgeting process include the Federal Ministry of Finance (FMF), the office of the Accountant General of the Federation (AGF), the National Planning Commission (NPC), the presidency, the office of the Auditor-General of the Federation (AUGF), and many inter-ministerial committee including Presidential Advisory Committee (PAC) and National Economic Intelligence Committee (NETC). The 1976 Revised Financial Regulations, selected portions of the 1979 constitution and the National Planning Commission. Decree of 1992 constitute the main regulations governing the budgeting process in Nigeria.

BUDGET PREPARATION/FORMULATION:

Budget formulation commences with the issuance of call circulars by the FMF and the MPC. In August to each of the ministries soliciting for their detailed request for funding in the next year. In case of Local Government the budget department in collaboration with the local area – Budget committee will issue the circular to the various departments to send in their detailed request of fund against the coming year. The call circular contains guidelines on Government programmes and projects that need to be given priority by all Government agencies. It also spells out the ceilings or control figure for recurrent and capital expenditure and revenue target for each Government Agency. The extent to which each ministry/department adheres to the guidelines in the call circular determines whether their estimates proposals would be approved without modification or not.

Budget Approval:

Debated and negotiations between the ministries/department, the FMF and the NPC take place in October to determine the preliminary recurrent and capital allocations for the next year. The final proposals are vetted through the ministerial Budget committee which include, Director – General from the FMF. Budget Department, the AGF; the NPC, the Central Bank of Nigeria (CBN) and the presidency.

Institutions involved at this stage of Budgeting include:-

(i) The FMF Budget Department which handles the approved Budget.

(ii) The FMF Foreign Exchange and trade relations.

(iii) The FMF External Finance Department prepares and monitors the external borrowing programme of the FGN.

(iv) The NPC take care of the 3 – year national rolling plan for capital expenditure.

(v) The office is the establishment sets periodic targets for the size and distribution of the civil service.

The approval Budget is made of three parts:-

(i) Revenue arranged by type;
(ii) Recurrent allocation, arranged by ministry
(iii) Capital expenditures arranged by sector.

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In addition to the annual national rolling plan containing a rolling three year capital investment plan on a project basis within each sector, it (rolling plan) also provides detailed description of the broad policies of the FGN on a macro-economic and on a sector by sector basis. Ordinarily, the total allocations within the willing plan should match those of the budget. But in practice, except in 1993, it rarely happens. The foreign exchange budget controls the allocation to each level or Government, as well as the public enterprises or organization, for transactions other than the import of goods by the ministries. These allocation are a subset of the total allocation shown in the approved budget, since the budget excludes drawing on external loans and from the dedicated oil accounts.

Subsequently, the final budget allocation proposal, are presented to the cabinet and then to the Armed Forces provisional ruling council for review in consonance with a macro – economic framework form the NPC and proposal for foreign exchange and monetary policy from the CBN. Or review by joint house of senate and that representative during political or democratic dispensation. The total package is thereafter brought forward to the office of the president for approval in December and announced in the form of Budget speech, often in early January.

The final expenditure vote allocation are subsequently used as the basis for a system of quarterly warrants authority to incure – expenditure by budget head and sub-head. The line ministry officers for each sub-head authorize expenditures while the tenders board approve contracts.

BUDGET IMPLEMENTATION/MONITORING:

This covers the operational and implementional stages of the budget. At this stage, every Government department pursues with vigour the targets set in terms of revenue generation and request for funds to meet their recurrent and capital expenditures.

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Within the ministry the finance and supplies (F & S) Departments monitor the implementation of the budget by keeping monthly transcripts of all receipts and expenditures. The (F & S) Departments later reconcile these – transcripts with their month bank balances and then forward the results to the AGF. The date or breaches of authority to incure expenditure are provided by the AGF staff. They (AGF staff) also provide reports to the FMF Budget office, the AUGF, the NPC and the presidency. The final results for the entire year are sent to the AUGF by the AGP? After further necessary reviews of data, the AUGF prepares an Annual report on the final accounts of the FGN which is later reviewed by the public Accounts committee. The same system applied to Local Government tier of the Government in Nigeria.

QUARTERLY/ANNUAL REPORTS/BUDGET ACCOUNT:

The economic and finance committee which is made up of the cabinet level officers drawn from the presidency, FMF, NPC, CBN and other key ministries conducts a mid year review, on behalf of the FGN in July. This is the phase of the budget process which brings the public into the picture of Governmental activities.

The review is made with a view to improving the implementation of the budget by making suggestions on ways and means of improving on the level of performance. For instance in 1993 the FGN tried to realign expenditures by not issuing the usual fourth quarter capital warrant. The quarterly warrants empower the AGF to direct the CBN to provide "cash backing" to each ministry. This is possible by depositing funds into the CBN accounts for each ministry; one for their recurrent allocation and one for their capital allocation. While overdraft are not allowed on these accounts, unspent funds, must be returned to the treasury at the close of each year. For any extra-funding, special application is made to the ministry of finance for an advance against the next quarterly warrant or an allocation from the contingency fund by means of warrants usually referred to as

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"Authority to Incure Expenditure" or AIE's. In the event of (stw) insufficiency, the ministers often turn to the presidency for non-warranted mandates directing the AGF to release funds or for access to the stabilization or dedicated oil accounts (or first changes on federally collected revenues from 1995).

It is important to note that under a democratic arrangement, the classic separation of power between the legislature, executive and judiciary and the concomitant checks and balances influence the budgeting process. While the executives function is to draw up spending – estimates and proposals, the legislature gives approval. Through legislative argument, Government finances are put under the scrutiny of representatives of the people. The executive, through it's bureaucratic arm, executive policies while problem associated with budget implementation are sorted out through normal bureaucratic channels. It could therefore be argued that all the arms of Government reserves respectively, some control authority over expenditure and public financial management subject to constitutional limits.

Some argue, however that, the framework which governs the budgetary process under the democratic regimes, applies under military Governments. Base on the 1979 constitution of (Nigeria). The budgeting process is subject to the exercise of the following political authorities:-

(i) Section 5 (1) vests all executive powers in the president, subject to any laws made by the National Assembly.

(ii) Section 75 (1) requires the president to prepare estimate of the revenues and expenditures of the federation for next year and present it before the National Assembly.

(iii) Section 75 (2) provides for estimates to be contained in an appropriate bill.

(iv) Section 74 (4) stipulates no money shall be withdrawn from the consolidated revenue fund or any other public fund of the federation except in the manner prescribed by the National Assembly.

(v) Section 79 – 81 provide for the appointment of an Auditor – General and for the public Accounts Committee, the Auditor – General for the Federation by the president or Head of State subject to the recommendation of the candidate by the Federal Civil Service Commission and the ratification of the senate.

Any difference in the budgetary process between the democratic arrangement and military regimes can situated semantics details.

POWER AND INFLUENCES ON THE BUDGET PROCESS:

It is expected that the budgeting process would attempt to attain a "balance of power among competing interest groups, especially business, labour and agriculture" implied there from is that the goal of policy is unlikely to be achieved without the backing of some of the major actors in the economy.

Some organized interest have more access to Government than the others. Others may have contacts in one ministries or departments. Some interest groups may derive their advantage in belonging to same school of thought, with key Government thinkers. In addition, the major participants in the budget – making process (The National Planning Commission, Finance Ministry, Presidential Advisory Committee, National Economic Intelligence Committee, The Federal Executive Council and the Provisional Ruling Council. Undoubtedly have varying constituencies and policy preferences. There cannot therefore but be scheming, politics and trade-offs in the Budgeting.

Implied from the above, is that without strong intellectual and strict management co-ordination, the vision of policy and the development objectives could be cast on the budget. For instance, the National Budgets in the year between 1986 – 1991, were strongly influenced by the vision document (The Structural Adjustment Programmes 1986 -- 1988:- The Original Document) In effect the basic assumptions of this original document constituted a source of strong influence on the budgeting process in those years.

Other factors limitating against budget process include:-

POOR DATABASE:

As a consequence of the short deadline given to various ministries/ departments to submit returns on budget, it's preparation is done in a haste, thus providing sometimes dubious data. Manpower, due essentially to poor remuneration in the public sector which in turn forces technocrats (accountants, auditors, statisticians economists etc.) to seek employment in the private sector, there is a dearth of competent and experienced planners and budget experts.

LACK OF ADEQUATE MONITORING/COMMITMENT:

In terms of quantity and quality, most monitoring units ministries/agencies are understated. In addition, necessary facilities and equipment (such as vehicles and running costs are not made available, thus creating room for some variance in actual budget performance vis-à-vis projected estimates.

Job insecurity occasioned by threats of retrenchment by various Government, and delay in the payment of salaries etc have affected the morale of staff, which in turn affects budget implementation.

SUGGESTION FOR IMPROVEMENT:

Various Government in the country should endeavour to recruit qualified and experienced professionals with a view to strengthening it's various budgets departments. Members of the private sector and budgets departments. Members of the private sector and budget consultants, may also be involved in the articulation of policies and objectives; for enhanced efficiency, economy and effectiveness in the formulation, execution and control of Government budgets.

As regards the problem of weak and poor database, the Government should recruit more statisticians and ensure the training of staff and acquisition of computers.

BUDGET FORMULATION REFORMS:

Every member of staff that will be responsible for the implementation of a budget should as much as possible be involved in it's formulation. Besides the direction of the Budget being made 'bottom up', it's formulation should be made flexible and less rigid.

There is also the need for Government to set in motion, a "budget review committee" that would look into the operations of the Government, the budget concepts and procedures. This will reveal, among others, the main need of Government and ensure the adoption of a realistic system that is in consonance with available resources.

CONCLUSION

Better management of public spending and investment programming is central to the structure of the budget and the process by which it is prepared, implemented and monitored. Besides, the budgeting process involves the aggregation of numerous conflicting demands and reconciliation of competing priorities in real and opportunity costs sense of economies. This is not to ignore the analytic framework of decision – making involving input – output and feedback networks'

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CHAPTER THREE

3.1 SOURCES OF LOCAL GOVERNMENT REVENUE

The traces of Local Government revenue or finance may not be far fetch, but as usual the Local Government finance or revenue source suffered a lot of difficulties due to changing Government policies and programmes. This is true when we refer ourselves back to a paper presented by one Joshua Gambo Garba of Kaduna State Board of Internal Revenue in 1997, at a workshop entiile "1998 Budget strategies for Maximizing Revenue Generation in Local Government". The near collapse of our national economy in recent time created serious financial stress for all tiers of Government. Particularly hardest hit were the states all of whom experienced palpable reduction in their share of the revenue from the Federation Account. As if deliberately increase the financial burden of the states, the Federal Government increased remuneration of civil servant by a significant percentage. This, coupled with ever increasing inflationary trend, further astronomically increased the cost of services and other infrastructural facilities that can be provided by the Government. Because of this, both states and Local Government were left to operate from hand to mouth - barely getting just enough from the Federation Account to pay the salaries of civil servant. Given this situation, the question of new projects (or even paying for already executed) capital projects because an illusion for both Governments. It is this scenario that led both Governments into the adoption of various revenue generation techniques and the quest to invent other new sources as a matter of expediency and logic".

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To reinforce their quest for these sources the Head of State then, General Sani Abacha for the second consecutive time in his budget broadcasts, directed that both states and Local Government should look into possibilities of enhancing their revenue positions via efficient taxation rather than, relying on revenue

accruing to them from the Federation Account. The need to comply with this directive is the prime motive behind the workshop we are attending today.

Though taxes may not be the only source of Local Government internally generated revenue, the fact that they constitute the most important source that is directly under the control of the Local Government, makes it necessary that more attention be given to them in this discussion. Accordingly, therefore, the discussion of the will take into consideration the following:-

(1) Local Government:- Definition and responsibilities.
(2) Local Government:- Their powers and sources of revenue.
(3) Taxation as sources of revenue, it's origin, development and significance to Local Government.
(4) The quest for the introduction of new taxes factors to consider.
(5) Observations, recommendations and conclusions.

3.1 LOCAL GOVERNMENT – DEFINITION AND RESPONSIBILITIES

In the Nigerian context, Local Government, by definition, is the third and last tier of Government after the federal and state Governments respectively. It is the Government that is nearest to the people and which is vested with the responsibility of direct administration and development of the area under it's jurisdiction, socio-economically, politically and otherwise. Accordingly, therefore, one would be right to conclude that this political configuration places enormous responsibilities on the shoulders of the Local Governments than it does on any other tier of Government in the federation.

Though the fourth schedule of the 1979 constitution has spelt out the detail responsibilities of the Local Governments, it suffices to mention that some of them include:-

(a) Economic planning and development of the area as already indicated above.

(b) Collection of rates and the provision of radio and television licences.

(c) Establishment and regulations of markets, motor parks and public conveniences.

(d) Provisions of infrastructures/social amenities e.g. roads, drainages, water, dispensaries etc.

(e) Payment of staff salaries and other overhead costs etc.

But against the background of this enormous responsibilities, what are the powers of the Local Governments and what really are their source of revenue or finance. This is what will constitute our subject of next discussion.

3.2 LOCAL GOVERNMENT: THEIR POWERS AND SOURCES OF REVENUE

The current constitutional position as regards Local Government powers on revenue matters and particularly taxation, under the 1979 constitution, is that Local Government have no powers of taxation as such. The powers of Local Governments for the imposition of rates and dues are powers exercisable pursuant to an enabling law passed by the state Assembly or the Military Administrator of a State. Therefore, Local Government, in the discharge of their statutory responsibilities as enumerated on the fourth schedule of the 1979 constitution can only make bye – laws.

However, from the memoranda received by the Joint Tax Board for the purpose of harmonization were found subjecting corporate bodies to tax e.g. Development Tax whereas such bodies are liable to tax under companies Income Tax Act

(see Appendix 11.) what exactly constitute the explanation behind this phenomenon could it be greed or could the Local Government be stocking financially.

Only a cursory examination of their sources of revenue will explain. As expected, the financial provision, made for the Local Government by our 1979 constitution are:-

(i) Statutory Allocation from the Federation Account 20%.
(ii) State Internally Generated Revenue – (See Appendix 1 for sources).
(iii) Local Government Internally Generated Revenue (See Appendix 1, for sources).
(iv) Loans/Grants and
(v) Miscellaneous sources.

As could be seen, among the various sources at the disposal of the Local Government, the internally generated revenue, given the fact that, it is the only source that is directly under the control of the Local Governments. However, like the adage says from whom much is required, much should be given, considering the enormity of the responsibilities vested on them one would expect financial provision for Local Governments internally generated sources of revenue to be better than what they are; instead, most of them are either economically unviable cannot be exploited-because the local Government lack the infrastructure for their exploitation.

It is the scenario, that probably explains the phenomenon behind the connection of all sorts of taxes and levies by the Local Government and their encroachment into areas regarded as belonging to the states. But by and large, what really is tax and what the mystery of it's significance as to make it such an important issue in Government. These are the questions to be considered by the next topic.

3.3 TAXATION AS A SOURCE OF REVENUE

It's origin development and significance to Local Government.

3.1 **TAX DEFINED:-** Tax as sure as death. Regardless of any controversy, it must be paid -- whether consciously or unconsciously and whether directly or indirectly. "The primary purpose of taxation is to raise revenue to defray the cost of Government" while Hugh Dalton, in his classical work, principles of finance perceive taxation as "a compulsory contribution imposed by a public authority (on persons -personal and or corporate hereinafter known as tax payers) irrespective of the exact amount of service rendered to the tax payers in return and not imposed as penalty for offence", summerfield, Hershal and Prock, in their book introduction to taxation, view it as "any non-penal, yet compulsory transfer (of money) from private to the public sector, levied on the basis of predetermined criteria and without receipt of specific benefit of equal value in order to accomplish some of a action's economic and social objectives" Tax therefore, is neither an exaction or an ad-hoc levy; unlike them both taxation.

(i) Is a regular payment to the state in return for services received by the tax payer regardless of whether or not their quantity is commensurate with the amount of tax paid.

(ii) Is manned by trained personnel whose duty is to see to it's efficient administration.

(iii) Is predicated on stringent principles of accountability and

(iv) Is guided by a code of ethics.

3.4 RATIONALE FOR TAXATION

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The moral authority for Government to levy and collect taxes rests on the fact that Government is for the good of all. Every one therefore, has a duty to contribute to the cost of discharging the function's of Government. Apart from

revenue considerations, taxation constitutes a major fiscal policy tool used by Government to maintain equilibrium and stability in the economy. Among other things, it could be an effective instrument for influencing the level of output, aggregate demand, investment, savings and the price – level. It could also be used as an instrument for the management of socio – economic variables such as income redistribution, protection of infant. Industries and the prevention of dumping and obnoxious consumption.

3.5 THE ORIGIN OF TAX

Though it is difficult to say, with finality, when and where taxation began. Without prejudice to the paucity of information on the subject, a brief exploration of ***** religious, ancient and contemporary historical references, ancient and contemporary historical references will shade some light on the issue.

(i) **HISTORICAL PERSPECTIVE:-** Historically, the Egyptian Pharaoh is said to have been reliant on free labour (Israelites) and regular levies exacted from the produce of his son, to Administer his Government. In Persia, taxes were paid in kind, while money was paid in Syria. The Roman Empire on the other hand, relied on heavy taxation to feed the Roman Soldiers. Characteristically however, while the payment of tax was a matter of compulsion in other parts of the world, in Athens, there were cases of voluntary compliance by the rich to show their patriotism in terms of war. Similarly, France is known for taxation by the crown, the church and feudal lords.

In Britain, contemporary, numerous cases of taxation abound. Some of the constitutional and legal references to them include:-

- The Magna Carta (1215AD) which prohibited the subjection of merchant to unfair taxation.

- Petition of Right (1628AD); which contained protests against taxation without parliamentary consent.

- The Bill of Rights (1688AD); prohibited the levying of money for the use of the crown without consent.

- These instances finally faved the way for the formal introduction of income tax (1790's AD) for the payment of wars against France. It was intended to last for a year but renewed till (1816) when it was abolished at the end of the Napoleonic – wars and reintroduced again in 1842. It was the realization that Government prompted our British colonial masters to introduce it to Nigeria.

(ii) **DEVELOPMENT OF TAXATION IN NIGERIA:-** Before the coming of the British, various taxes were administered by various community – rulers. In the North, Zakat, which is recommended and commanded by Allah in His Holy Qur'an was payable by Muslims, while traditionally Jangali, a cattle tax, was also being paid by cattle owners.

In the South, tributes were collected by various rulers animal levies and at festivals. There were special levies, fees, fines, presents and death duties that were in collection, while in Yoruba land, Isakole which is tax on law, was also being collected by family heads.

With this machinery already in place, all the colonial masters needed to do was to implement their tax – policies indirectly through the traditional rulers of the various communities. They were successful in doing so in the North, but met pockets and problems in the South when they attempted, after the amalgamation of Northern and Southern Protectorates in 1914, e.g. the Aba women riot 1929.

(iii) **TAX AND IT'S SIGNIFANCE TO THE LOCAL GOVERNMENT:-** The significance of taxation to Local Government can not be over-emphasized more so when it is the only source that is directly under the control of the Local Governments. Inter-alia, some of the taxes that yield a lot of revenue to the Local Government include:-

(a) **PERSONAL TAX:**

This constituted the largest source of internal revenue not only for the states but for Local Government in the past. From 1952 to 1973, personal and cattle tax constituted between 58% to 89% of the internal revenue of the councils other than the former Lagos state municipal councils.

(b) **PROPERTY TENEMENT RATES:**

In Kaduna State, property tenement rate edict No. 7 of 1987 empowered Local Government councils in the state to charge and collect property and Tenement Rates to widen their revenue bases. By about 1990 Property and Tenement rates became important source of revenue to Local Governments. An extract from 1990/91 ASCON Local Government Survey finding on tenement rates collection, and it's contribution towards yielding revenue to the Local Government is as follows.

3.7

LOCAL GOVT.	STATE	AMOUNT GENERATED INTERNALLY 1990	% CONTRIBUTION BY TENEMENTS RATES YIELD GLEMENT
Eti – Osa	Lagos	34.50	71% (34.5m)
Ikorodu	Lagos	4.0	33% (1.33m)
Sokoto	Sokoto	0.25	Not applicable
Gusau	Sokoto	0.45	Not applicable
Owerri	Imo	3.6	33% (1.3m)

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The data revealed the important contribution of tenement rates as revenue source for Local Governments in states where it is collected. Tenement rates have advantage of being visible, predictable and consistent source of internally generated revenue. It could also be managed successfully with little satisfaction provided management is committed to it.

(c) **LIQUOR LICENCE, FEES AND FINES:**

These constitute another source of revenue to the Local Government derived from regulator of economics and social activities. Since 1962 to date this has continued to provide between 4 – 15% of the Internal Revenue of Local Governments in the country. In Kaduna State, section 66 of the Local Government Edict, clearly spelt out these activities and services. Local Government councils can also enact by-laws to control commercial ventures in their areas of jurisdiction. This has been done by Sabon Gari Local Government as per KD.S Legal Notice No. 1 of 1995 the Local Government Law Sabon Gari Local Government (operation of commercial venture control) by laws 1995. There is also the Kaduna South Local Government Council (Liquor) Bye-laws 1994.

(d) **RADIO AND TELEVISION LICENCES:**

As far back as 1987, the Federal Government gave up the collection of radio and television licences to the Local Governments in the country, on the recommendation of the September, 1979 National Conference of the Local Governments held at University of Ife.

(e) **REVENUE FROM COMMERCIAL UNDERTAKING:**

These include; markets, motor parks, shop and shopping centres, cattle market, Abattoirs/slaughter house, proceeds from sales of consumer goods, transport services and industrial undertakings.

However, the Nigeria Local Government reforms reveal that the Urban Local Government have an edge over the rural Local Government in this respect because the facilities attract higher fees or rent in the urban commercial centres than in rural areas.

Subject to the provision of the laws, Local Governments are empowered to review rates chargeable from time to time. The 14 Local Governments in the defunct Kaduna State enacted bye-laws to back up the increase in rates chargeable in 1984. This can be found in the annual volume of the laws of Kaduna State of Nigeria 1985.

(f) **RENT ON LOCAL GOVERNMENT PROPERTY:**

This is another important source of Revenue to the Local Governments. It includes rent on Local Government quarters. However, apart from the above, there are many other forms of revenue being collected by Local Governments in the name of tax, some of which constitute very unfair impositions, the reasons for which this research was unable to establish (see Appendix 11). However, whatever the reasons for these impositions may be, they certainly will not be unconnected with the acute shortage of funds staring at the Local Governments and indeed every Governments must realize that taxation is a sensitive issue. Like a dangerous weapon, it must be handled and used with great care. The quest to gravity and a various need for financing should not lend itself to the introduction of obnoxious taxes that have the capacity of killing the goose that lays the golden eggs. Rather, this should be done only after the prospective tax passes the litmus test. What constitute the litmus test is the subject of our next discussion.

In any case, a tax imposing to succeed the following factors need to be taken into consideration.

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(i) The existence of a predominantly money economy.

(ii) A high standard of literacy among tax payers.

(iii) The prevalence of accounting records honestly and reliably maintained.

(iv) A large degree of voluntary compliance on the part of the tax payers.

(v) The absence of an upper income group with enough political power block tax measure deemed inimical to it's position.

(vi) An honest and efficient administration.

It is clear enough, that the totality of this conditions will only be found in countries with advanced structures. This could lead to the conclusion that only in such places can taxes be operated successfully. But it is conceded that "success" is a relative concept, then Nigeria, particularly Northern Nigeria, which has a special place in the history of the evolution of systems of direct taxation on Africans, is an environment that meets the above condition and hence feasible for the introduction and administration of any tax, weighed against the above condition.

3.8 In addition to the internally generated revenue by the various Local Government in Nigeria. It is also as their entitlement from the Federal Government to receive their share from the federation account; according the formula agreed upon by the Federal Government. Though the formula as said earlier, in this chapter is subject to changes by the Federal Government. The changes may be in favour of the last tier of Government as in the case of Babangida regime or to their disadvantage in the case of Sani Abacha's regime.

The balance of oil revenue plus the projected revenue from corporate Tax, Tariffs, Excise Duties, and VAT, all after deduction are passed on to the Federation Account for distribution to the three tiers of Government or in accordance with the current revenue. Allocation formula. The Federation Account is shared in order of 48.5%, 24% and 20% for the Federal State and Local Government councils respectively. The remaining balance of 7.5% is shared

between ecological fund (2.0%) Federal Capital Territory (1.0%) mineral producing areas (3.0%) activator and stabilization (0.5%) etc.

Therefore the Local Government from the Federal Government through Federation Account Receive their share of (20%) from the Federal Government known as a grant.

That is to say the total revenue of each Local Government in Nigeria's is equal to the total amount of revenue generated internally and other sources such as loans and advances, special gift by N.G.O's and other source, plus the federal grant is equal to the amount or total fund received by the local council in a year, which is also equals to total revenue accrued to the local and Government or which is equal to it's total expenditure a year.

3.9 CAPITAL EXPENDITURE BUDGETING

All alone we have been discussing about budget in general, we shall at this juncture discuss the specific, that is "capital expenditure budgeting".

1. Capital expenditure differs from day to day "revenue" expenditure because.

(a) They often involve a bigger outlay of money.

(b) The benefits will accrue over a long period of time, usually well over one year and often much long.

3.10 BUDGETING

As said earlier, a budget is a plan quantified in monetary terms, prepared and approved prior to a defined period of time, usually showing planned income to be generated and/or expenditure to be incured during that period and the capital to be employed to attain a given objective.

BUDGETING PROCESS, PREPARATION

(a) The budget process begins with the issuing of budget guideline/timetable by the chief finance executive. A budget guidelines consist of analysis of prevailing economic circumstance, which has significant impact on the budget and may include.

- Exchange rates
- Banks interest rates
- Revenue allocation formula
- Monetary policies
- Taxation – charges and rates
- Other Government policies.

(b) The budget timetable would set out dates for others, release of budget guidelines, budget preparation, defense and approval. It may also stipulate time intervals at which analysis/review be carried out.

(1) THE PROJECT CYCLE:

Religions, education, health care, Governmental and other non-profit organization face a variety of capital budgeting decisions. Examples include investments in building, equipment, weapons systems and research programme. One theory is certain: capital is not cost free. Thus, even when no revenue is valued, organization try to choose projects with the least cost for any given set of objectives.

It should be noted that the stages under which a project should be analyzed would depend on the type of project being considered and the environment in which it is considered.

3.12 THE DESIGN OR IDEA STAGE

This initial stage consists of evaluating the environment and the prevailing variables e.g. price, consumer demand, income level, level of technology etc. This stage basically considers activities concerned with surveying, reviewing and inventorizing existing data and information as a prelude to and planning of the data analysis that is necessary for conducting studies related to the project idea.

Having considered the various variables, the planner then rejects and accepts alternatives based on careful analysis.

(2) **IDENTIFICATION:**

This stage involves the selection of projects of high priority based on the stated objectives and strategies.

The identification/selection would be based on the analysis carried out at the idea stage. The identification decision will consider such factors as: The means of overcoming their constraints and estimation of the projects.

This stage provides some justification for committing resources to detailed feasibility study.

3.13 PREPARATION

This stage involves the examination of certain constraints built around the technical institutional, economic, financial, educational and social/religions aspects of the proposed project.

At this stage, further attempt is made to investigate identified constraints and how they can be removed and the possible incentives and other facilities that can be provided to stimulate higher productivity and improve welfare.

Prospective lenders or those to give support, provide guidelines and indicate or make financial obtainable assistance from other sources.

If the appraisal stage involves a detailed, comprehensive and systematic review of all aspects of the proposed project covering the possible constraints already identified at the preparatory stage which include, technical, economic institutional, financial, educational social/religions and managerial aspects.

The technical aspects includes type of technology to be used location of the project, scale of operations, engineering design, and environmental issues.

Financial aspects includes: fund requirements, the financial situation of the implementing agency and the project beneficiaries, cash flows financial management capability, autonomy of the implementing body.

Institutional aspects include organization, management and administrative arrangements and inter-relationship for project execution.

The appraisal seeks to determine whether or not the proposed project should be accepted and implemented or rejected.

This stage determines how the proposed project could be constructed and implemented.

3.14 NEGOTIATION

This stage involves discussions with the lender(s) or provider(s) of funds or assistance on the measure needed to ensure success for the project. The agreements reached at this stage are further embodied in the loan – agreement.

The proposed project is then presented to the policy makers or planners for approval. After the necessary approval, the loan agreement is signed and the proposed project goes into implementation.

3.15 IMPLEMENTATION AND SUPER VISION

Project implementation can be viewed as the development and construction activities which take place before a project becomes fully operational.

The project development phase ends when the implementation phase is complete and normal everyday operation begin.

At this stage.

- The owner of the project becomes responsible for thinking out and knowing how to make the project work successfully.

- The lender (of the funds) becomes responsible for supervision, and implementation through the preparation of progress report on the project and periodic field visit. Necessary documents needed to be lodged with various agencies are submitted at this stage.

  In the process of supervision and monitoring the following should be examined.

- Any variance between the budgets and actual expenditures and shortfalls in the physical aspect of implementation.
- Whether the budget and targets were realistic in the first place and whether circumstances had changed, which could not reasonable foreseen.
- Causes of slow progress or delays.
- Remedies to bottlenecks and delays to the implementation.

These are some of the process involve in evolving a viable budget or capital budgeting in any organization of particular reference the Local Government, as a third tier of Government, who engages in the preparation implementation and execution of capital projects.

3.16 SIGNIFICANCE OF BUDGET

REASONS FOR PUBLIC BUDGET:

The budget is a financial statement or plan which provides the basis for expenditure decision making and subsequent control of expenditure. It is simply a statement of expected income receipts and expenditures over a period. At the level of the national Government, the budget is a financial plan which states anticipated receipts and spending, over a defined period usually the fiscal year. Government budgeting is essentially an exercise in the planning of Government revenues and expenditure (Olaloku 1994). The product of the exercise is the budget document which spells out the anticipated revenues and expenditures of the Government for the fiscal year. The budget is the key instrument by which Government authorizes the collection and use of public funds for specific public purposes. Budgets are prepared and implemented for two major reasons.

(a) The fundamental economic problem is that resources are limited in relation to unlimited wants. This problem confronts the individual, the firm and the Government. Budgeting is a direct derivative of this problem of scarcity. The public budget is the Government's counterpart of the individuals scale of preference, a listing of wants in their order or priority. While the national plan foreshadows the desired state of the economy over the plan period, the budget is used in mobilizing available resources and allocating them according to priority needs.

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(b) The budget is also a means of fostering accountability in the collection and use of public funds. The budget cycle has such essential stages as preparation and submission authorization, execution and audit. The last stage entails monitoring and evaluation to ensure that funds collected and appropriated are utilized for the purposes originally specified for collecting them. The authorization stages entails subjecting the estimates to scrutiny in order to ensure that the projects are justified and that the expenditure (cost) estimates are reasonable. Given the two checks, the budget could be seen not only as a tool for planning but also for controlling both the use of the resources of the Government and it's actions as well as three of the accounting officers of the Government. However, practical problems in enforcing these checks do arise frequently.

3.17 THE ROLE OF BUDGET

The annual budget is the key instrument for the implementation of Government projects, programmes and policies. It serves three important purposes, namely:- as a tool of accountability and transparency, as a tool of accountability and transparency as a tool of management and as an instrument of economic policy. Budgeting provides the framework for reviewing the performance of the economy over the preceding year and determining the policy objectives and goals for the ensuring fiscal period. This evaluation assessment forms the basis for new Government policy measures and programmes which are usually targeted towards addressing theoretical problems of the economy. The role of budget could be said to include:

(i) Budget helps in planning organizational activities i.e. forces of organization to define precisely and in unambiguous term the goal of the organization.

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(ii) Budget encourages delegation of activities. It helps in the area of communicating from the top management/Government to the lower level of management Government;

(iii) Budget serves as a means of authorizing action i.e. license to collect revenue and incure expenditure;

(iv) Budget is a useful instrument of co-ordinating Government activities and controlling both revenue and expenditure;

(v) Budget provides yardstick for measuring performance a standard with which comparison should be made; and

(vi) Through variance analysis, the budget helps to compare performance with aspiration and provides the guards to appropriate action needed to correct observed deviation.

3.18 SOCIO-POLITICAL FACTORS IN BUDGET IMPLEMENTATION

Budgets implementation is not as simple as the theoretical and idealistic permutation of the authors. This often calls for a strong will on the part of the executive. This is particularly true of a pluralistic and conflictual environment, examples abound where local disputes have stood in the way of budge implementation. Road and drainage construction projects, hospital buildings, farm settlements have sometimes been stalled by disputes which the executive cannot ignore.

The personality of the executors can also intrude and undermine the process of budget implementation.

3.19 FINANCIAL MANAGEMENT IN LOCAL GOVERNMENT

As we have already indicated, the aims and objectives of financial management in Local Government do not differ in any significant respect from what we have outlined in the foregoing. The operational modalities and institutional structures for the conduct of financial activities in Local Government however differ, mainly, because of the statutory and organizational peculiarities of Local Government as a tier of Government.

Financial management in Local Government in Nigeria, is conducted strictly within the context of certain rules, regulations and guidelines which are either codified and put in the form of a single document like the financial memoranda (FM), uncodified like instruction received through treasury, memoranda, circulars etc. It should however be noted that both those codified and the uncodified rules, regulations and guidelines are usually expected to complemented each other.

At the centre of the financial management cycle is of course the individual or groups of individual charged with the responsibility for both the conduct of the financial affairs or activities of the Local Government and ensuring that others also operate within the confines of laid-down rules and regulation. For these categories of officers, those who determine the financial goals of the Local Government, i.e. the executive, those who give legal authority for it's financial activities i.e. the legislature (where applicable) and those who individually or collectively are responsible for the daily financial transactions of the local Government i.e. the bureaucrats (and to an extent the executive) a thorough knowledge of existing rules and regulations is thus very important. Individual officers are expected to know clearly that their duties and responsibilities are, and of course, what the duties and responsibilities of the officers within the overall framework of the Local Government's administration are. In the final analysis, it should however be noted that financial management is not necessarily the exclusive preserved of any one set of people or officers in the

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Local Government. Everyone ranging from the messenger or office assistant through the treasurer, up to the chairman and chief executive all have roles to play in ensuring that wastage and misappropriation of public funds are avoided. In effect, every one has responsibility to ensure that Local Government funds (public funds) are used prudently for serving the public interest and that the best value is obtained for all monies spent.

3.20 THE INSTITUTIONAL FRAMEWORK FOR FINANCIAL MANAGEMENT IN LOCAL GOVERNMENT

The one single document that has traditionally provided support and guidance in the administration of Local Government finances is the popular financial memoranda (FM). Among other things, the FM have traditionally provided detailed guidance and instruction on the financial and accounting procedures to be followed in the administration of the financial affairs of the Local Government. Specifically, the FM is designed to, among other things do the following:-

(a) Define the precise duties and responsibilities of the Local Government, it's executive and legislative councils as well as those of other service officials in regards to funds, stores, and general financial management.

(b) Set out the processes to be followed in the preparation and approval of annual and supplementary estimates of the Local Government.

(c) Prescribe certain financial organizational arrangements of Local Government and the procedures in respect of collection and accounting for revenue and controlling and accounting for expenditure.

(d) Statement of the accounting objectives and the accounting principles and practices to be followed.

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

(f) State the arrangements for internal audit of the accounts of the Local Government.

(g) Prescribe the procedures to be followed in the preparation of Local Government development plans and

(h) Prescribe the procedure to be followed in regard to a number of ancillary matters.

In recent years, a number of supplemental document have been issued, many of which have changed certain provision, of the FM, most of those changes being necessary, themselves as a result of changes in structure and operations of the Local Government. There include the guidelines on the application of the civil service reforms to Local Government service and the Handbook. On Local Government administration issued by the presidency in 1992. It is important to note that these new documents have introduced major changes in relation to which officer now has what responsibility but they have in no way changed the FM's provision for accounting and financial standards and procedures to be used in the Local Government. In order to emphasize this fact, the handbook caution that, "the provisions of the FM should be scrupulously adhered with, particularly those relating to the control of expenditure as well as contracts, purchase payments, and personal advances procedures".

The FM itself which has provided guidance in the conduct of the financial activities of Local Governments (and authorities) in the country were recently revised – streamlined in line with the prevailing realities of Local Government administration. It is hoped that the revised FM will become operational in the not too distant future.

3.21 BUDGETING AND ACCOUNTING CONTEXT OF FINANCIAL MANAGEMENT IN LOCAL GOVERNMENT

By and large, financial management finds operational expression in some form of budgeting and accounting systems. In this section, we shall briefly examine the place of budgeting, accounting and auditing in the overall framework of financial management in Local Government.

The budget (or annual estimates in Local Government) is today a well known concept. Not many of us however seem to appreciate the pervasiveness of the budget. A budget involves two sides of the same coin. Revenue and expenditure. It is a statement of intentions, intention about spending and raising of revenues. This, we have stated in our definition earlier on. Beyond this narrow perspective however, a budget can be viewed within a much broader perspective.

A budget links financial resources and human behaviour to accomplish policy objectives. It is a legal, political, economic and social document. It represents a collective compromise among choices. It is a plan to spend a sum of money for specified purposes that takes into account competing claims as to how the money will be spent. As an economic document, it reflects the allocation of scarce resources. As a political and social document, the budget represents the decision makers – preferences (in monetary terms) as to "who gets what the Government has to give".

It is in recognition of the vital role of the budget in the decision making apparatus that the FM gives a pride of place to it. Elaborate arrangements are provided in the FM regarding arrangements are provided in the FM regarding budget preparation, approval, authorization and implementation which in themselves form the pivot around which budgeting revolves. The FM makes the preparation of an annual budget (or estimates) mandatory on the Local Government. According to FM. "The Local Government executive committee shall issue a

circular calling for the preparation --- of estimates for the ensuring financial year". This call circular shall be issued by the first day of June of the year preceding the budget or fiscal year for which it is issued.

The FM states the purposes which budgets (estimates) are expected to achieve in the financial management process in a Local Government. These are.

(a) TO PROVIDE A FINANCIAL PLAN OF ACTION:

The estimates are a statement of the objectives of the Local Government in financial terms for the financial year concerned and are in effect, the activities of the Local Government must be conducted within the framework prescribed by the estimates, as they are finally approved, unless and until supplementary estimates are approved which work vary from the original framework.

(b) TO PROVIDE LEGAL AUTHORITY FOR INCURRING EXPENDITURE:

As the estimates are a financial plan of action for the year, their formal approval in accordance with the provision of the edict is a legal sanction for the expenditure envisaged by the estimates. An expenditure must be covered by provision in the annual or supplementary estimates, failing which is unlawful.

(c) TO PROVIDE A MECHANISM FOR ENSURING THAT ADEQUATE CONTROLS ARE MAINTAINED OVER EXPENDITURE AND REVENUE:

Having established a financial framework for action, the estimates are then used as a mechanism for ensuring that adequate controls are maintained over expenditure and revenue. Because the Local Government accounting system is directly related to the heads and subheads of the estimates, when the amount spent under any subhead

gives an indication of being likely to exceed the approved estimates, the control arrangements must be such that prompt steps are taken either to obtain a supplementary authorization, or to obtain expenditure within the expenditure limit provided in the approved estimates.

(d) **TO ESTABLISH THE FINANCIAL POSITION OF THE LOCAL GOVERNMENT:**

The estimates must reveal, taking the expenditure and revenue figures together the estimated financial position of the Local Government at the beginning and end of the appropriate financial year, on the assumption that revenue and expenditure proceed on the basis set out in the estimates. This enables the soundness, or otherwise, of the financial position of the Local Government to be ganged.

3.22 ACCOUNTING FRAMEWORK

Accounting records and techniques are central to any system of financial management. Accounting deals with the collection, measurement, processing, communication and accountability for receipts, expenditures and related activities. A cohesive system of accounting is necessary in order to achieve the following among other objectives:-

(a) Greater accountability, for example, compliance with legal provision and budgetary commitments and

(b) Greater efficiency in management, planning and policy.

According to the FM, the objectives of the Local Government accounting system are as follows:-

(a) To provide a management accounting to the council, it's committees and the departments in order to facilitates the reaching of prompt policy and management decisions on the basis of accurate and comparative financial information.

(b) To provide a financial accounting – service by means of accurate and appropriately analyzed records of funds; lawfully received by the Local Government and a detailed analysis of how these funds have been expended in discharging the function of the Local Government.

(c) To provide monthly statements, the end of the years statement and period statement for specific purposes, summarizing the financial transactions of the Local Government for the appropriate situation at the end of the period, and

(d) To provide detailed costs of individual establishment, services and projects to enable the costs so ascertained to be used for control purposes with a view, inter alia, to eliminating excessive – expenditure, losses and wastage.

The FM provides a detailed system of accounting procedures to be adopted for such type of transaction and books (of accounts) to be maintained.

3.23 AUDITING

Auditing is a systematic examination of financial statements, records and related operations in order to determine adherence to generally accepted accounting principles, management policies and statutory requirements. The FM, chapter 39 and 40 deal extensively with the audit function in the Local Government. Among the roles which auditing through the office of the internal auditor, is expected to serve in the Local Government financial system include:-

(i) Assisting in protecting, the assets and interest of the Local Government by carrying out a continuous examination of activities in order to detect fraud, misappropriation, irregular expenditure and losses due to waste, extravagance and mal-administration and

(ii) Secure the continued maintenance of a soundly based system of control within each area of departmental responsibility.

3.24 CONTROL AND ACCOUNTABILITY

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

Within the context of Local Government in Nigeria, various measures are put in place, both internally and externally, to ensure strict control and accountability. One of these is the requirement that each Local Government shall establish and maintain an internal audit unit "to provide a complete and continuous audit of the accounts and records of revenue, expenditure, plant, allocated and unallocated stores" the internal auditor, who is the head of the internal audit, shall be directly responsible to the accounting officer. He shall submit to his accounting officer as well as the state Auditor – General for Local Government on the progress of the audit.

The Internal Auditor shall also issue special reports, if necessary, where in his opinion, the attention of the Chairman and the Treasurer should be drawn to any irregularity or apparent departure from earlier internal audit reports/ recommendation. Also, in any Local Government where a system of stores stock verification does not exist, the internal auditor shall assume the control of the stock verification staff and direct their programme of inspection.

To prevent irregular or illegal payments before they are made, an Audit – Alarm – Committee shall be established comprising;

(i) The state Auditor – General for Local Government as Chairmen.

(ii) One representative from the State Accountant – General; and

(iii) The Director of Local Government Inspectorate (representing the Civilian Governor's Office or Military Administrator's Office under the Military Government).

The committee shall examine all cases alarm raised by the Internal Auditor, the Treasurer, Head of Personnel Management Department or any other head of Department, but overruled by the Chief Executive, to be referred to the Audit Alarm Committee. It shall be deemed an offence for any officer to process any queried payment under the audit alarm system any further, except with an audit certificate issued by the State Auditor – General for Local Government once a pre-payment audit alarm has been raised.

To further strengthen control and enforce a culture of accountability, Government issued guidelines on audit queries and sanctions with a detailed codification of offences and sanctions. The irregularities are categorized into three groups:

(a) Those resulting in losses to the Local Government due to either fraudulent activities of the functionaries due to their negligence or incompetence;

(b) Those (irregularities) not directly or immediately resulting in losses to the Local Government, but which infringe upon budgetary control and proper financial management and

(c) Those arising through poor or inefficient management of accounts and which may result in losses.

Each of the offences under the three categories attract appropriate sanction ranging from the imposition of surcharges to demotion in rank and police presentation.

3.25 OBSERVATION

Despite all the elaborate arrangement to ensure control and accountability, there is much to show that these two important objectives of financial management are severely undermined. These measures though well intentioned have been rendered ineffective in our Local Government today. A major contributing factor to the weakening of control and accountability appears to be attributable to the inability of accounting and audit officers to impose appropriate sanctions and surcharges on erring officials. One major responsibility facing the Local Government councils is to ensure that these control measures are correctly applied and the necessary sanctions imposed.

3.26 CONCLUSION

Financial management permeates all activities in any organization. Elaborate arrangement exist to ensure an efficient and effective system of managing finances in our Local Government but a combination of institutional and structural factors (including the notorious "Nigerian factor") have continued to undermine the efficacy of the system. The challenge before the newly elected chairman and the next to come in near future and their council members is to ensure a strict compliance with existing rules and regulation.

The credibility of the country's Local Government system is presently at it's lowest ebb particularly with regards to the ability of Local Government officials to shoulder public trust. The newly elected councils and the one's in the future must do their best to resuscitate public confidence in the Local Governments. To do this, they must make accountability their watchword and of course live, and be seen by all and sundry to live above board.

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CHAPTER FOUR

4.1 INTRODUCTION

In this chapter we shall turn our attention into the discussion and presentation of our data together with the analysis of the budget as a tool for efficient management in Sabon Gari Local Government of Kaduna State. These data were obtained through interviews, personal observation and documentary sources.

It is worthy to note that this research work was carried out at a time when the Nigerian economy is undergoing serious economics and political restructuring and crisis. In view of the above no budget is to some degree going to serve as a good instrument of management of resources certainly. The research findings are classified as follows:

I. Staffing of the Budget unit.

II. Detailed analysis of Budget for the period 1997/1998 financial year. All the tables in this chapter are obtained from budget estimates for the period under review.

III. Problem discovered by the researcher on Local Government Budget management etc.

4.2 STAFFING OF THE BUDGET SECTION

The most important resources of organisation are its human resources. There are the people who supply the organisation with their work, talent, creativity and training and development of people who will best help the organisation meet its goals without competent people at the managerial levels organisations will either pursue inappropriate goals or find it difficult to achieve appropriate goals once they have been set.

Staffing as said earlier is therefore the management function that deals with the recruitment, placement, training and development of organisation members.

The researcher was able to find out that the Budget Affairs unit has come under the control of the Chief finance officer of the Local Government, i.e. the Treasurer.

For managers to manage subordinates effectively a conducive environment or atmosphere must be put in place this would motivate subordinate to put in their best. The unfortunate thing for any section of budget and planning in Kaduna State Local Government is lack of having and independent staff permanently stationed for their use. The only permanent staff in the section is the Assistant Treasurer Budget and planning, but the other staffs belong to the treasury. The sectional head will only use them when the need arises.

The above alone serve as an independent to excellent performance of the section.

One could therefore, conclude that the Sabon-Gari, Local Government Area is grossly under staffed as the preparation of such an important management tool could not be left at the mercy of an individual. The researcher observe that budget unit has no office premises of its own, it operates within the premises of Treasury Department. The above led to great number of problems, such as that of inherent problems in the preparation of the Annual budget estimate that was always defended at Kaduna yearly, due to the absence of competent personal to do so, in the absence of Budget and planning officer of the Local Government.

This bring the question of training in the treasury as a whole which the budget office is part and parcel of it. It was observed that the budgetary process was hardly carried out with many staff participating in it. This has made many of the Local Government Treasury staff to be ignorant of what the budget unit is all

about, what they seem to have agreed on is that they are aware that the Local Government normally goes to Kaduna to defend its Budget estimates.

ANALYSIS OF SABON-GARI BUDGETS FOR THE PERIOD 1997/1998
TOTAL INCOME VERSUS TOTAL RECURRENT EXPENDITURE

YEAR	TOTAL INCOME	TOTAL REC EXPENDITURE	DIFF	REMARKS
1997	74,102,411	65,147,572	69,548,39	Surplus
1998	123,040,000	122,905,000	13,500	Surplus

From the analysis above it is observed that the Sabon-Gari Budget during the 1997 and 1998 sessions. The researcher attributed the surplus to the stability of the economy then, i.e. during the Abacha Administration there was control of inflation, therefore prices were stabilize to certain extent.

4.4 LOCAL INCOME VERSUS TOTAL INCOME

YEAR	TOTAL INCOME	LOCAL INCOME	AS TO OF (1)	GRANT EXPETED FROM FED ACCT	%
1998	123,040,000	10,818,030	1.3%	88,551,304	88.6%

The above table shows the Local Government internally generated incomes is in line with directive of the federal Military Government to develop a means a sustaining itself not necessary relying on the federation account. The local income of internal revenue for the period under review averages to only 1.3%. The Local Government management is therefore expected to make all effort, to attain the expected goal or target as prescribe by the Federal Government. The Local Government expected the grant from the federation account to cover an average of 99.7% of its total income this is perennial.

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PERSONNEL COST ALLOCATION EXPENDITURE

YEAR	ALLOCATION	TOTAL RECURRENT ALLO. TO	AS %	RECURRENT
1998	13,565,000	13,565,000	9.98%	13565,00

The above analysis compares the recurrent allocation with expenditure in the personnel department in the year under review. It is observed that the Local Government allocated less than 10% to the personnel department out of its total recurrent expenditure in 1998 financial year.

OFFICE OF THE CHAIRMAN VS. ALLOCATION TO THE PERSONNEL DEPT.

YEAR	ALLOCATION TO PERSONNEL	ALLOCATION TO OFFICE OF CHAIRMAN	%	DIFFERENCES
1998	3,414,285	1,350,000	39%	2064285

The above table shows the expenditure on personnel in the Local Government and the expenses incurred in the political office of the chairman of the council the difference is heavy as 39% is the percentage we may then conclude that the expenses incurred by the office of the chairman is less compared to the expenditure of personnel department.

FINANCE DEPARTMENT & EDU. & SOCIAL DEV. DEPT.

YEAR	ALLOCATION TO FINANCE DEPT.	ALLOCATION TO EDU. & SOCIAL DEV.	%	DIFF.
1997	6,239,603	2,569,971	71.6%	36,696,32
1998	3,770,000	200,000	41.9%	1081768

Relationship between the finance department and education and social development department in the 1997/1998 finance year. The expenditure the Local Government incurred in the finance department in the year 1997 is higher

than the expenditure incurred in the same department in 1998 while the difference in 1997 is 71.6% in 1998 is 41.9% which shows and increase 4.7%.

MEDICAL & HEALTH SERVICES AND AGRIC & NATURAL RESOURCES

YEAR	TOTAL ALLOCATION (1) TO MEDICAL & HEALTH	ALLOCATION (2) AGRIC & NAT. RESOURCES	AS % OF (1)	AS % OF (2)
1997	7,677,387	1,669,334	62%	13.5
1998	4, 500,000	1,000,000	36.5%	8.13%

The above analysis reveals the allocation to medical & health services and Agric & Natural Resources in year 1997 and 1998 financial year. The researcher observed that the Local Government is incurring 75.5% expenditure on both Agric and Natural Resources and medical and Health in year 1997. And expended 44.7% in year 1998 on the same Department which shows the Local Government has reduced it expenses in the year 1998 on the two department. This is as a result of increase demand of the services of the two department in the year under review. This also shows that the Local Government is responding to the demand of its people.

WORKS, HOUSING LAND AND SURVEY

YEAR	ALLOCATION TO WORKS HOUSING & LAND SURVEY	%	DIFFERENCES
1997	4,617,667	37.7%	16,37,667
1998	3000,000	24.4%	13.3

The above table reveal to us the amount of estimate or expenditure incured in the years under review that 1997 and 1998 respectively. From our analysis we can see that the amount allocated to the above mentioned department that works, housing, land and survey in 1997 is higher than the amount allocated to

the same department in 1998. To a quarter degree this becomes necessary due to Government policy i.e. Federal Government of Nigeria has given both the states and Local Government to find ways of generating revenue internally instead of depending 100% on the central Government for grant from the federation account, the second reason may be associated with the then Government policy of "cash squeeze" in the economy or that of reducing the supply of money, so as to control inflation. So many economics and social reasons or even political could be associated with the above phenomenal decrease in the allocation in that year in question. The percentage, and the figures has shown the difference of 13.3% and 16,376,67 respectively.

YEAR	ALLOCATION OF THE OFFICE OF THE CHAIRMAN	PERCENTAGE	DIFFERENCES
1997	1,350,000	11%	8,500,00
1998	2,200,000	18%	6.5%
TOTAL ALLOCATION TO RECURRENT EXPENDITURE 1998			**122,905,000**

The above analysis has shown that there was of a phenomenal increase in the allocation set aside to the office of the chairman. This may not be unconnected with the political waves that keep shaking all he administrative structures of Nigerian Government in 1998. The Abacha most continue campaign was on, the office of each and every figure that the Government feel is useful was used, so as to, as attained the desired results. Therefore the office of the Local Government chairman is instrumental if the goal of the then Government is to materialized.

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YEAR	ALLOCATION OF THE OFFICE OF THE COUNCIL (A)	ALLOCATION OF THE OFFICE OF THE COUNCIL SECRETARY	PERCENTAGE % (A)	(B)
1997	1,005,665	1,475,120	8.2%	12%
1998	800,000	1,470,000	6.5%	11.9%
TOTAL ALLOCATION TO THE RECURRENT EXPENDITURE 1998				122,905,000

The above table depicts the amount allocated to the office of the council and that of the secretary to the council to take care of all the necessary expenses due to that office. From the percentage we can deduce that the 1997 has the higher amount of money allocated to it. This was due to the introduction of the office of the secretary in the Local Government then.

RECURRENT EXPENDITURE VS CAPITAL EXPENDITURE

YEAR	RECURRENT EXP	CAPITAL EXP	% (1)	(2)
1997	65,204,418	32,848,000	100%	50%
1998	122,905,000	30,000,000	46%	24.4%

The above table expresses the analysis of the relationship between the capital expenditure of Sabon - Gari Local Government of Kaduna state as appeared in the budget estimate of 1998 the percentage as calculated in the table is 100% and 50 percentage respectively for both the recurrent and capital expenditure of 1997 and 46% and 24.4% of the capital and recurrent expenditure of the 1998 budget estimate.

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PROBLEMS DISCOVERED BY THE RESEARCHER ON SABON-GARI LOCAL GOVERNMENT BUDGET MANAGEMENT

We discovered in the process of our finding that Local Government i.e. Sabon – Gari, L.G.A, practice a traditional budgeting. Therefore to a significant degree the budget concentrated on the analysis of the past budgets, base on the past performance of the budget.

We also discovered a great number of problem in the course of conducting this research some of which are as follows;

(1) **LACK OF PROPER RECORD KEEPING OF THE PAST BUDGET DOCUMENTS:**

To our astonishment, when we went round we were told that not all the budget we were looking for may be available due to poor record keeping, even though some copies were given to those officers that deserve to have some copies the Local Government did not have a standard record keeping procedures, which is detrimental to research and researcher. Therefore, the practice of misplacement or lack of recording procedures should be discouraged in the Local Government.

(2) **LACK OF ADEQUATE WORKING MATERIALS:**

The budget and planning officers faces problems on the supply of correct materials, that they are going to use in preparing budget as soon as it is needed, and coupled with the fact that there is always delay in responding to the request for the materials. This situation results in the late completion of the final copy of the Budget. Lack of working material on time led to rushy shaddy and unclean work which is vulnerable to errors that could hardly be defended at the budget estimate hearing.

(3) **LATE RECEIPT OF SUBVENTION AND INTEREST ON LOAN:**

The problem always associated with a bureaucratic setting, is its administrative red necks or bottlenecks where a decision that is suppose to be taken by one person at one time would to have undergo a long and tiring process, all this led to the late receipt of subvention or grant from the Federal Government, which eventually led to stoppages and frustrates the effort being made by an organisation to hasten certain decisions that are very vital to the people they are leading. This delay sometimes led to the Local Government to go into collecting loans and overdraft from the bank, and other financial institution which is always associated with high interest charges, this is detrimental to any meaningful development of an organisation.

(4) **RELUCTANCE OF HEADS OF DEPARTMENT IN PARTICIPATING IN THE BUDGETING PROCESS:**

The treasurer as the head of treasury relates to the departments as the chief financial officer of the Local Government entrusted with management of the finances of the Local Government. For this purpose he is intimately involved with planning process especially at the time for reducing the plans to annual department budgets. To draw up an acceptable budget the treasurer as coordinator of the budgetary process requires and so demands of the head of departments that he puts on paper his plans for sustaining the departments operation over a period usually of one year. But to some head of department participating in this type of exercise, that is of formulating a budget is unrewarding and so they either cooperate grudgingly or do not comply at all. Many fail to realize that preparation of department budget is a statutory duty of the head of department even though, the department complained complain that their refusal to make submission on the annual budget was due to lack of stationary and short notice. They also express dissatisfaction with the way allocation were made to department in regard of initial submission over the years.

(5) **PROBLEMS ENCOUNTERED BY MANAGEMENT:**

To aid the Local Government management in the judicious use of the Local Government funds, the audit control mechanism of external and internal nature becomes paramount. These are exerted for the honest execution of the budget. For instance while the council, through its finance committee has some control of the overall responsibility of controlling the financial receipts and expenditure of the Local Government accounts be externally audited to ensure that waste and mismanagement of Local Government funds are avoided. Both organs also adopt the modern trend of seeing that expenditure are made within the goals and objectives of the Local Government budget. This is to show that budget is one of the strongest tool for resources management in the Local Government.

(6) **CONTRACTING AND INFLATION PROBLEMS:**

The management of Local Government budget as a tool are worried by the overpricing of contracts for profile as well as guarding against inflation are common factor that hinder effective implementation of projects. The tendency towards overpricing by contractors leaves project funds out of proportion with money estimated for them. Inflation phenomenon often led to the stagnation of projects when contractors discovered that costs at the time of execution (which is normally delayed) exceed that profit margins as a result new claims are put up where the process of obtaining additives funds is often frustrating to the most patient management.

(7) **CONTRACT DEFAULTERS AND STEALING:**

Fund are also often cost through stealing or default of contract. For instance, there are situations where Accounting Staff have to be taken to the police or court dismissed or contractor may be blacklisted for various mischievious offences having been found guilty after due process of law.

(8) **END FINANCIAL YEAR RUSH:**

The nature and pattern of expenditure incurred towards the end of every financial year is always rushy and questionable. On the receipts of Treasurers circular for the surrender of accounts books on a given date, accounting offices and others often rush to issue contracts L.P.O.'s to clear their balances of funds on other charges codes. Bulk and unnecessary purchases at this period were the practiced where no proper records and accountability enforced, waste and pilferage may result to heavy losses of public fund.

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CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

The research study has been able to give an insight into the budget, as a tool for an effective management of resources in Sabon Gari Local Government of Kaduna State. For one to fully understand the "Theme Budget as a tool of Management of Scarce Resources in Sabon Gari – Zaria Local Government of Kaduna State" a review of budget and budgeting vis-à-vis that of management was carried out. We found out that, the success of the Local Government no matter at what level does not only depends on the total funds allocated to it; but also partly on the financial management skills of the planners and administrators of the system.

The managers function includes the major function of planning the operations of his unit, staffing his unit, organizing directing, co-ordinating and controlling. The budget is a management tool used for the purpose of control.

The need of this study stem from the fact, that the researcher has special interest in how the meagre resources giving to the Local Government is being expended to the detriment of the inhabitant. There has been an outcry by a number of villages on the level of inefficiency of the administration of the Local Government finance and their inability to planned and execute their programmes as codified in the budget. With all the above in mind the study set the stone – rolling with the intention of clearing or at least provide a remedy, even though temporary to aforementioned dissatisfaction and insensitivity from the side of Local Government financial administration in the country in general and Sabon – Gari Local Government in particular.

Special attention has been given to the revenue generating areas of the Local Government under study. It is worthy to know that the major financier of the

Local Government as a body in Nigeria is the Federal Government through Federation Account and Budgeting, known as grant. This is true when we refer ourselves back to the percentage of the contribution given to the Local Government by the federation account as grant. To be precise 80% of the Local Government finance came from the grant.

There has been no time in the history of Local Government, where they operate independent of budgeting. The Local Government more often use traditional budgeting, that is making special reference to the part budget in preparing the most recent one.

The basic reason why a budget is prepared, is for easy co-ordination, control, planning, communication, motivation performance and evaluation.

The study has gone along way in tracing the budget process preparation and control in the Local Government with particular reference to Sabon – Gari Local Government of Kaduna State.

In the study we've revealed the contribution of different areas where the Local Government revenue is generated ranging from, Taxes and Rates, to loans from Banks to grants from the federation account etc.

The budget section as an important section in the Local Government, from our research we find out that it is not given enough attention, even though it is the life blood for any administrative convenience of any organization in world. It faces them problem ranging from lack of enough staff, poor noticed for the preparation of the budget, they do it always in a rush and delay in responding to their requisitions of working materials. All this culminate into contributing to late submission and defence of the budget in Kaduna.

They were able to discover that, there are lot of problems associated with Budget and Budgeting sections, ranging from lack of proper records of past budget documents, the late receipts of grant which prompted the management to take overdraft or bank loan with it's attendance problem and the general apathy by senior officers in the Local Government to participate in the Budgetary process.

RECOMMENDATIONS

Budget and planning office, as is popularly known is an important office. In the administrative operation of any Local Government in the government. Therefore it should be given a serious attention as to attend it's maximum usefulness for the growth and development of the Local Government in general. Enough and qualified staff should be recruited to man the office.

Those who are directly involve in the preparation of the budget, should be given maximum motivation, so as to work with zeal and enthusiasm for an effective and error free budget for development.

The staffs from time to time should be send for training, so as to improve their skill and knowledge. If the need arises they should be allowed to further their education and seminars and workshop should be organized for them form time to time, so as to make them ready and enlighten and more staffs should be posted to the section. The former system of any Accounting staff is a potential budgeting staff should be discourage so as to open way for continuity and specialization.

The ministry for Local Government should always prepare before hand to send in the date of budget defence some month ahead, so as to let them prepare well not in a rush. And effort should be geared towards making budget preparation manual for the Local Government areas in the state and it should be subject to review when necessary.

Delay in budget preparation does not speak well of an organization. Therefore all factors that led to the delay should be eradicated or at least minimise, so as to allow efficiency to work.

The senior officers that don't want to cooperate or participate in the budget preparation should be encouraged. And should be shown the advantages of their participation towards the growth and development of the organization.

The problem of control should be addressed. The traditional approach of approving request base on the past expenditure should be discourage as this nagate efficiency. The function of budget section, should include the review of the efforts or efficiency level in terms of money, man and materials with comparison of actual standard. The flow of communication should be encouraged.

The change of attitudes towards the administration of budget should be lauded. Training as said earlier need a good place so as to make them know the objectives and priorities of the Local Government.

If most or all of the above recommendation will be implemented a efficient and effective budget for development will be formulated as a tool for good management of scarce resources on the Local Government.

CONCLUSION

The use of budget as a tool for efficient management of scarce resources should be followed strictly and if any change or amendment will be effected, the general view of those concerned should be sorted, so as to avoid misplacement of priorities.

The Government should increase and be consistent with the funding of Local Government. And delay in the release of grant should be discontinued so as to discourage, the collection of loans and overdraft.

And special consideration should be given to the office of budget and planning so as to make them effective and efficient. All needed materials should be provided to them on time and at the right quantity and quality. This will have way for an effective budget administration and management in Local Government.

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