

# ASSESSING THE PERFORMANCE OF LOCAL GOVERNMENT IN ONDO STATE NIGERIA: A CAPITAL BUDGETING APPROACH

Local governments in Ondo State Nigeria are the third tier of government saddled with the responsibility of providing governance and economic services at the grassroots. To be able to do this, the Constitution of the Federal Republic of Nigeria provided that a proportion of Federation Account be allocated to them in addition to their internally generated revenue. From the allocation and other incidental sources of revenue, the local governments are expected to provide basic infrastructures and other social amenities to better the lots of the rural dwellers. Nevertheless, local governments' performances in terms of provision of social amenities are without questioning and quite not encouraging. Assessing the performance of local governments in this period of dearth and scarcity of resources is highly indispensable more so that the activities of local governments' staff are bedeviled and characterized with fraud, corruption and mismanagement. Considering the direct impact of the consequences of their action on the living standard of the rural dwellers therefore calls for the need to evaluate their level of performances using capital budgeting approach. The paper being a time series study adopts the survey design. Data were obtained through secondary source mainly from the Annual financial statements and publication of approved budgets estimates covering the period of study (2008-2012) The use of ratio analysis was employed in analyzing the comparative level of performances of the local governments under study. The result of the study shows that less than 30% of the local governments were able to harness the budgetary allocation to provide amenities to the beneficiaries while majority of the local governments were involved in unethical conduct ranging from theft of fund, corruption, diversion of funds and extra-budgetary activities. Also, there is poor internally generated revenue to complement the statutory allocation and besides, the monthly withholding of larger portions of local government share by the state in the name of joint account were also seen as contributory factors. The study recommends the need for transparency and accountability in public fund management through the oversight function of the state house of assembly. Also local government should be made to be autonomous and independent of the state by jettisoning the idea of joint account.

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## INTRODUCTION

Local Government is the third tier of Government that was established to provide for the needs of the people at the grassroots and to also bring the federal government closer to the rural dwellers. Despite the huge amount of funds allocated to these local governments from the statutory allocation and the internally generated revenue as supplement, their performance was not encouraging judging from the poor standards of living of the people, several projects abandonment, infrastructural decay all due to lack of transparency, accountability and probity in the spending and management of the local government allocated funds.

The elevation of local government to a third tier government following the 1976 Local Government Reform with the accompanying increase in functional responsibilities brings to greater focus the need to address the issues of local government performances in Ondo State.

Local government is the third tier in Nigeria's federal system. To underscore its importance, section 7(1) of the 1999 constitution of the Federal Republic of Nigeria specifically guarantees a democratically elected local government system, while schedule 4 of the same constitution defines the functions of the local government (Akpan,2005). Local Government is the government that is nearest to the people at the grassroots. It is a structure that is designed to provide for the goods and services needed by the people and to also bring development and good governance to the people at the local level. However, a cursory look at our local governments system in the study state and for the period under study reveals the contrary. Development has not thrived at the grassroots due to paucity of the culture of integrity, accountability and transparency in the administration of local governments in Nigeria. There are several reported cases of corruption, funds diversion and other extra budgetary activities. Local governments are intended to serve as the lower tiers of governance that will be most responsive to the needs of the people; they are also expected to enhance political participation at the grass roots (Elumilade,2006). However, this is not the case; instead of discharging their functions as development centers, local governments have acquired notoriety for

corruption, fiscal indiscipline and overall irresponsibility. (Adeyemi 2012). The lack of integrity, transparency and accountability at the level of governance definitely constitutes a heavy toll on the well being of ordinary Nigerian (Agbo, 2010). Stealing has become a major hobby and pastime for Nigerians in high places. It has become a big time business and all arms of government are affected (Ola,2009).

#### **LITERATURE REVIEW**

Local government as the name implies is a government that was established close to the people with the sole aim of bridging the gap between the rural and urban dwellers mostly in the area of provision and susceptibility to social and infrastructural facilities. It is the part of the general government and exists to complement and extend the federal government principally because it exists to bring the federal government closer to the people and make its impact felt in all the nooks and crannies of the area. To this extent, the local government acts as the lens or binoculars through which people view and judge the federal government and its activities and also, the yearning of the people are communicated to other levels of government (Dubnic, 2002).

#### **STRUCTURE OF LOCAL GOVERNMENT**

The general concept of local government is that authority of power established in a locality by a central or state government with a view to achieve effective government at the grassroots level, (Nwankwo, 2004). It has the properties of establishment, amendment and revocation or dissolution as determined by its nature. This means that process performed by a central or state government in a locality could be either setting up or amending authority at the grassroots level. This describes local government legality as a corporate body. Local government is also perceived as a government set up by a central or state government through an Act of Parliament or Statute, Decree or Edict charged with administrative and executive functions on affairs of making Bye-laws, (Oyeneye et al,2003). This means that the authority bestowed on the local communities enables its government at that level to make and execute laws as well as administer justice.

Local government is also seen as a level of government which falls below the state or central government, established by law for exercising political authority through a representative council within an area, (Osinaiki,1995). It is therefore clear that these definitions local government expressed localism or native environment or place of origin where authority and government are bestowed for effective political life.

#### **THE CAPITAL BUDGET**

Capital budget is largely concerned with the creation of long-term assets" (World Bank

Institute, 2008). One test of a capital outlay is whether it adds substantially to the value of the assets of government. (Herbert, 2003). It is one most appropriate means for planning for capital projects; supported by a capital improvement program. The term capital improvement refers to projects of relatively large size, nature and/or long life usually a minimum of fifteen to twenty years. Such expenditures are designed to provide new or additional government facilities for public services. Since the objective is to provide major public facilities that have a relatively long life within the limits of available public resources, capital budgeting should involve planning, programming and formulation of policies in terms of the desired levels of public service to be provided - goals and objectives. These goals and objectives should be related to population and economic levels and economic trends and projections to ascertain future demands for public services and facilities.

The need for programming capital improvements arises from the limited fiscal resources available to any level of government. Programming should be based on a system of priorities tied to the goals and objectives set forth in the planning phase. Planning reveals need; programming provides the basis for ordering the sequence in which these needs can be met most effectively. The financing phase relates to any analysis of the sources of funds to be drawn upon and how the payments are to be made. There are a number of ways in which capital facilities can be financed – on a “pay-as-you-go” basis (that is, from current revenue), from capital reserve funds, from long term leasing, and through long-term or short-term borrowing, these methods must be evaluated in terms of the overall fiscal capacity and in light of the particular capital improvements needs.

#### **RATIONALE FOR ACCOUNTABILITY**

The important of transparency and accountability in good governance in any society cannot be overemphasized. First, accountability foster good ethical governance and are fundamentally needful for building public trust in leadership. Abused and neglected over time, the Nigerian public has gradually grown accustomed to not trusting its leadership any longer. People have become virtually disconnected from the government not only in the political sense, but particularly in the civic, moral and ethical sense of duty. They have stopped to expect anything good from their government and have lost the sense of attachment and obligation to duty and society. Without a reawakening of the culture of accountability lost over the years, the trusting relationship needed to forge between the government and the governed for the actualization of good governance will not materialize.

Second, accountability is instrumental in fostering communal trust and goodwill, and almost inevitably pays off in economic and social dividends. The current investment climate in Nigeria is so unattractive that not even Nigerian citizens in the Diaspora are willing to invest at home, talk less of prospective foreign investors betting their money on the country. The result is that Nigeria continues to suffer unstoppable capital flight. In the meantime, the Nigeria stock exchange internationally acknowledged a gold mine remains heavily undercapitalized (See Zenith Economic Quarterly, 2012). Re-institutionalizing the pre-independence-era culture of accountability will help rebuild goodwill, sanitize domestic investment climate, and help re-attract international investments.

Third, a sustained culture of accountability and transparency will help Nigeria consolidate its democratic reforms. Nigeria's young democracy is tottering on the edge of collapse because the grassroots institutions and pillars that are needed for sustaining implemented reforms are bugged in outrageous corruption. At the very minimum, a proportionate platform for sustaining an enduring democracy must consist of the following components: transparent judiciary; capable law enforcement; viable electorate; an established culture of communal accountability; and a sense of recognition of duty by the government and the governed. Such a proportionate platform will help ensure survivability for Nigeria's infant democracy.

#### **ROLES OF KEY OFFICERS OF THE LOCAL GOVERNMENT**

##### 1. Chairman of local government

The guidelines on the civil service reforms describe a local government council chairman as the Chief Executive and Accounting officer. As such, he alone takes all decisions relating to finance and accounts, he presides over council meetings and is entitled to cast a vote in the event of an election. Others are

- a. Management of the local government council for proper development
- b. Preparation and execution of the budget
- c. Managing the community efforts on development

##### 2. SECRETARY TO THE LOCAL GOVERNMENT

Before the 1988 reforms, the Secretary of a Local Government council was the Chief Executive and Accounting Officer. By virtue of Sections 5.1 8.1 and 14.2 of the 1988 Guidelines, the Secretary of the Council controlled the various activities. However, his duties are now being performed by the Director of administration. Nonetheless, the Council secretary. They are to:

- a. Liaises with the Secretary to the state Government and other important

dignitaries on matters of interest to Local Government Councils

- b. Co-ordinates the operations of the various departments and represents the chairman, as directed, at high level meetings
- c. Is the Secretary to the Executive Arm of the Local Government and maintains the records of proceedings of meetings
- d. Performs other assignments as may be delegated by the Chairman, from time to time.

#### **3. DIRECTOR OF ADMINISTRATION**

The Director of administration has assumed the position of dominance as a result of Federal Government's circular of 20<sup>th</sup> May, 1991. The circular states:

- a. All vouchers and cheques shall be signed by the Director of Administration
- b. All contractual agreements, local purchase orders, works and such other documents relating to contracts and supplies shall be signed by the Director of Administration, subject to the approval of the Council Chairman
- c. The Director of administration is a facilitator to the Audit Alarm Committee of the local government council
- d. He is the recognized second signatory to all the disbursements of the council
- e. By the dispensation of the Federal Government, of May, 1991, he assumes the position of the Clerk of the Council Legislature, even if temporarily
- f. He implements audit reports on the weakness areas identified in the administration procedures
- g. He is the Head of the Junior Staff management committee
- h. He is also the secretary and Chief Administrative Officer of the Council

#### **4. THE DIRECTOR OF FINANCE**

A local government Director of finance is established by law and is empowered to control and manage the council's finances. The Director of finance therefore plays a key role in the financial management process of a council. The functions of the local government Director of finance, as contained in the civil service and local government reform of 1988, include:

- a. Rendering financial advice to the council
- b. Serving as the secretary to the budget committee
- c. Receiving and disbursing money for the authorized ends
- d. Keeping proper accounting records of money collected or utilized
- e. Verifying the accuracy and integrity of all accounting records

- f. Ensuring compliance with all financial instructions or laws for safe custody of the councils' money
- g. Ensuring that vouchers are correctly made out and that funds are available in the appropriate votes or accounts to defray the expenditures
- h. Rendering necessary contemplated statutory returns to the state and federal governments
- i. Ensuring that all revenues belonging to the council are collected as an when due and officially acknowledged
- j. Ensuring that fiscal policies are executed and expenditures incurred with due diligence and regard for value-for-money
- k. Maintaining effectively run and staffed financial operations
- l. Keeping up-to-date statistical information in such a form as will enhance the submission of prompt and accurate reports
- m. Submitting recommendations to the council in his capacity as the financial adviser
- n. Serving as a signatory to the council's bank accounts and other disbursements
- o. Offering expert opinions on short, medium and long term bases

#### CHALLENGES OF MANAGING LOCAL GOVERNMENT FINANCE

From the foregoing it has become an easy task to identify some of the challenges of managing local government finance in Nigeria. These include the following:

1. Local government authority in Nigeria lacks the requisite financial autonomy desirable and necessary for effective management of their financial resources. The much touted local government autonomy envisaged by the theory and practice of fiscal federalism in Nigeria is more or less a political gimmick. That is precisely why it is a myth rather than reality.
2. Lack of qualified staff to manage the books of the local governments: It is common knowledge that some staff members of local government councils are not recruited solely on the basis of the possession of requisite knowledge and experience. Political considerations and patronage in most cases take over their recruitment policies.
3. Since some officials of the councils are so recruited, they operate on the basis of absolute and often misplaced loyalty to their benefactors. There are instances where they collaborate with their "collaborators" to loot the local government treasuries.
4. Local government accounts are not properly kept and monies meant for the local authorities accounted properly for. In fact, monthly subventions from the federation account are viewed by most council Chairmen and Councilors as part of their share of the "national cake". Consequently, nobody raises any audit alarm so long as the money goes round every month.
5. This situation is worsened by most state governors who see local government as extension of their political and administrative domain. In fact, since the governors and other top party leaders, in most cases "put them in office", the governors believe that Chairmen of local government councils owe them a duty to 'deliver'<sup>1</sup> whatever their monthly subvention are to them to partake in how they are appropriated. We have cases where deductions are mandatory made from local government accounts in the name of taking their own share of 'counterpart-funding' by the state governments to 'fund' their own projects. In some cases such deductions end up in either the ruling party purse or groups or individual private pockets
6. The condition that local government budget be placed before the executive and state Houses of Assembly gives room for horse trading in terms of the provision of projects among the leadership of the House or the Executive. For instance, local government executive and legislative houses must dance to the whims and caprices of not only the chief executive of state, but also that of the state assembly. In such cases, where lies the financial autonomy of the local government? Again, where lies the essence of our federal character which, among others, provide that every community is imbued with inalienable right to determine their future, in terms of their pace of development. It is the considered opinion of this paper that since the State as a distinctive component like the local government of the federal republic of Nigeria do not have to lay their budgets before the Presidency and National Assembly for vetting and approval, the local government should as a matter of urgent national interest commend the effort of the Federal House of Representative to abrogate the State-local government account. (Joint Accounts)
7. Corruption has taken the central stage in most local governments. This tendency is

obviously a national malady. Most internally generated revenues do not go to the local government account. It is viewed by patrons of ruling parties and their clients as political reward for 'faithfully enabling the party to win or remain in office. The sources of these revenues are regarded as "Cash Point" for daily reimbursement of 'operators'. At the end of the day, the local governments are worst off financially. Little wonder, they now depend on the federal and state governments for funds to at least, pay the monthly salaries and wages of their workers.

8. There is lack of transparency and accountability. Council's funds are viewed as government funds. Account books are falsified, and funds embezzled with reckless abandon. Nobody is held accountable and audit reports have become politicized and are of less utility to enforce transparency and accountability in the local council areas in the country.

#### MATERIALS AND METHODS

The data used for this study, mainly secondary, were obtained from the annual financial statements

Idanre	IDR
Ifedore	IFD
Ilaje	ILA
Ile Oluji	LEL
Irele	IRL
Odigbo	ODGB
Okitipupa	ICTP
Ondo East	ODE
Ondo West	ODW
Ose	OSE
Owo	WWW

#### PRESENTATION AND ANALYSIS OF DATA

The result of the data is presented in the tables as follows:

**Table 1: BUDGETED CAPITAL ALLOCATION BETWEEN 2008 AND 2012**

	L/G	2008N	2009 N	2010 N	2011 N	2012 N	Total N
1	ANE	61,180,000	91,770,000	137,655,000	206,482,500	309,723,750	806,811,250
2	ANW	132,121,50 0	223,546,04 0	450,350,000	675,525,000	1,013,287,50 0	2,494,830,04 0
3	ASE	122,000,00 0	183,000,00 0	274,500,000	411,750,000	617,625,000	1,608,875,00 0
4	ASW	125,500,00 0	186,391,62 1	1,127,571,65 7	1,691,357,54 6	2,537,036,31 8	5,667,857,18 2

(AFS) and approved budget estimates of each local government for the five years period of study (2008-2012). The analysis was done with the use of ratio analysis. A ratio is one figure expressed in terms of another to show the relationship between them. The ratio expresses the actual capital spending in terms of the total budgeted capital allocation, that is the proportion of the total budgeted capital allocation that was actually spent on capital projects. The use of ratio analysis was employed because the study is trying to compare trend of performances of local government between a prescribed period/years.

The ratio is expressed as  $P = \frac{AAS}{ABA}$

Where P = Proportion of Actual spending from the budgeted capital allocation

ABA = Aggregate Budgeted Allocation (five years period)

AAS = Aggregate Actual spending (five years period)

The eighteen local governments are:

Akoko North East	ANE
Akoko North west	ANW
Akoko South East	ASE
Akoko South West	ASW
Akure North	AKN
Akure South	AKS
Ese Odo	ESE

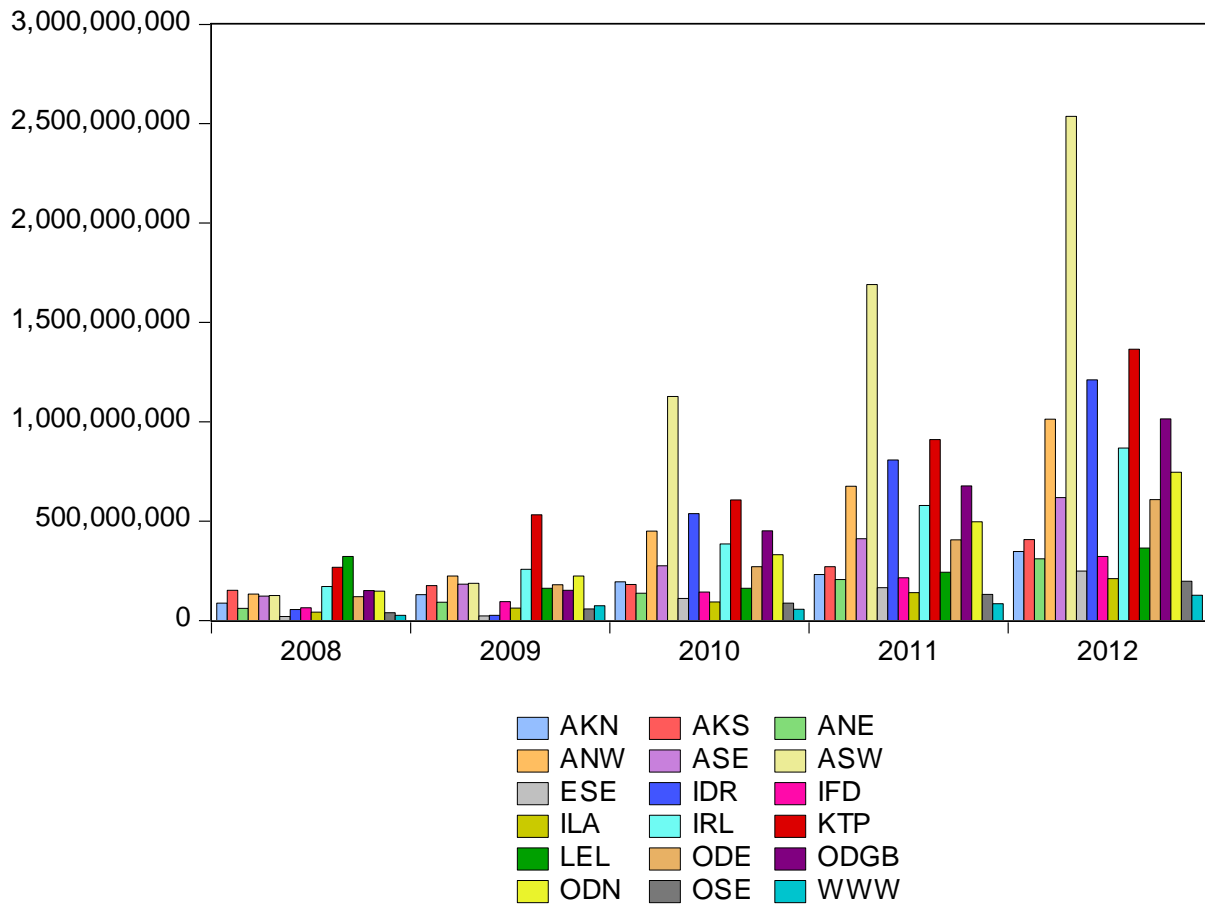


5	AKN	86,700,000	130,050,000	195,075,000	231,076,104	346,614,156	989,515,260
			0				
6	AKS	151,300,000	175,300,000	180,926,800	271,390,208	407,085,300	1,186,002,308
			0				
7	ESE	19,873,000	22,072,000	110,400,000	165,600,000	248,400,000	566,345,000
8	IDR	54,725,926	25,500,000	538,000,000	807,000,000	1,210,500,000	1,292,070,926
						0	6
9	IFD	63,461,334	95,192,001	142,788,001	214,182,001	321,273,001	836,896,338
10	ILA	41,462,537	62,193,805	93,290,707	139,936,060	209,904,090	546,787,199
11	LEL	322,716,630	161,950,540	161,950,540	242,925,810	364,380,715	1,253,924,235
			0				
12	IRL	171,283,261	256,924,891	385,387,336	578,081,004	867,121,506	2,258,797,998
			1				
13	ODG B	150,500,000	151,500,000	450,880,100	676,320,150	1,014,400,225	2,443,600,475
			0			5	5
14	KTP	267,500,000	531,450,000	606,870,950	910,306,425	1,365,459,637	3,681,587,012
			0			7	2
15	ODE	120,251,207	180,376,810	270,565,215	405,847,822	608,771,773	1,583,812,787
			0				7
16	ODN	147,606,688	223,380,736	331,309,723	496,964,585	745,446,876	1,944,708,608
			6				8
17	OSE	38,900,000	58,350,000	87,525,000	131,287,500	196,931,250	512,993,750
18	WW W	25,242,285	74,500,000	56,500,000	84,750,000	127,125,000	368,117,285

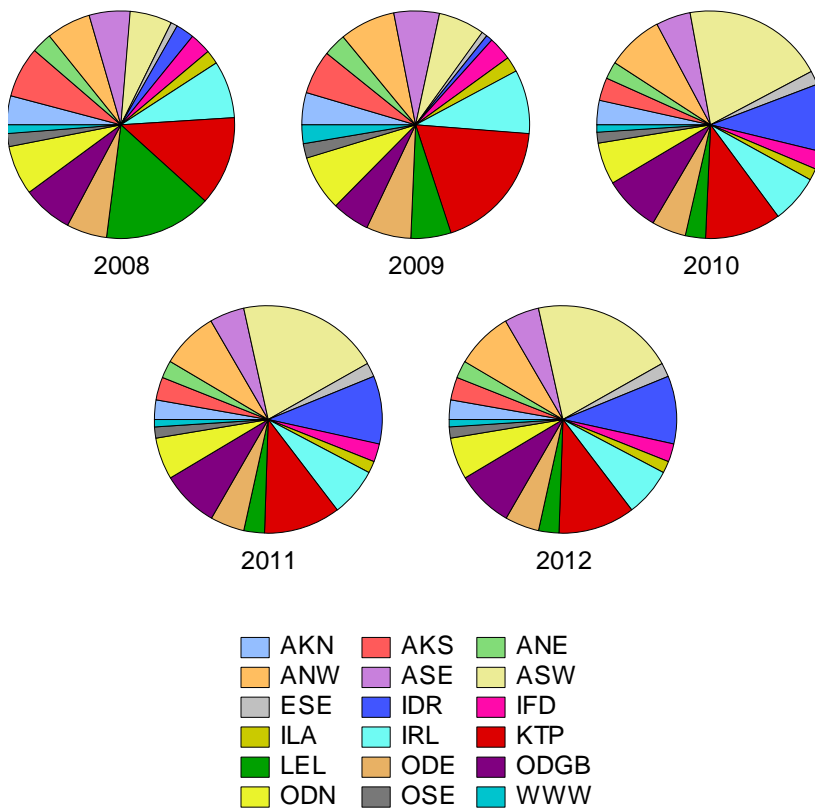
Source: Authors' Computation 2013; Annual Financial Statement 2008-2012

Table1 shows the annual budgeted capital allocation to each of the local government for the five years period of study.

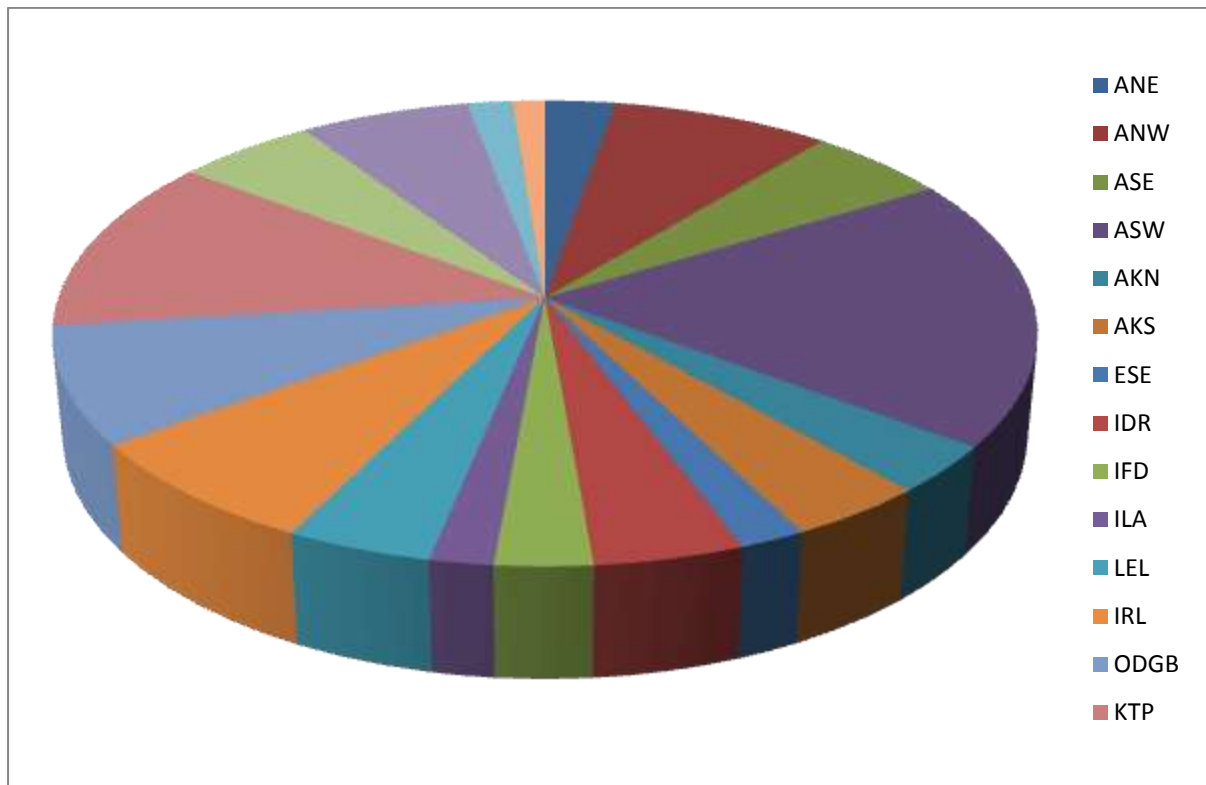
### Bar Chart Budgeted Capital



**Pie Chart Budgeted Capital**



Pie Chart of Sum of Budgeted Capital Allocation for 2008 - 2012:

**Table 2: ACTUAL SPENDING BETWEEN 2008 AND 2012**

	L/G	2008 N	2009 N	2010 N	2011 N	2012 N	Total N
1	ANE	24,270,424	36,405,636	54,608,454	81,912,681	122,869,021	320,066,216
2	ANW	40,618,120	55,237,433	197,789,598	296,684,397	445,026,595	1,035,356,143
3	ASE	25,536,738	38,305,107	57,457,660	86,186,490	129,279,735	336,765,730
4	ASW	49,713,480	849,784,112	3,791,378	5,687,068	8,530,602	917,506,640
5	AKN	47,277,749	20,283,736	17,698,400	26,547,600	39,821,400	151,628,885
6	AKS	57,735,386	13,527,491	26,547,600	39,821,400	159,723,100	197,358,977
7	ESE	32,049,357	39,990,149	59,985,223	89,977,834	134,966,751	356,969,314
8	IDR	38,288,391	43,702,772	30,070,883	45,106,324	67,659,486	224,827,856
9	IFD	18,203,229	36,467,111	27,304,843	40,957,264	61,435,896	184,368,343
10	ILA	31,636,729	39,991,950	59,987,925	89,981,887	134,972,830	356,571,321
11	LEL	148,410,673	32,123,184	21,354,620	32,031,930	48,047,895	281,968,302
12	IRL	26,486,781	39,730,171	59,595,256	89,392,884	134,089,326	349,294,418
13	PDEB	174,714,601	15,912,562	365,345,330	548,017,995	822,026,992	1,926,017,480
14	KTP	35,973,611	129,544,580	338,285,645	507,428,467	761,142,701	1,772,375,004

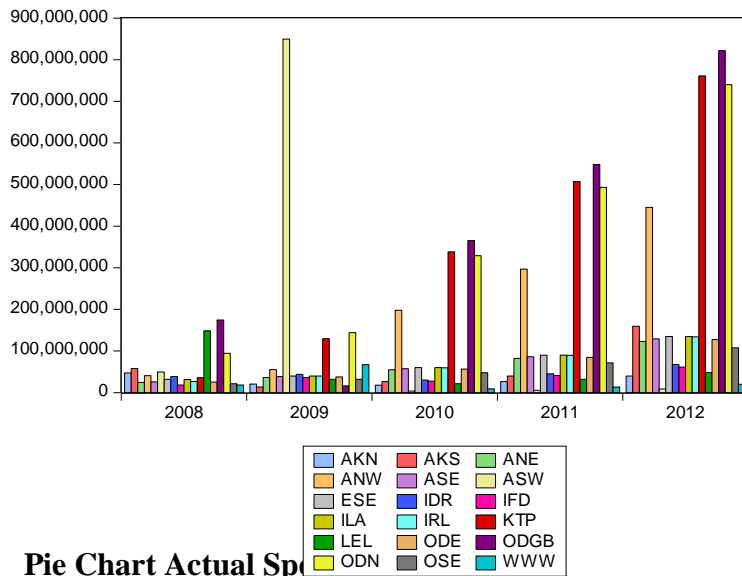


15	ODE	25,128,705	37,693,057	56,539,585	84,809,377	127,214,065	331,354,789
16	ODN	94,475,353	144,247,332	328,805,480	493,208,220	739,812,330	1,809,548,715
17	OSE	21,250,000	31,875,000	47,812,500	71,718,750	107,575,125	280,234,375
18	WWW	18,125,293	67,005,224	8,924,776	13,387,164	20,080,746	127,523,203

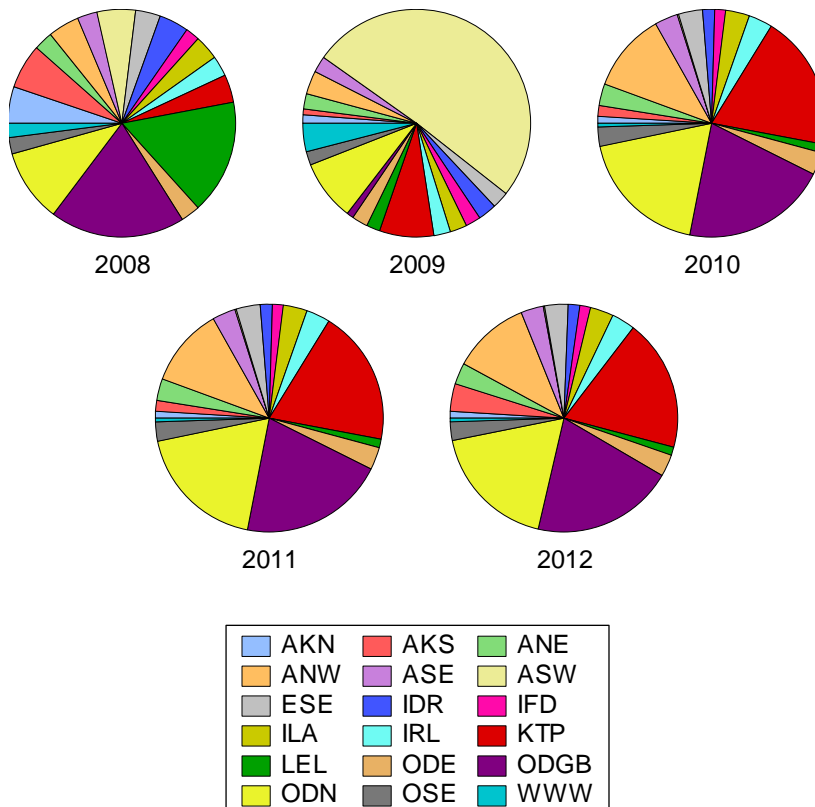
Source: Author’s Computation 2013; Annual Financial Statement 2008-2012

Table 2 shows the proportion of the budgeted capital allocation on annual basis that was actually spent on the capital project during the period of study.

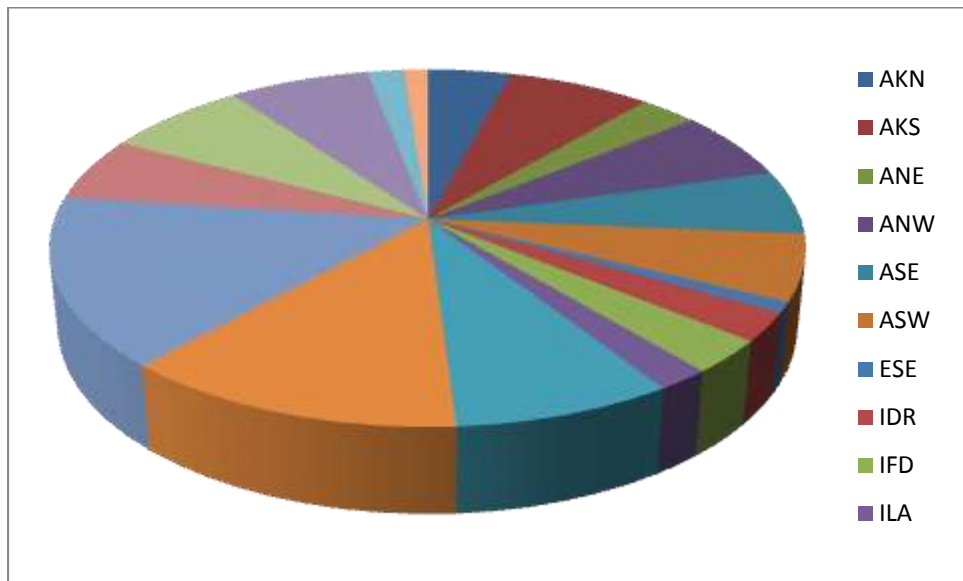
**Bar Chart Actual Spending**



**Pie Chart Actual Spending**



## Pie Chart of Sum of Actual Spending for 2008 - 2012



**Table 3 :DIFFERENCES BETWEEN AGGREGATE BUDGETED CAPITAL ALLOCATION AND AGGREGATE ACTUALSPENDING FOR 2008 TO 2012**

	L/G	Aggregate Budgeted Allocation 2008 – 2012 (ABA) N	Aggregate Actual Spending (AAS) 2008 – 2012 N	Difference ABA – AAS N	$P = \frac{AAS}{ABA}$ N	%	Decision N
1	ANE	806,811,250	320,066,216	(486,745,034)	0.397	39.7	F
2	ANW	2,494,830,040	1,035,356,143	(1,459,473,897)	0.415	41.5	F
3	ASE	1,608,875,000	336,765,730	(1,272,109,270)	0.209	20.9	F
4	ASW	5,667,857,182	917,506,640	(4,750,350,542)	0.162	16.2	F
5	AKN	989,575,260	151,628,885	(837,946,375)	0.153	15.3	F
6	AKS	1,186,002,308	197,358,977	(988,643,331)	0.166	16.6	F
7	ESE	566,345,000	756,969,314	-190,624,314	1.337	133*	P
8	IDR	1,292,070,926	224,827,856	(1,067,243,070)	0.174	17.4	F
9	IFD	836,896,338	184,368,343	(652,527,995)	0.220	22.0	F
10	ILA	546,787,199	356,571,321	190,215,878	0.652	65.2*	P
11	LEL	1,253,924,235	281,968,302	(971,955,933)	0.225	22.5	F
12	IRL	2,258,797,998	349,294,418	(1,909,503,580)	0.155	15.5	F

13	PDEB	2,443,600,475	1,926,017,480	517,582,995	0.788	78.8*	P
14	KTP	3,681,587,012	1,772,375,0004	(1,909,212,008)	0.481	48.1	F
15	ODE	1,583,812,787	331,384,789	(1,252,427,998)	0.209	20.9	F
16	ODN	1,944,708,608	1,800,548,715	144,159,893	0.925	92.5*	P
17	OSE	512,993,750	280,234,375	232,759,375	0.546	54.6*	P
18	WWW	368,117,285	127,523,203	(240,594,082)	0.346	34.6	F

Source: Author's Computation 2013; Annual Financial Statement 2008-2012

Base line/Determinant: % of pass to failure =  $5/18 = 27.8\%$

: % of failure to pass =  $13/18 = 72.2\%$

Decision Criteria: Ratio >50% = pass

Ratio <50% = fail

Table 3 shows the differences between the annual budgeted capital allocation and the annual actual capital spending for the period covered. It also reveals the ratio of the actual spending to budgeted capital allocation. The asterisk \* indicates passes while others indicate failure. The failures or the passes are indicative of the ratio percentages. A ratio percentage of greater than fifty (>50) indicates passes and a ratio percentage of less than fifty (<50) indicates failures. The choice of 50% as a basis of performance is hinged on the grading system of our educational system. The figures in bracket in the differences column shows that less than 50% of the budgeted allocation were actually spent on the projects meaning that there were lots of extra budgetary spending.

### DISCUSSION OF FINDINGS

The essence of this study is to find out to what extent the local governments have been able to harness the resources of the local governments in providing the basic need of the rural dwellers. Table 3 shows the aggregate capital allocation for the five years period of study and the proportion of actual spending from the budgeted allocation. Decision benchmark of 50% and above was set as a basis for performance measurement. Suffix to say that any local government recording a percentage of 50% and above is considered to have passed and similarly, a percentage of lower than 50% is considered to have failed. This percentage is arrived at by expressing the proportion of actual spending in terms of capital allocation. Analysis from the table reveals that only 5 representing 27.8% out of the 18 local governments were seen to have spent at least 50% of their capital allocation. These are marked with letter 'P' and asterisk '\*'. The remaining 13 local governments representing 72.2% of the total population spent less than 50%. These are marked with 'F' in the table. This goes to say that performance of capital expenditure between year 2008 and 2012 was abysmally low, poor and quite discouraging. This is reflected in the low standard of living, infrastructural decay and project abandonment that characterized the expenditure profile of the Local governments.

### CONCLUSION

Finance is very important in the running of organizations or governments. Local governments have a number of functions to carry out. Consequently, their finances need to be efficiently managed and judiciously utilized. Efficiency in financial management in any organization is always achieved through organizational determination to pursue excellent performance. It entails integrity, self-discipline on the part of top, middle, and low level managers in the organization. In view of this, there is urgent need to put in place an effective and efficient institutional mechanism at the council level to checkmate the menace of corruption at the grassroots level which has hindered development. Anti-corruption agencies should establish their offices in all the local governments and their activities should be strengthened. There is also the need for a sustained public enlightenment campaign about the right and duties of the entire individuals under the law. Person convicted of corruption or other economic crimes should be disqualified from holding public offices or participating in politics (Aransi, 2008). It is also imperative for local government to motivate their staff by giving better welfare packages or a commensurate salary in order to make them efficient and safe them from temptation of stealing government funds. Finally, the culture of integrity must be encouraged, practiced and enforced. The practice and enforcement of integrity in local government will promote accountability and transparency in their operation and prevent misappropriation of funds.

### THE WAY FORWARD

First and foremost appropriate actions should be taken to fix the above-mentioned predicaments. These include:

1. Search for honest and credible leadership. Without honest and transparent leaders being put in place at the local government level, embezzlement of public fund is likely to continue to thrive unabated.
2. The financial autonomy of local government must be enshrined and guaranteed by the provisions of the constitution.

3. Joint state-local government accounts must be abrogated immediately in line with the present thinking of the members of the House of Representatives, the Senate should, as matter of priority, consider and pass the bill to enable the President give his assent .
4. Local governments must be given all the political powers to enable them formulate and implement programmes of socio economic and political development as desired by the local populace whom they owe their service to.
5. Qualified Accounting personnel should be appointed into local government councils. The politics of clientelism and prebendalism should be discouraged. Staff should be appointed on the basis of knowledge and experience (merit). Also, hard work and achievements in taking the local government to higher level of performance should be adequately compensated.
6. Audit alarm should be given its proper place in the local government settings. Any acts or commissions of fraud should be exposed immediately a whistle is blown in that direction. Anti-corruption and other related offences agencies must be kept abreast of such development. Periodic internal and external audit programmes should be carried out in order to ascertain the state of finances in the local government through a budget year.
7. Accounts books must be well secured and properly kept. Any attempt to print and issue fake receipts should be nipped in the bud. Any local government official in any attempt to short-change the council by declaring incomplete account should be arrested and summarily dealt with in accordance to the law.
8. All sources of internally generated revenue should be properly identified, and sound methods of revenue collection, guided by financial regulation and General Orders should be handled by local government pensionable staff. A situation where 'touts' are recruited by political "god-fathers" to man their "Cash Points" and where these tout remit very inconsequential revenues to the local authorities must be stopped. The local government council we are aware have honest and well trained and pensionable revenue personnel. Such staff should be

used productively, as they have something at stake in the sustainability of the councils.

9. Finally the budgetary process must be strictly followed and efforts should be made to faithfully implement the provisions of the budgets.

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