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**THE SEARCH FOR PUBLIC**  
**ACCOUNTABILITY IN LOCAL GOVERNMENT**  
**COUNCILS: A CASE STUDY OF NSUKKA**  
**LOCAL GOVERNMENT**  
**1980 - 1993**

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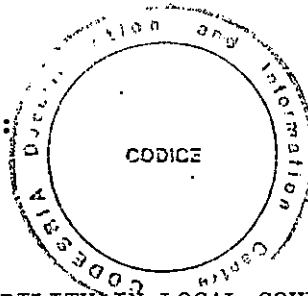
**JUNE, 1995**



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TITLE PAGE



THE SEARCH FOR PUBLIC ACCOUNTABILITY IN LOCAL GOVERNMENT  
COUNCILS: A CASE STUDY OF NSUKKA LOCAL GOVERNMENT  
1980 - 1993

A PROJECT REPORT SUBMITTED TO THE SCHOOL  
OF POST-GRADUATE STUDIES, UNIVERSITY OF  
NIGERIA, NSUKKA.

IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE  
OF MASTERS OF PUBLIC ADMINISTRATION (M.P.A.) IN  
FINANCIAL MANAGEMENT

BY

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PG./M.P.A./92/13916

JUNE, 1995

## THESIS ABSTRACT

One of the main problems of Local government councils in contemporary Nigeria is lack of public accountability. So common is this problem at the level of national government, too, that it has occupied the attention of many political analysts. At the level of Local government, however, where the incidence of political corruption is endemic, little attention has been paid to the problem of political corruption and its converse, public accountability.

This work is motivated by the desire to fill this gap in the literature. The title of the work is "The Search for Public Accountability in Local Government Councils: A Case Study of Nsukka Local Government, 1980 - 1993". The objective is to inquire into the level of public accountability in Nigeria and identify the factors responsible for the low (or high) level of public accountability in Local Government Councils in Nigeria.

Using the systems approach, we focused on the checks and balances, expressed in the form of financial rules and procedures, as in-put and public accountability as out-put in identifying the intra-governmental factors that determine the level of public accountability in Local Government Councils. To gather empirical evidence for the work, we used the survey research method. We designed and administered questionnaires to

workers in Nsukka Local Government and conducted indepth interviews among them. In analysing the responses we used simple percentages.

The three hypotheses formulated to guide the collection and analysis of data were all validated. The first hypothesis states that loop-holes in government financial regulation contribute significantly to poor accountability in Local Governments. We found that in Nsukka Local Government, such loop-holes include: the inability of internal auditors to operate independently of chairmen of Local Government Councils; the absence of stipulated maximum amount which a committee or officer must not exceed in the award of contracts; and the non-provision of a requirement that qualified finance officers must man certain strategic posts in the Local government council. There is also the lack of will to apply appropriate sanctions against the violation of rules and regulations pertaining to fiancial management in local government councils.

The second hypothesis states that lack of financial discipline in the Nsukka Local Government Council results in poor management of both material and financial resources. We found that in Nigeria Local Government Council, officers do not act within the limits of their powers. Consequently, there is mismanagement of the material and financial resources of the Nsukka Local Government area. Our respondents confirmed these

findings as they filled the questionnaires and answered the questions in the interview schedule.

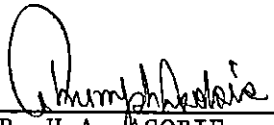
The third hypothesis postulates that shortage of qualified finance officers, by reinforcing the low level of financial discipline, contributes significantly to poor management of funds in Nsukka Local Government. We found that one of the major reasons why there is low level of public accountability in Nsukka Local Government Council is that there are unqualified "accountants" there. The officers that are charged with financial responsibilities are "quacks" in the field of accountancy.

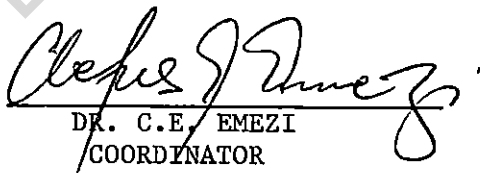
In relation to the extant literature in the search for public accountability, our findings stress the dimensions of loop-holes in rules and regulations, weakness of sanctions, and lack of qualified manpower, rather than low level of moral tone, as explanatory factors for low level of public accountability in Local Government Councils. These are variables that can be dealt with in the course of public administration in general and financial management in particular.

APPROVAL PAGE

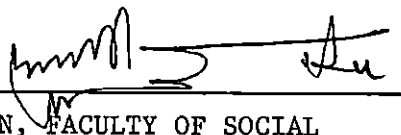
THIS THESIS HAS BEEN APPROVED FOR THE DEPARTMENT OF POLITICAL SCIENCE, SUB-DEPARTMENT OF PUBLIC ADMINISTRATION AND LOCAL GOVERNMENT, UNIVERSITY OF NIGERIA, NSUKKA.

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DEDICATION

Dedicated to;  
Chidera, Nkechinyere  
and my Parents.

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ACKNOWLEDGEMENT

I wish to express my profound gratitude to my Supervisor Dr. H.A. Asobie who guided me throughout the research work.

No meaningful project can either be started or completed without finance, and as such, I accord honour to council for the Development of Social Science Research in Africa (CODESRIA) for financing the production of this thesis.

Sincere and affectionate gratitude also goes to my parents for giving me the moral support. Recognition is also accorded to the staff of University of Nigeria, Nsukka library and the Typist, Mr. Odoh Gabriel M. who neatly produced this work.



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## CHAPTER ONE

### 1.1 STATEMENT OF PROBLEM

Accountability in the context of local administration is the discipline required of the leadership, management and staff of the local government to prepare a realistic annual budget, collect revenue efficiently as may accrue to the council and put into effective and legitimate use the resources of the council in providing socio-economic goods and services for the people of the area at acceptable standards. It was the need for efficient management of resources and accountability that made the federal military government, in an effort to create effective and efficient local government for grassroot democracy, in 1988, to reform the system of local government operation in Nigeria.

One of the main problems of local government in Nigeria is lack of accountability. Like any other level of government, Local government should be a public organization concerned with the society which is dynamic in nature. The frequent reforms in local government in Nigeria were predicated on the need of the people to move towards their socio-political and economic emancipation. The need is basic: the desire for improvement in standard of living. And self reliance is the hope.

Experiences in local government administration have shown that the various reforms, since 1976, have achieved little

or nothing in terms of the purpose for which they were initiated.

No government worth its salt can fulfil her objectives without some laid down principles to check the abuses and irresponsibilities of its functionaries and to curb irregularities in the management of available resources.

This research work is intended to examine or inquire into the problem of public accountability in the local government system with specific regard to Nsukka Local Government.

The questions that require investigation are:- First,, what is responsible for the poor management of financial and material resources at the level of local governments? Second, what can explain the very low level of public accountability in local governments in Nigeria?

## 1.2 LITERATURE REVIEW

Public accountability in local government administration pertains to the administrative, political and financial management of public finances. Before reviewing the literature, a little highlight on the concept of public accountability will be made or discussed.

Therefore accountability is "the aspect of a relationship in which one person (or Organization) is subject to the authority of another in such a way that redress may be exacted in case"

og s frgsuly (Regan, 1975). Because the concept of "default" necessarily involves an original, agreed upon standard that has not been reached, accountability requires feed back mechanism with sanctions. As such, it would necessarily have three components;

1. The setting of an initial standards;
2. The monitoring of governmental actors or activities against those standards;
3. The application of sanctions if the actors fall short of achieving the standards. This simple feed-back model, a requisite for public accountability will be used to structure in Nsukka Local Government.

In their own contribution, Romzek and Dubnic (1987) emphasised that accountability has been seen simply in terms of "Answerability". They stated that Administrators and agencies are accountable to the extent that they are required to answer for their actions. But in the eyes of the authors, they believed that the answerability concept is too narrow to capture the full reality of accountability. From an alternative perspective, accountability plays a greater role in the process of Public Administration than indicated by the idea of answerability. More broadly conceived, public accountability involves the means by which public

agencies and their workers manage the diverse expectations generated within and outside the organization. In a concise manner, accountability involves primarily a strategy for managing expectations by public administrations. According to these authors, Romzek and Dubnick (1987) two factors are most critical for determining the shape of public accountability systems. These systems they mentioned as the placement of an authoritative source of control and the "degree of control".

Contributing his own views on public accountability O'Loughlin (1990) classified accountability into political and professional accountability. He stated that political accountability systems are those which emphasize the traditional understanding of accountability as involving the "responsiveness" relationship between the agency and the outside actors, including political officials or office holders, interest groups, agency clientele and so on. Professional accountability system vests power and control in the hands of the expert employees, with both the supervisory managers and outside actors trusting those experts and giving them autonomy to make independent and important decision. It also emphasizes internal control of agency action and

particularly deference to the discretionary decision making power of the "experts" in the agency. Agency here refers to the organization which the researcher is studying-Nsukka Local Government.

Romzek and Dubnick (1987) also divided accountability into four arears or systems namely: Bureaucratic accountability systems, legal accountability, professional accountability and finally political accountability. They stated that while political accountability seems to promote favouritism and even corruption in the administration of government programmes, legal accountability will serve as a check to political office holders and top management officers. For example the urge for political accountability is reflected in open meetings laws, freedom of information acts, and "government in the sunshine" statutes passed by many state and local governments.

Hidreth and miller (1985) in his financial managerial ability emphasize that accountability of a public administrator can be postulated as either imposed by another individual acting in his own capacity or by an institutional or organized effort. They stated that institutional forms of accountability are numerous in our system of government. These institutions



according to them are the executive, legislative and the judiciary. Also Hidreth and Miller (1985) stated that one general way of characterizing the local fiscal system of any country is to specify the fiscal role of local governments in expenditure or revenue in relation to the national government. In all modern nations, governmental responsibilities for public services are divided between the central government and its various localities. Local government expenditures are financed from three principal sources of revenue such as rate, non-rateable revenues and grants from both the federal government and internally generated revenue of the states account. The authors also went on to emphasize that despite the recent changes which have elevated public officials' liability to the fore front of public law, accountability of public officials and employees deserve standing as one of the oldest areas of governance. More recently, the disciplines of public administration and political science have spent decades elaborating on the concept of administrative responsibility and accountability. According to a major theoretical distinction, accountability either flows from individual (eg. through personal ethics and professionalism) on institutionalized

power centres. Institutionalized power centre here refers to a citizen/client born liability who sued against Maladministration of public officials or employees in order to seek redress. These institutionalized power centres for example are the legislators, courts, press, interest groups or higher officials.

The second classification in the literatures deals with the lack of public accountability. Some authors contributed on this. In his own contribution, Marshall (1962) during his study on lack of funds in the local government found out that dishonesty is the bane of local government progress. He suggested that staff of proven honesty and diligence be assigned the task of collection and custody of cash. Institution of accountability will ensure adequacy of working capital. Okorie (1984) in his study of Aba Local government Area said that fore-knowledge of revenue derived by tax dodgers, dishonest and corrupt revenue collecting officials, as well as bribes from property owners denied the government of much revenues.

Omotunde (1975) attributed lack of accountability to corruption. He asserted that political corruption exists

if there is diversion of government revenues and of national income flow in order to augment the current government members' private wealth, when the latter are not legally entitled to do so. It is important to note that the abuse of local power extends beyond the enrichment of the government officials themselves. It will at times involve giving undue favours to other people with when government officials have clientele relationship. He made these point while discussing the issue of public accountability in public organization.

Ojidoh (1986) stated that if anything, the accountability of leadership in the local government is but a seductive mirage on the path of all developing countries which have not only inherited, but retained almost intact (albeit with some expansions) their former colonial "Cargo" economics with the attendant institutions - the bureaucracy, courts, armed forces. It is a mirage that cannot but elude countries where the pattern or process of capital accumulation is yet at youthful, and worse still, primitive stage, and where political power is the most potent force for securing already accumulated wealth and of course for further accumulation. According to him. public officers simply "rubbed the backs"

of people in the business world and these generously reciprocated. Corruption arrived in regal robes that dazzled the government. In stressing the issue of leadership and accountability in the local government system, he asked some questions by saying, how many could tell their people how they came into possession of several houses at home and abroad; fleets of cars and chain of businesses running into millions on their annual salaries? How many leaders would work with the principle of public accountability. So public accountability flees with the loss of legitimacy, for a government without legitimacy can be likened to a despotic regime which is accountable only to itself. Suffice it to say that any leadership which is not accountable is a fraud. Ebo (1983) emphasized that adequate rewards should be given to those officers of the council because if not, it would expose the incumbent-treasurers, secretaries, chairmen of local governments to unavoidable risks of temptation to supplement their income through dubious means like stealing and embezzlement of public fund. Nwosu (1983) points out that many or several states do not pay regularly percentages of their revenue, to the local government councils and also the federal alloca<sup>2</sup>

tion. This action according to him is a mark of misdirection and unaccountability of local government fund from the federation account. In order to ensure effective cost control system, he recommended the use of programme performance Budget system (PPBS) in the local government. This is because PPBS increases the responsibility and accountability of management. The PPBS has not been introduced in the local government the researcher is studying - Nsukka Local government. Because of its non applicability in Nsukka local government, it may bring about lack of accountability hence it is one of the ways to ensure effective cost control system.

Orewa (1988) states that accountability at the local government level involves eliminating, or at worst minimising any losses of the local government funds and property. This means that contracts, Job orders and local purchases of materials and equipment should be undertaken or procured at the most reasonable prices and the assets procured or job done should be of the best quality under the prevailing circumstances. A good measure of accountability involves audit in spection which may be carried out by the internal or external auditor to the local government. Howard (1982) defined autiting as the independent examination of and expression of opinion

on the financial statements of an enterprise by an appointed auditor in pursuance of that appointment and in compliance with any relevant statutory obligation. An audit is therefore first of all the investigation of a statement of figures which involves the examination of certain evidence while the object of the investigation is to enable auditor to make a report on the statement. The internal audit section of the local government was introduced by government in 1988 so as to enshrine among public officers the concept of probity and accountability. But this was not fully observed and used by the past chief executive and councillors in view of the enormous powers invested on the chief executive as the chief accounting officer of the local government council. This is contained in implementation guidelines of 1988.

Improper organizational structure or lack of proper organizational structure is an impediment to proper accountability and management. Hinks and Gullet (1975) conceived that accountability is external to the individual and his personal feelings. It may be thought of as flowing upward through the formal organizational structure. His observation is based on the fact that the local government system is often planned from above and imposed on the individuals without

involving them in decision making in order to be fully aware of why they should be responsible for their activities and that accountability should flow both upward and downward through the organizational structure. In this vein, both junior and senior officers shall be held responsible for their performances and actions. But it is very unfortunate that the organizational chart drawn and placed in the local government showing in hierarchical order the functions of key officers is a mere paper decoration, because it is never functional. The reason is because of the quest for self aggrandizement among officers of the council.

In his own assertion, Gboyega (1987) stated that lack of control and responsiveness aspect of accountability deals with the restraint that is necessary to make administrative actions to respond to the promptings and purposes of the policy. Accountability deals with the overall performance of one, considering the position, power, resources, influence, and customs that are at the disposal of one. The discussion of accountability in this paper is equivalent to the responsiveness of Nsukka Local Government to the people of the entire community.

Budgeting is an aspect of public accountability in the local government councils, but the budget otherwise called

estimate has some deficiencies in it during implementation. Morelos (1979) states that whatever deficiencies exist in the present budgeting system of local government in Nigeria with specific regard to Nsukka local government stem from its being mainly line-item budgeting approach. As a result the local government budgeting system in Nigeria suffers from the following deficiencies:

- a] It is a deterrent to good management;
- b] It does not consider development problems and issues;
- c] It has no formal planning and budgeting organizations.

The present arrangement concerning the estimate (and keeping of accounts) was founded primarily on the need to account fully for public money accruing to the council and the expenditure. The system often hides waste and inefficiency and creates room for fraud.

It is in order to bring about probity and accountability in public officers that a budget centre in the local government is created. In view of this Fremgen (1973) defined budget as a comprehensive and co-ordinated plan expressed in financial terms for the operations and resources of an enterprise for some specific period in the future. On the other hand Adamelokin,



(1982), summarised three objectives which characterize the budget as a technique or tool of management and accountability used for both planning and control, a device of Monitoring Procedure, and reviewing and evaluating performance and overall method for improving operations. So, the issue of budget in this paper or research work is that for effective control and management of the local government finances and also to ensure proper accountability or fair accountability to public fund, then there should be estimated receipts and expenditure for that particular or specific period or year.

The third classification which some other scholars contributed is on the causes of lack of accountability. In his view, Montague, (1948), alluded to the cause of weak local government operational fund in Nigeria as due to irresponsibility of the executives. They waste both federal, and state grants as well as internally generated revenues. This waste of grants from both the state and federal government and also irresponsibility of the executives bring about lack of accountability. In contributing his own view while defining a concept corruption, Nye (1969) stated that corruption as a leading link to public accountability brings about misappropriation/illegal appropriation of public resources for private regarding uses).

The views of 'Nye' could be seen as one of the causes of public accountability in the local government in view of the domineering caption of corruption among public officers especially the past or dissolved local government chief executives in the various councils. Also contributing on this issue, Montesquieu (1948) in his book entitled "L'Espimit Des Lois" (the spirit of the laws) based his study on the work of John Locke and was concerned with the preservation of political liberty which could be found when there is no abuse of power. He further maintained that to prevent abuse of powers, one power should be a check on another. This author was saying that separation of powers among the officers at any level should be maintained if job efficiency and effectiveness should be achieved. Deducing an idea from Montesquieus view, one can see that the Nigerian local government system before the late 1980's had not been operating on the doctrine of separation of powers. Rather it was fusion of powers. This is perhaps the result of the quest for self aggrandizement among the operators. The chairman of councils had unlimited powers, they combined both the executive and legislative functions including even accounting roles. This was done through the supervision councillors who were political heads of all the standing committees like

Health, Education Agriculture, works, Finance etc. In view of this, they were involved directly or indirectly in the authorization for incurring departmental expenditure and estimate proposals to be submitted to the treasurer of the council. Precisely, therefore, there were no check and balance in the system of local government in Nigeria. But the constitution of 1979 as amended in 1989 constitution attempted to incorporate the doctrine of separation of powers.

However, there are three tiers of government in Nigeria. Functions are decentralized amongst the three tiers. Decentralization of powers involves either deconcentration or devolution of powers. Deconcentration is basically field administration by the central government operating through local authorities as a kind of agency, which is local administration - Anderson (1979). Borrowing an idea from Anderson, the researcher is emphatic that the present local government administration does not decentralize its functions even though in 1988 local government reforms it gave a fair view of such. But it is not practiced fully.

OLA (1984) said that a local government properly called must be people oriented, its powers must derive their legitimacy from the will of the people, its responsibilities

and accountability must be to the people whose interest it is designed to advance and protect. The concept of stewardship tells us that it is a grant of power to act as a steward or agent of the granting authority. The power assigned to it to use the words of "a partial capacity to govern". The essential feature is that, it is delegated not derived it is facilitating function, which is service oriented. In his own assertion about causes of public accountability Akpan (1982) stress that it was the urge and need for public accountability that was the mother or at least the midwife of the concepts of representative government or participatory democracy.

Therefore, the concept of public accountability means the firm recognition and acceptance of the fact that all public servants owe and hold their positions and every thing associated with those positions as trusts for the people, who are their masters. As such civil servants as trustees, they are expected and required to give regular accounts of their trusteeship. This accounts of responsibility should not only be directed to the employees, it should also be directed to both private enterprise and the public in general. The council representatives should be able to fulfill their promises to the electorates.

Bayley (1966) observes that in developing Nations if the objective in hiring government employees are to achieve efficiency and ability to carry out official tasks, then the officers asking for such position should not divert their energies into lobbying. Deducting idea from Bayleys statement, it was rightly observed that many functionaries in developing countries like ours lobby for posts. With such behavioural quest for posts, they will first tend to recover the amount expended to get such position. They recover such through award of fictitious contract and making payments on that. In this vein, meritocracy is set aside while the highest bidder secure the post.

Studies of European history show that current notion of public duty, accountability and trust emerged from the ideas of the French revolution towards the end of 18th century. Practices such as venality, nepotism and mis-appropriation of public fund or resources were rampant and even exploited by leaders for their own benefits. As Dent (1967) has recorded "Given the primitive organization of the money market during the period (17th century France) it is impossible to speak of definite interest rate on royal loans, but it would not be inaccurate to say that during the 1550s' the

(French) crown was forced to accept interest varying from 33 1/3 to 50 percent per annum. This situation kept the crown in difficulties because the maximum legal rate which it could offer was a mere 5.55 percent; given the delicate position of the crown following the Fronde (Crisis) there was no question of altering laws against speculations as Emperor Charles V. had done in 1525 to allow a relatively free hand to financiers like the fuggers, on whom he depended.

The solution from the suprintendants was then to collaborate with the financiers in allowing them to defraud the state in such a way that they made up the discrepancy between the practical rate of interest and the legal rate, which was the sole reward of financial patriotism. It became a clear fact that before the innovation and conceptualization of these words public duty, public accountability and trust, there is the existence of corruption as a norm which was an leading stick to the concept of public accountability in this research work. However, there was no concept of public duty and no clearly defined standards that govern the conduct of public officials which made it very impossible for accountability in civil service. But with the French revolution came a transformation of concepts and practices. Public officials began to hold office on trust and became servants rather

than lords of the community. The public life of officials became separated from their private life, and the conduct expected from work was to be governed by rulers. In other words, public conduct of officials became subject to bureaucratic corruption in Nigeria, Olowu (1983), emphatically was of the view that the level of corruption was more pronounced in the local government in which enquiries were conducted between 1976 and 1980. He attributed this to inability of the political leaders to provide necessary political initiative and control, lack of appropriate knowledge and skills especially relating to financial management on the part of the appointed officials and collusion between both the political and administrative leadership groups. This author had support from Adamolekun (1982), Osenwota et al (1980). This contribution epitomized by the author is still highly obtained in the contemporary local government administration in Nigeria where public accountability is a mere word to top officers of the management.

The last but not the least which some scholars looked at is the consequences of public accountability. Accountability in the councils or the local government council hence the corrupt practices that have eaten deep in our society.

And any attempt to criticise such act of corruption will be decisively dealt with by the administration ranging from unlawful charges premeditated to deal with the critic and even assassination attempt on the life of such person. No wonder Werlin (1972), rightly observed that officials who do not co-operate in corrupt procedures that have become politically well-established might find themselves in serious trouble. For example soon after M.P., J.M. Karluiki had criticised the government of Kenyatta in 1975, during which he declared: We do not want to create a Kenya of ten millionaires and ten million beggars; his body was found mutilated dumped on the Ngong Hills outside Nairobi. This means that some public officers who do not want to be accountable could use any available means within their means to deal with any critic of the administration. In order to maintain probity and accountability in public life, Aikhomu (1988) suspended the then chairman of Enugu Local Government for misappropriating public fund at the tune of ₦42,113.55 and ₦25,000.

Many chairmen in the past administration were threatened with impeachment in view of the allegations of corrupt administrative behaviour and misappropriation of local government fund, and Akpan et al (1992) buttressed his view with allegation



levelled against one of the chairman in Southern zone of this country which ranges from corruption, reckless spending and refusal to consult the legislature on a number of issues. The chief executive was latter impeached after being found wanting by a seven (7) man panel set up by the state government on the allegations levelled against him. However, the chief executive went to court and the court decision or ruling on 25/6/92 stated that Decree No. 15 of 1989 has by its provision in section 11 (10) supra ousted the jurisdiction of this, court entertaining this application as it is presently worded. It was in order to ensure probity and accountability in public officers in the state including the third tier government by the present administration, that a circular letter of 27th January 1994 was signed and issued by the military administrator. In the circular, it is addressed to all directors General, All sole administrators in-charge of parastatals and government companies and chairmen of local government with the following caption. Award of contracts and payments to contractors.

In the literature reviewed so far by the researcher, there are some deficiencies or gap in the literature. The researcher will discuss the gap in the literature.

In the first classification which dealt with types or systems of accountability, authors like O'Loughlin (1990),

Romzek and Dubnick (1987) looked at the issue of accountability with regard to professional, political, bureaucratic and legal accountability. They really did a good work but they failed to understand that professional and political accountability in the contemporary society does not mean total accountability. They should have started their work by first articulating what the researcher calls morale accountability in all these systems or types of accountability in public life. This is because a person may be professionally qualified to be accountable but lacks the morale capacity to pursue this.

There are some gaps in the literature which dealt with lack of accountability. Nwosu (1983) recommended the use of PPBS in the local government for effective accountability and responsibility without taking into account the extent of development in Nigerian local government system and its possible application by officers. Other authors in this group contributed meaningfully but failed to look at the lack of qualified personnel, misplacement of officers on the jobs for which they do not have knowledge and skills, non implementation of the organizational chart, non adherence to the independent functions of the internal audit unit, lack of supervision on subordinate officers by superior officers, by superior officers, lack of discipline etc. These and many others if well researched will help to

engender at least 70% of officers in the council, why there should be need for public accountability in local government. This will also enable the poor tax payers at the grassroot to know how their money is being expended.

In the third classification, which emphasized on the causes of non-accountability, scholars attributed such to weak local government operational fund in Nigeria. Such a scholar is Montague (1948). While others like Nye (1969) attributed it to corruption, and Montesquieu (1948) attributed it to preservation of political liberty. Montesquieu said it could be found when there is no abuse of power. Also Anderson (1979) was of the same view when he addressed the issue of Deconcentration of powers.

But it is very unfortunate that the ideas of these scholars are not in any manner implemented in the local government. Rather what is seen in the local administration is usurption of functions where more money will be received as bribe. So the researcher will find out why separation of functions are not observed by public officers in the local government with specific regard to Nsukka local government even when such were spelt out in the civil service rule, financial memoranda and 1988 local government reform.

Finally, on the consequences, what Werlim in (1972) said was right especially in third world countries and developing African Nations. But there is deficiency in his view because he did not go a long way to find out whether the critic benefited from the administration or an employee of the Kenyatta administration in 1975 who might have been shown the way out for one reason or the other—corruption.

On the issue of impeachment meted to the chairman of one of the local governments in Southern zone according to Akpan et al (1992), the researcher was of the view that what the author found out about the charges levelled against the chairman was correct, and the punishment meted was commensurate to his offence. But the author did not find out why chairman of local governments and other public officers engage in fraudulent practices. Also the researcher will find out the fraudulent acts of public officers in Nsukka local government. This is because corruption is the converse of public accountability.

### 1.3 THEORETICAL FRAME WORK

There are many organizational theories and approaches that can be adopted in various studies such as machine theory, functional theory, miniature society theory, personal approach, theory, cost-effectiveness theory, Game theory, Elite theory, Institutionalism theory, and system theory etc.

For an empirical study such as this, the research work will be based on the systems approach by David Easton. This theory is based on certain assumptions, for instance, that, "like the biological Organic system, there is also a social system which is made up of other units or sub-systems that are related. These units or sub-systems function as role players in cooperation with one another to maintain a balance in the whole system in the attainment of specific goals. That a dysfunction in one unit of the system upsets the general system.

In this study we shall use Nsukka local Government as the environment. The various functionaries in the Local Government services as the sub-systems. Our concern is with checks and balances as input and accountability as out-put and we shall examine different variables that inter-play to produce output.

The variables include needs of the people (inputs or support), conversion process, out-put, and feed back. The conversion is the complex of the activities and structural settings of the various functionaries of the Local Government system and the entire public of Nsukka. The out put is the out come or result in terms of goods and services and proper rendition of accounts or probity in management of both human

and material resources. The feed back will include, the reactions of the masses to these services and the accountability rendered either in support or opposition to them.

Using the system approach, our political system now extended to the local governments, is divided into three distinguishable but interrelated sub-systems which influence each other as well as the environment and are in turn influenced by the environment's relevant public. These three distinguishable systems are the Executive sub-system, the legislative sub-system and the judicial sub-system. But the judicial sub-system is not yet introduced in the local government operation.

#### 1.4 HYPOTHESES

Hypothesis is a proposition which is assumed perhaps without belief in order to draw its logical consequences and by so doing test it accord with facts which are known or facts which may be determined. So a hypothesis in scientific research is defined as the starting point for investigation.

The following hypothesis contained below have been formulated, which will also be tested against empirical facts.

- Hi. Lack of financial discipline results in poor management of both material and financial resources;
- Hii. Loop-holes in government financial regulations contri-

bute significantly to poor accountability in local governments.

Hiii. Shortage of qualified finance officers by reinforcing lack of financial discipline also contributes to poor management of funds in local governments.

#### 1.4 (a) METHODOLOGY OR RESEARCH METHOD

The research method used for this study is survey research method. Survey research is simply a means of studying the characteristics of larger population or numbers of people by selecting or studying samples chosen from the population.

In survey research method, there are two types; namely questionnaire and interview.

I shall use the two methods. The questionnaire will be administered to staff of the local government - Nsukka. Those to be interviewed are Principal officers of the council including the chairman caretaker committee of Nsukka Local Government.

#### (b) DATA ANALYSIS

In analysing the data collected, simple percentages will be used. The first hypothesis claims that lack of financial

discipline results in poor management of both material and financial resources. If what all the three hypotheses say are validated or accepted to be true then it means there was low level of public accountability in Nsukka local government between 1980-1993.

(c) POPULATION

The population for this study will be drawn from staff of Nsukka Local Government comprising principal and non principal officers.

A total population of the staff is about 200. A population of about 100 officers will be randomly sampled. Also 20 retired officers, ex-chairmen and councillors will be interviewed.

In the sampling process about 80 officers will be randomly sampled. Simple random sampling will be used in the process and will be drawn from Treasury, or Finance and supply, Agric. and Natural resources and works departments. It will be sampled as follows Finance and supply 40 officers, Agric. and Natural resources 20 and works department 20 officers. The three departments are chosen for the sample because finance and supply department are the core centre of financial transaction and constitute the bulk of the study, and as well where more literate officers are. Also Agriculture and Natural resources



were used because of government attention to Agriculture as the main stay of the economy. Because government attach more importance to Agriculture and natural resources, much money will be allocated to it in the budget in order to ensure full implementation of "Operation Feed Yourself" and other Programmes. Works department also was choosen because it constitute more number of illiterate staff and few professional like the Town Engineer higher technical officer and senior technical officer. The Roadmen constitute the bulk of the number in works department but the researcher will make use of the senior officers and Town Engineer in the sampling process.

Other remaining two departments like Health and Social Welfare and Administration were not used in the sampling process because Health and social welfare are more of field workers and may not be aware of financial procedures. Although Administration department is the centre for discipline and authorization, but it is only in the hands of Head of personnel management out of the lot of personnel officers in the department.

Irrespective of the fact that these two departments are not used in the sampling process, the officers in both offices will be used for the study and they form also part of the total population of 200 staff used for the study.

CHAPTER TWO2.1 RULES AND REGULATIONS GUIDING FINANCIAL OPERATION OF LOCAL GOVERNMENT COUNCILS

The hypothesis for this chapter states that Loop-holes in government financial regulations contribute significantly to poor accountability in local governments.

There are rules and regulations that guide the operation of the local government in the country and Nsukka local government in particular. These rules and regulations are contained in the constitution of Federal Republic of Nigeria, Financial memorandum, Financial instruction, implementation guidelines on the application of civil service reforms in local government service 1988 etc. But the questions are that, Are the regulations and rules pertaining to maintenance of public accountability in the local government system adequate or not?

The regulations that exist no matter how inadequate they are, are they enforced or not? The researcher will address the questions one after the other for easy clarity.

In order to address the first question asked by the author, the rules and regulations guiding the financial operation of the local government system have to be mentioned:

- a) Financial instruction guiding local government financial operation states that there must be an authorization to

incur expenditure from the chief accounting officer of the council.

- b] Also the financial memorandum provides that a cashier of any local government must be an accountant from grade level 08 and above;
- c] The regulation provides that at the beginning of any fiscal year, there must be 'cash survey' and the survey must be made up of three (3) man board of survey including an accountant.
- d] No treasurer shall incur an expenditure without the due processes of authorization;
- e] No payment shall be made either in cash or in any form without being vetted by an internal auditor of the council;
- f] That all payments made by the cashier either in cash, cheque or in any form must be entered in the main cash book;
- g] That No recruitment shall be made from officers on GL 04-06 without the JSMC (Junior staff management committee) and also the local government service commission on officers on Grade level 07 and above;

- h] That there shall be audit alarm committee comprising the Director of Local Government Audit as Chairman, the Director of Local Government inspectorate representing the military governors office and one representative from the office of the state Accountant General. In the order words No. Officer(s) shall process any queried. Payment under the alarm Committee.
- i] No capital projects shall be contracted without being tendered for;
- j] Payment to contractors shall not be made without a certified certificate from the town engineer of any Local Government;
- k] All revenue that accrue to the council must be paid to the cashier before closure of office;
- l] That No Officer(s) shall be given salary advance more than his or her basic salary;
- m] It is a rule that treasurers must prepare bank reconciliation statements;
- n] No payment of salaries to ghost workers shall be made;
- o] That on no account shall any officer except an accountant shall perform the duties of a purchasing officer;
- p] No officer other than an accountant shall take control of stocks in store of the council:

- q] There shall be no expenditure without an approval budget or estimate for the fiscal year;
- r] The law provides that both recurrent revenue recurrent expenditure capital receipts and capital expenditure must be coded in the appropriate heads and sub-heads.

Although these rules and regulations are guiding the financial operators of the council, yet loop-holes exist. Such loop-holes like this - The internal auditors are not independent in execution of their legitimate responsibilities and as such there is no check and balances among fianance officers chairmen and councillors.

Another loop-holes is that government did not stipulate maximum amount a specific contract shall be awarded and hence such provision is not made, there exist a situation where contracts awarded will be inflated.

There is no provision for recruitment of chartered accountants as treasurers who are professionally experts, and who may as well help in interpretation and application of financial policies and its effect to government. The reason for this may be attributed to cost of employing such category of accountants.

There is also no provision to which government either state or federal government would local governments will be

accountable for in view of her autonomy and self accounting institution.

In respect to these loop-holes that are found in the rules and regulation guiding the financial operation of the local government, it is pertinent that such will engender financial indiscipline, misappropriation, stealing and embezzlement of public fund. Since such loop-holes, pave way for financial misappropriation and other forms of financial indiscipline among public officers in the council, it then mean that the rules and regulations pertaining to maintenance of public accountability in the local government system in general and Nsukka in particular are not adequate.

Nevertheless the inadequacies of the rules and regulations that exist as a result of the loop-holes, it is important to find out whether the existing rules and regulations coded in financial instruction, financial memorandum and implementation guideline of 1988 etc. are truly enforced or not. In addressing this issue to the following shall be observed:

## 2.2 POOR APPLICATION OF THE RULES AND REGULATIONS TO CHECK BEHAVIOURIAL TENDENCIES TOWARDS PUBLIC FUNDS

Most of the things that are not supposed to be done by civil servants and punishment for financial misappropriation are clearly spelt out in the relevant financial books such

as financial instruction, financial memorandum and in the constitution of this country. But the top management officers and other staff of the council in this country do not observe the laid down principles and practice of accounting procedures. This might be because of the quest for wealth among such group and careless - Free attitude of people towards government funds. The code of conduct on government business specifically emphasized on the attitude of society to public funds as follows.

- a] Public funds must not be wasted. Officers should be frugal in spending public funds;
- b] Collectors of government revenue should be conscientious in doing their duty; no rebate should be made as a favour to any one;
- c] Every expenditure must be justified and economy insisted upon; public funds should not be wasted on ill-advised purchases;
- d] Financial abuses must be discouraged by making suitable reports through the appropriate channel.

Although these code of conduct and other rules and regulations exist, it is highly violated by civil servants and other class of the society with impunity because of poor application and enforcement of those existing rules and regulations.

On the measures for control of public funds, the 1979

constitution of the federal republic of Nigeria make provision for.

- i. I. Audit of public accounts;
- II. Appointment of Auditor general;
- III. Power to conduct investigations;
- IV. Code of conduct for public officers; and
- V. The public Accounts Committee.

In pursuance of public accountability in the Nigerian local government system, the 1988, civil service reform authorized the spending limit and other conditions for smooth operation of the council. But despite all these, measures introduced, there exist poor enforcement of these rules and regulations to staff and top management officers of the council.

This issue of public accountability does not only concern the local governments alone but also touches other areas of public life. No wonder section 140, and 155 of the companies Act of 1968, directs every company to keep accurate or proper record/books of account of all their incomes and expenditure, assets and liabilities and also have these books and summaries examined annually or yearly by a statutory auditor who expresses opinion on such financial documents. All these are step adopted by government to bring sanity in civil servants and yet, a



culture of public accountability have not been achieved or attained in the Nigerian local government with genuine regards to Nsukka local government.

In view of poor application of these rules and regulations by government and its agencies, public accountability in our lives became a thing of the past. No wonder than cases of financial misappropriation have been regularly reported in most of our national dailies. For example, a case of ₦15.3 million was reported lost between 1984 and 1990 in Owerri capital development Authority through theft, fraud, incompetence and culpable negligence of duties by its staffers. Also Universal insurance (NISURE) company Enugu lost ₦8 million to fraudulent staff. The editor of "New Nigeria" News paper was declared wanted by Kano Police for alleged fraud involving ₦624,729.

In most local government, we hear and witnessed a number of major contracts ranging from ₦200,000 to ₦50,000 that is single - handedly awarded by chairmen of local governments without council's approval and without being tendered for and with utmost disregard to laid down rules and regulations. Even if the contract award was done in good faith, which is unknown, the modus operandi was wrong and against the financial rules and regulation. An instance of this was a time when

the entire members of Borgu local government in Niger state was suspended by the state government for misappropriation. In furtherance of this, a five man panel was set up and they discovered that acts of financial misappropriation were committed with the knowledge of the chairman, secretary and other officers. Also the source stated that out of the internally generated revenue of ₦4.6 million between January and 'MAY' 1992, only ₦608,85k was left in the treasury. As a result of financial mismanagement occasioned by poor application of the rules and regulation; the Borgu local government was now owing ₦200,000 without embarking on any meaningful project. Citing instances of inflated contract fees and unusual financial advances, the government indicated the chairman for being unable to check the excesses of his subordinates. With the above, it is clear that chairmen of local governments inflate contract fees in order to get their kick backs and so defraud the council - (Babalola 1992). In Ogbia local government of cross river state, ₦1.m fraud was uncovered by a committee set up by the council. According to the committee's report, out of ₦3,103,504.04 arising from 133 job orders, 28 jobs valued at ₦1,082,847.40 were found to be fake (Oladeinde 1991).

In about 1981 and 1982, fraud was discovered in Nsukka local government to a tune of ₦65,000 involving a tutorial

staff on grade level 04 deployed in the local government council. The culprit was arrested and detained by the police and latter charged the case to court. In 1990, most revenue clerks of the council in Nsukka local government popularly known and called young millionnaires were arrested by the police at Nsukka on the order of the then Sole Administrator for what he discovered as misappropriated funds through the internal auditor. A five man panel was set up to investigate the matter. All these financial atrocities of high placed citizens of this country entrusted with public functions is as a result of poor or ineffective of the enforcing machinery pertaining to rules and regulation guiding the operational system of the local government.

Also the issue of corruption and unaccountability cut across the local government and no wonder then that there was a reported case of bank frauds and forgeries in 1989-1991. It is stated as

	(N000	Actual Losses
1989	194,967.70	15,441.1
1990	804,196.90	22,482.5
1991	388,512.70	26,678.5

Source: NDIC Annual Report

Major excuses government cite to justify intervention remains corruption and mismanagement and other acts of impropriety. So the development of a truly democratic and socially relevant local government system will depend to a large extent, on the political will, talents and accountability of the elected chairmen and councillors themselves.

In view of poor application of the rules and regulations to check the behavioural tendencies of public funds, the federal government in 1973 set a public service review commission to look into the operation of the local government. There after, in 1976, the Obasanjo regime put into function the recommendations of the commission which form the kernel of the historic 1976 reforms and incorporated in 1976 constitution. One of the major findings of the commission was that local authorities have been plagued by corruption, nepotism, and fraud which in turn undermined the relevance of local councils in development efforts. Corruption, Nepotism and fraud have been the problems of local governments in the country in general and Nsukka local government in particular. This is why upto date the local government (Nsukka local government) staff have not been paid their salaries and allowances. It is because the rules and regulation are not enforced to instil prudent management of public funds.

### 2.3 INEFFECTIVE EXTERNAL INTERNAL AUDIT SYSTEM AND NON-COST CONSCIOUSNESS

The neglect of financial guidelines and code of conduct perpetrates dishonest and cover-up attempts as a result of in-born laxity, unpatriotic and disloyal attitude and lack of cost consciousness among certain functionaries. This is also what is currently the problem of Nsukka local government. Formally the appointment of external auditors was done by the auditor general as provided for in 1979 constitution and now it is no longer within the jurisdiction of the auditor general but that of the Director general as contained in Decree number 17 of 1985. Decree number 17 of 1985 constitutes a cog in the wheel of a government machinery that could make accountability a futile exercise. It constitutes a legal fetter that would neutralise government intentions on accountability. Since the constitution of 1979 came into force, many powerful citizens have been against that in such that section 79 has remained monumental and has not been fully enforced, hence the nation's funds were mismanaged. This section was amended by the past administration thereby empowering Directors of government-owned companies to appoint auditors of their own choice. For Directros to manage government funds and property

and at the same time appoint auditors to audit themselves is nothing but absurdity - Osho (1986).

Internal audit unit of the local government was introduced in 1988 local government reform for accountability. But because of the corrupt intention, personal aggrandizement of public officers and politicians, and subsequent powers conferred on the chairmen and councillors, it became relatively difficult for internal auditors to operate independently hence it is not provided in the reform and as well as giving the chairmen more powers as chief accounting officer of the councils. Despite this, in most local governments, internal auditors are collaborators in financial mismanagement currently observed in the operation of local governments in general and Nsukka in particular. This is as a result of non-independent operation of the internal auditors in the local government system.

Most payment vouchers (P.V) I perused through in most local governments treasury department are not stamped and signed by internal auditor before payments are made.

External auditors aid and abate the staff, officers and politicians in most local government. This is because the officers know that once the external auditors reports are regarded as superior to that of the internal auditor, there is

no need to sought the use of internal auditors in perpetrating their fraudulent act. In that vein the officers bribe their way through external auditors. Local government officials are not keen on the amount used to procure equipment and furniture, they are mere concerned with what shall be added on top of the actual prize that will serve as a kick back. So the effect of Decree number 17 of 1985 was to substantially diminish the power conferred on the Auditor general of the federation. Under section 79 (2) and (4) of the Nigerian constitution. This Decree helped the local government officers and its ally to be unaccountable and even the other top government officers in the state and at the federal level.

The question will be: But now, have all these provisions for public accountability in our constitution worked in our systems of government especially local governments over the years? The plain truth is that they have not worked properly. How can we effectively watch over and, more importantly deal with this rampant and persistent unaccountability? It also seems that the root cause of our failure to provide a stable and democratic government for our people since independence is the unaccountability of the various government organs and lack of implementation of the rules and regulation.

On why auditing has not been able to bring about the much desired financial accountability in the local government system in Nigeria, with specific reference to Nsukka local government, it is because emphasis seems to be on how to finish the votes in the approved annual estimates for any fiscal year, provided these votes have been spent whether or not in accordance with all the stipulation of the payment voucher system, then there are no problems, even when the programmes upon which the votes are said to have been expended do not significantly contribute to the over-all welfare of the grassroot in the society (Ozor 1986).

In the declaration of the chartered institute of public finance and accountancy as regards proper financial administration of a local government states, "The accounting financial administration and financial control of a local authority shall be the specific responsibility of an officer - a chief financial officer who shall maintain the integrity of the financial administration and control system.

#### 2.4 POOR ORGANIZATIONAL STRUCTURE

There is poor application of the organizational chart in the local government system. Although there is good provision of such chart, it is very unfortunate that it is not functional



in order of hierarchy. And the reason is attributed to individual quest for wealth, non observance of the rules and regulation and therefore officers hawk to the place they will get much money as kick back. Much of such experience is founded in the treasury department of the local government. Hence there is no proper application of the organizational structure in the local government and negligence to the rules and regulation and loop-holes that exist in government guidelines with specific regard to Nsukka local government, then there will be no public accountability in view of the fact that, no one knows who shall be held responsible for wrong or good job done.

## 2.5 INEFFECTIVE SUPERVISION AND INTERNAL CONTROL SYSTEM

The success of any organization depends on how effective the superior officers supervise the subordinates in the process of and after executing their duty. So the superior managers who are entrusted with the responsibility of supervision and control in the local governments are not doing it, but they are rather interested in a diversionary moves to enable them make much money for themselves. The 1976 guidelines which seem to correct some defects of previous local government systems such as lack of autonomy, encroachment on local government functions by state government , inadequate funding, lack of

adequate qualified manpower, and low staff morale and decreasing productivity did not take care of the defects but rather led to the introduction of the 1988 local government reform. The 1988 reform modified the 1976 guidelines and introduced new ones for smooth operation of the local governments in the country, and yet the dominant role of chairman in budgeting and award of contracts, without checks and balances, does not promote public probity and accountability. It is because of these lapses as regards poor supervision that led to the introduction of an approved scheme of service for local governments in all the states of the country.

In a society where public accountability is yet to receive general acceptance, auditing which is an integral part of internal control could produce the required result when applied in earnest. Auditing is a monitoring strategy as well as a yardstick by which public accountability is measured. For effective internal control system to be seen in the local government, the books of account shall be rendered to the auditors when demanded. But it is highly regrettable that such books of account like Treasury receipts, Treasury main cash book, payment vouchers expenditure and revenue abstracts, ledger books etc. are not given to the auditors on demand. This is in negligence to the rules and regulation and also to enable the cashier,

treasurer, head of personnel management, chairman and other key officers to cover some accounting irregularities. When they may not be able to cover the shuddy deals, then they will bribe the external auditors and as well as the internal auditors to collaborate with them to cover up such corrupt practices, thereby leading to unaccountability. Although emphasis has been laid on internal control but the question is: Are the principles and regulations guiding the financial operation of the local government properly adhered to by top operators of the system? The only answer to this question is No, because internal audit unit of the local government is not independent hence undue interference by the chairman and the powers conferred on him in 1988 local government reform as the chief accounting officer of the local government. So there is a conflicting role between that of the chairman and internal auditor of the council. As such it is difficult to institutionalize public accountability in the council.

In conclusion, therefore, it is now obvious that there are rules and regulation encoded in the constitution of this country, financial instruction, financial memorandum and other relevant documents for smooth operation of local government administration. Also these provisions were provided in order to instil probity and public accountability among officers of the council. Although these rules and regulation exist

but they are not adequate hence the loop-holes that exist- such as non independence of the internal auditor during the execution of his or her assigned duty; government inability to stipulate maximum amount a specific contract shall be awarded in order to avoid inflation of contract, and finally non provision for recruitment of chartered accountants as treasurers in the operating rules and regulation in local government system.

However, the rules and regulation guiding the financial operation of the council in general and Nsukka in particular are inadequate. But despite its inadequacies, it is unfortunate to note that even the existing rules and regulation encoded in the constitution, financial instruction, financial memoranda and other financial documents are not being enforced. Hence its inability to be enforced, and existing loop-holes in government financial regulations, it is then obvious that such loop-holes will perpetuate mismanagement, fraud, theft, corruption and misappropriation of government funds in view of the hypothesis which emphasize that loop-holes in government financial regulations contribute significantly to poor accountability in local governments.

Finally, there are punishments for the offences committed but they are not enforced that is why many audit queries are treated with ignominy and utmost disregard by treasurers, chairmen and other officers of the local government with specific reference to Nsukka Local Government.

### CHAPTER THREE

#### 3.1 THE SOURCES OF REVENUES OF LOCAL GOVERNMENT

The hypothesis in this chapter is: lack of financial discipline results in poor management of both material and financial resources.

There are many sources of revenue in Enugu State in general and of Nsukka local government council in particular. But the question is Are all the sources of revenue due to the local government in general and in Nsukka in particular fully tapped? If they are fully tapped, are the revenues that accrue from it properly utilized for good management of both material and financial resources?

Local government finance or revenue is concerned not only with raising the resources necessary to meet the cost of providing local government services, allocating these resources among the various services and ensuring that the value of money is obtained, but also in wider sense, with the economic development of an area. So local government as the third tier of government would not have been carrying out her legitimate responsibilities without finance or funds derivable from both internal and external source of income contained therein. Even if the sources are available and are not fully tapped, then it will be difficult for the council - Nsukka to discharge her

responsibilities to her citizens.

### I. Statutory Allocations

A local government system involves the undertaking of some responsibilities carried out in various areas of jurisdiction. In view of such responsibilities, fundamental changes in local government finances were made. These were heralded by the dramatic rise in federal government revenue following the oil price boom of the early 1970s. This enabled the federal military government then to give more financial assistance by way of grants and loans to local governments between 1973 and 1975. With the local government reform of 1975, the principle of statutory revenue grants to local governments was established, but the amounts allocated, which varied from year to year, remained modest. Thus in 1979, local government expenditure amounted to only 3% (three percent) of total expenditure.

During the second Republic, and based on the recommendations of the Okigbo commission, a revolutionary new Revenue Allocation Act was passed. This guaranteed local governments an unprecedented 10% of the federal Account Revenue. The Act also provided for the allocation of 10% of state total revenue to its local governments. Unfortunately, the good intentions of the federal government were frustrated by the state government. Some of them not only did not give state statutory grants to their local

governments, but also sometimes assign them with more financial responsibilities such as payment of teachers' salaries and allowances, primary health care etc.. More over, with the introduction of new revenue allocation formular, both the federal and state governments virtually abandoned the use of non statutory grants to local governments. Given the responsibilities which the federal and state governments imposed on them at will, the local governments found themselves in untenable financial difficulties.

Only recently, the federal government has increased the local government share of the federation Account to 20% (Twenty percent). There is a clear need in Nigeria for both the federal and state governments to restore the use of non-statutory grants to ensure required performance by local governments in critical areas of development.

## II. Federal Statutory Allocations

The central government is required by the constitution of the federal republic of Nigeria to giving some percentage of her total revenue to the local governments. The receipt or income is paid into the state joint local government Account. It is shared in accordance to pupulation density and equality of the local government in the state. This comprises of the proportion of the local governments share of the federation

account and the state governments allocation to local governments and is kept and maintained by the state joint local government account committee. It is the duty of the committee to formulate formulae on how to disburse the funds and supervise the disbursement.

### III. Grants in Aid

Local governments are given both capital and recurrent grants to support development and services efforts of local authorities. The grant can be given by either the state or the federal government as stated in Financial Memoranda chapter 27:7. Capital grants are credited to capital revenue for particular capital development project for which the grant was made and must not be used to provide for payment of other projects like salaries and wages. For instance some time in 1987, the federal government released the sum of (N1m) one Million Naira only to all local governments in the federation and directed that the said sum must be used in lateriting at least 6km rural roads. That is why today Aludele and some other rural roads in Nsukka local government are in good state.

### IV. Unit Grant

This is also a source of income or revenue to the local governments. In this case a certain amount of money are given



by the state government to local governments for unit of services provided in her locality, such as health centres and clinics.

#### V. Rates

There are many types of rates such as property rate; tenement rate etc. In Nsukka local government, the tenement rate payable by taxable adults is ₦20.00 and they collect such money through the agents in various communities.

Property rates are collectable after due assessment of the properties of the owner and this is more pronounced on landed property.

#### VI. Loans

To strengthen the viability of local governments to finance large scale projects, they are authorized to borrow money from commercial banks or state governments to supplement their internal resources. A point to note is that before local governments can borrow money, she must meet certain conditions as laid down by the local government Edict of 1976. Such conditions are: "A local government may with the approval of the commissioner from time to time raise loans within Nigeria of such amounts from such sources in such manner, upon such purposes in fulfilment of its lawful functions".

VII. Gifts, Donations and Contributions from other local governments

The provisions of the local government Edicts No. 20 of 1976 are that "A local government may accept, hold and administer any gift or property for any public purpose, or for the benefit of the inhabitants of the area of its authority or any part thereof, and may execute any works (including works of maintenance and improvement).

VIII. Taxes

Taxes also constitute a source to boost the financial resources of the councils. Local governments now have very few sources of tax revenue. Cattle tax is significant in some local governments, entertainment and sales taxes in major urban local governments. The introduction of a modified value added Tax on a wide range of consumer goods should enable the local governments to greatly enlarge their tax base.

IX. Licences, Fines, and Fees

Such licences include liquor licence, bicycle licence and among others. Fines and fees are collected when a defaulting adult is found guilty by an established court that is customary court.

X. Other sources such as interest repayments and Dividends,

Reimbursements and miscellaneous etc. exist.

In 1984, the capitation rate that is tenement rate was ₦10.00 and water rate ₦2.00. The treasurer of Nsukka local government informed the researcher that the number of people who paid tenement rate in 1984 was about 20,000. While the sole administrator in Yobe local government in Sokoto state was quoted as saying that 50,000 taxable adults were registered in that local government area and that the number was not encouraging. But then this is merely an impressionistic estimate and we need some more reliable data to work with.

There is a clear need in Nigeria for the federal and state governments to restore the use of non-statutory grants to ensure required performance and public accountability by local governments in critical areas of development. However, in order to check the abuses often associated with such grants particularly arbitrariness, favouritism and fraud the criteria for the administration of project grants should be clear, consistent, checkable and enforceable for accountability.

### 3.2 Sources of Revenue in Nsukka Local Government - INTERNAL SOURCES

These sources of revenue in Nsukka Local Government are here by outlined below:

- a] Rates - This include tenement rate property rate.

- b] Fees and fines from customary court.
- c] Fees from Lock up stores in the Markets.
- d] Fees from slaughter house.
- e] Toll ticket.
- f] Licences - This include Bicycle licence liquor licence, Tarvan licence car radio licence.
- g] Motor park fees.
- h] Advertisement fees.
- i] Rent on local government property.
- j] Interest, repayments and dividends.
- k] Maternity fees-include sales of drugs, immunization, child delivery etc.
- l] Fees from Registration of marriage and contractors.
- m] Sale of unserviceable vehicle and machines.
- n] Miscellaneous, etc.

#### EXTERNAL SOURCES

Grants.

Loans.

Contributions, gifts, donations from other local governments, state and federal.

Although these sources if fully harnessed will enrich the council but it is unfortunate that the sources are not fully tapped because the revenue officials entrusted with such respon-

sibility endulge in collection revenue for themselves with printed fake receipts. Some officers also endulge in other private business to earn a living as a result of non payment of salaries and allowances in Nsukka local government.

### 3.3 The Functions of Local Governments Since 1976 (And according to the 1979 Constitution)

These functions are outlined below in a tabular form specifying the exclusive and concurrent functions. The reason for bringing in these functions in this paper is to equally state the areas, from which local governments get their revenue.

Exclusive List	Concurrent: (Between State and Local Government) List
Market and Motor parks; Sanitary inspection, refuse and night soil disposal Control of vermi, Slaughter houses, Slaughter slabs; Public Conveniences; Public Burial Grounds; Registration of births, deaths and marriages	Health centres, maternity Centres, dispensaries and Health clinics, Ambulance services, Leprosy clinics and preventive health clinics Abbatoiers, meat inspection. Nursery and primary and adult education. Information and public enlightenment. Provision of public libraries and reading rooms.

<p>but now births and deaths has been allocated as part of functions of National Population Commission (NPC)</p> <p>Provision of Community and local recreation centres;</p> <p>Parks, gardens and public open spaces;</p> <p>Graing grounds, fuel Plantations;</p> <p>Licencing, supervision and regulation of bake houses and laundaries</p> <p>Licencing, regulation and control of the sale of liquor</p> <p>Licensing and regulation of bicycles, hand carts, and other types of vehicles, except those mechanically propelled, and causes;</p> <p>Control of keeping of Animals;</p> <p>Control of hoarding, advertisement, use of loud speakers in or near</p>	<p>Agricultural extension,</p> <p>Animal health extension services and veterinary clinics;</p> <p>Rural and semi-Urban water supply.</p> <p>Fire services.</p> <p>Provision of roads and streets (other than trunk roads) their lighting, drainage</p> <p>Control of water and atmosperic pollution;</p> <p>Control of beggars, of prostitution and repatrication of destitutes;</p> <p>Provision of houses for destitutes</p> <p>Provision of public utilities except where restricted by other legislation, specifically including provision of road and inland water transport;</p> <p>Public housing programmes,</p>
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<p>public places, drumming</p> <p>Naming of roads and streets and numbering of plots/buildings,</p> <p>Control and collection of revenue from forestry outside the forest Estate of gazetted forest resources;</p> <p>Collection of vehicle parking charges;</p> <p>Collection of property and other rates, community tax and other designated revenue sources</p>	<p>operation of commercial undertakings, control of traffic and parking;</p> <p>Regulation and control of buildings.</p> <p>Town and country planning;</p> <p>Piped sewage systems;</p>
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Source: Federal Republic of Nigeria, guidelines for local government reform (Kaduna Government Press 1976) pps. 2-3. Reprinted in NJPALG Vol. IV No. 2 Nov. 1986.

With the above specific functions of the local government councils in the federation and other functions encoded for both the state and the local government, the question will be, how effective, efficient and reliable have the local governments in the country been in using the available machinery to enhance public accountability in the management of the financial resources from the functions contained there-in? The simple answer will be No, because of the inability of the officers working in various councils to render good account of their work and the quest for personal aggrandizement. Many fake receipts in recent times have been printed by revenue clerks which they use in collecting revenue for themselves while pretending to collect for government. Local government treasurer was quoted as saying that some clerks in the local government council at Nsukka were arrested sometime by law enforcement agents for issuing fake-rate tickets to rateable adults in the zone. This goes to buttress the earlier asked questions by the researcher. It is because the revenue sources are available but the collectors of such revenue use it to enrich themselves thereby defrauding the council.

There are also procedures and guidelines for financial control in respect of the revenue collectors and revenue that accrue to the council. It is outlined below.



- a] Checking of the revenue earning books by the internal audit unit or internal auditor.
- b] Ensuring that receipts issued out to the revenue collectors from the store's of the council are signed against the individual revenue collector.
- c] Periodic supervision by a team of revenue monitoring committee.
- d] Ensuring that monies collected are paid into the treasury before closure of office.
- e] Authorization process must be completed by the officers entrusted with such responsibility before payment or disbursement of funds.
- f] All revenue earning books, licences and other financial documents are kept in a very strong room to avoid lost.
- g] Inspection of the main cash book and other books of account being used by the cashier by either the internal auditor or external auditors. The aim for doing it is to find out whether all income that accure to the council are entered in the book and also expenditure.

Having looked into the sources of local government revenue or finance, its functions, procedures and guidelines for financial control against the background of the local government functions, the researcher will consider the issue of Budgeting and planning

in the management of local government account which is the bedrock of public accountability. It was in order to ensure probity and public accountability in local government that a unit called budgeting and planning was established. This unit is charged with the responsibility of preparing annual estimate of the local government. In the light of this, therefore, the researcher will highlight on this (Budgeting and planning).

### Budgeting

A budget, more popularly known in local government circles as Annual Estimates, is defined in its broadest sense 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. It may or may not set explicit performance targets for the achievement of objectives. It relates anticipated expenditure to anticipated revenue and forms the basis on which actual expenditure and revenue can be measured and controlled. Also the questions of economy (in the use of resources), control, accountability etc are addressed largely within this framework (budgeting and planning). It is in recognition of their crucial role that the revised financial (memoranda RFM), like their predecessors, have made wide ranging provisions to guide local government functionaries, at the various levels of responsibility

and authority, in the conduct of their budgeting and planning functions.

### 3.4 Local Government Annual Estimates

The revised financial memoranda make elaborate provisions for estimates preparation, implementation and control. This is contained in chapters 2,3 and 4 of the (RFM). The first chapter deals with the frame-work and purpose of the estimate, while the next one deals with preparation and approval process and the last deals with the re-allocation of voted monies and supplementary estimates.

From the onset, annual estimates are mandatory on the local government. In view of this, every department of the local government shall in each year with any directives made in that behalf by the executive committee, a detailed estimate of its revenue and expenditure for the next financial year.

The second mandatory injunction, stresses the need for local government estimates to be consistent or in line with centrally (national) set priorities and macro-economic goals of the budget. In this regard, the F.M. directs that draft estimates from various department be submitted to the executive committee which shall consider it in order to ensure that it is not inconsistent with the general budgetary measures adopted

by the local government and the state for the succeeding financial year, and in any case where the estimate is found inconsistent, the executive committee may give such directives as may be appropriate in the circumstances to the government department concerned and the department shall comply with such directives.

### 3.5 Purpose and Objectives of Annual Estimates of Budgets

Budgets in general have the following functions: Planning, management, legislative and control. The objectives which local government estimates are expected to achieve are quite consistent with these universal goals of budgeting. The financial memoranda identify the following objectives and those which local government estimates must meet.

- a] Provide a financial plan of Action. The estimates are statements of the objectives of the local government in financial terms for the year concerned, and are in effect the local governments' working plans for the year. The activities of the local government must be conducted within the financial framework prescribed by the estimates, as they are finally approved, unless and until supplementary estimates are approved which would vary the original framework.
- b] To provide legal authority for incurring expenditure. Estimates are financial plans of action for the year.

The formal approval in accordance with the provisions of the law is the legal sanction for the expenditure envisaged by the annual estimates. All expenditure must be covered by the provision in the annual or supplementary estimates, failing which it is unlawful and unaccountable.

- c] To provide a mechanism for ensuring that adequate controls are maintained over expenditure and revenue. The estimates are 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 sub-head 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 contain expenditure within the expenditure limit provided in the approved estimates.
- d] Projected financial position of the local government. In preparing the estimate, serious attention should be directed on the revenue base of the council and the projected expenditure for the ensuing financial year. This enables the soundness, or otherwise, of its financial position to be evaluated and, if need be, adjusted as desired.

### 3.6 Heads/codes for Revenue and Expenditure Estimates

The financial memoranda provide an elaborate coding, budget classification system for the various financial transactions covering both recurrent and capital transactions. In summary, these consist of the following:

	<u>Heads</u>
I. Recurrent revenue estimate	1002-1009
II. Recurrent expenditure estimate	2001-2013.3
III. Capital receipts (Revenue)	3001-3004
IV. Capital expenditures	4001-3301

Capital expenditure estimates are further broken down into the following head grouping based on sectors.

<u>Sector</u>	<u>Heads</u>
I. Economic	4001-4008
II. Social services	5002-5004
III. Area Development	6001-6004
IV. Administration	7001-7003
V. Re-payment of capital loan	8001

These heads/codes for revenue and expenditure estimate help an officer in the council charged with such responsibility to know where to code each expenditure and revenue realised each day.

3.7 Provisions of the Revised Financial Memoranda as it affects Estimates and Financial Control

One of the traditional roles of the local government system as it affects the estimates, is to ensure control over the financial activities of the local government, particularly of its expenditures. The revised financial memoranda provides detailed instructions on this. The financial memoranda provides the following general rules:

- I. The annual estimates shall not provide for alterations in the existing approved level of the following items unless such alterations are specifically approved by the council;
  - (a) Salaries and allowances of members of the local government council.
- II. No expenditure in excess of the approved estimated amount whether by way of increases in the amount approved for a particular head or sub-head, shall be incurred unless approved by the appropriate authority as set out in chapter four (4) of these F.M.
- III. Unexpended balances of vote-estimate shall only be used to meet expenditure on other votes during the same financial year when approval to such action is given by appropriate authority as in chapter four of the P.M.

- IV. Unexpended balances of vote estimates at the end of a financial year shall not be carried forward to the following year except as provided for in P.M. 27.11.

These provisions all add up to emphasize one thing:

Budget discipline.

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### 3.8 Development Plans

Development planning constitutes an integral part of government's resource allocation strategy in this country. Since the 1981-85 plan period, local governments have participated actively in the country's planning efforts. The extensive provisions made in the revised financial memoranda on the subject is no doubt an indication of the importance which government attached to the participation of local governments in the planning process. Chapter Four (4:1) of the financial memoranda-outlines the various provisions for development planning. The above chapter stipulates that: Local governments shall prepare plans for capital development at such intervals and in such manner as may be directed by the state government. This actually happened when the state military Administrator of Enugu State, Navy Captain Temi Egor, directed various local government care-take committees to forward estimates on three priority roads to the



state government. Based on the submissions, the government awarded the contract while the local governments paid the cost of grading the 15km (fifteen kilometer) rural roads in respective local governments.

Also chapter 41.2 of the same financial memorandum stipulates that: "Local Government plans shall be coordinated and integrated with the state plan..." For many years now local governments in the country particularly Nsukka local government have been in such a financial mess, that even development plans are a forgone affair. Many existing social amenities in Nsukka are the ones that were provided by past administrations. Even now, the statutory allocation of the local governments have been increased but then there will be no meaningful change in terms of provision of social amenities but rather sharing of the income by the so called power brokers in the council. Last month, in January, 1995, the statutory allocation collected by Nsukka local government was ₦3.8m (Three Million Eight hundred thousand Naira only). This amount included what is now called mobilization fund instead of stabilization fund. But up till now the local government have not been able to off-set the arrears of staff salary let alone provide other necessary amenities for the rural and urban population.

Infact what is obtainable from our leaders in the council

are no longer on development plans for the people they are serving but rather devising a social scientific form of defrauding the council through award of fictitious contracts etc. So Nsukka local government has not in practical terms operated any development plans in the recent past. This is not peculiar to Nsukka local government. It is the experience of other local councils in the country as well. What informed the researcher in coming up with such statement was that the chairman of three local governments including Wukari local government were suspended in Jalingo on the order of the state Military Administrator for misappropriation of council's fund based on audit report submitted by the state audit department to the Administrator, There are other things that constitute poor development and management of public funds lack of skilled manpower.

In concluding this particular chapter, the researcher drawn emphasis on sources of revenue in local governments in general and Nsukks in particular with a view in finding out how these sources are tapped and whether it is tapped fully or not. Also to find out if the resources tapped are not diverted by corrupt revenue collectors.

Also the functions, procedures and guidelines for financial control in respect of revenue collectors are discussed.

The budget and planning system as it relates to the local government operation of annual estimates are highlighted. It also include the objectives of the estimate, purpose of budget Heads and codes where receipts and expenditures are directed and provisions of the revised financial memoranda for effective control of the estimate during implementation stage or process.

Development of any place will not be possible without concrete plan and that is why development plans was incorporated in this chapter.

Finally, therefore, it is pertinent to note that there are many sources of revenue viz internal and external sources in the local governments and Nsukka in particular, but these sources are not fully tapped as a result of fraudulent practices, and mis-chievous act of revenue collectors and top management officers of the local government. Although these sources available hat are partially tapped, the revenue that accrue from them are not utilised for effective management of both material and financial resources. It is due to lack of probity and quest for personal aggrandizement. No wonder then the local governments are unable to meet the needs of her citizens in terms of provision of social amenities at grassroot level. In view of these contained there-in, the revenue sources of Nsukka local government are not fully tapped. The one that accrue to the council are not

used to manage both financial and material resources of the council. This therefore goes to buttress that the questions used in validating the hypothesis are true.

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## CHAPTER FOUR

### 4.1 CAUSES OF POOR FINANCIAL MANAGEMENT

The third hypothesis which is the last that constitutes this chapter states that shortage of qualified finance officers by reinforcing lack of financial discipline also contributes to poor management of funds in local governments.

The Nigerian local government system has been all along faced with the problem of shortage of qualified manpower. No wonder then in 1976, reform, the federal government assumed a leadership role in promoting short term training programmes for the local governments. This federal initiative culminated in designation of three Universities as national centres for the training of the middle and upper management personnel of local governments. Despite all this, the local governments in general and Nsukka in particular are faced with acute problem of shortage of qualified man power. Most important of all, the personnel shortage of local governments is particularly acute in the areas that are very critical for effective service delivery engineers, architects, doctors, pharmacists, top generalist administrators, financial managers, accountants and auditors. In these areas the private sector constitutes an additional and formidable competitor. But the researcher will only study on the area it affects the financial operators of the council

that is the finance officers of the council.

So, in any organization that need to instil financial discipline and good management of available resources, that organization should look for qualified manpower that will be able to handle and maintain good financial discipline among officers and subordinates. As enunciated above, somany officers in the local government councils with specific emphasis to Nsukka local government are mere clerks and officers who do not have the knowledge of professional accounting system. The question now remain whether there are shortage of qualified manpower in the council or not? With most regard to accounting department of Nsukka local government. Accounting department was specifically mentioned because that is the core centre where all financial transactions are based on also in view of its relevance to this chapter. This shortage of qualified personnel exist not only in the Accounts department of the council but also in other departments and units. As earlier mentioned the researcher will only study the shortage as it affects the finance operation of the treasury department of the council. Are most accounting officers of the council, officers that rose from the ranks are not qualified accountants who may have B.Sc Accountancy, MBA in various specialization or not. With the questions contained there-in, the researcher will validate the hypothesis with the following:

### Lack of Inadequate Finance Officers

In the Nigerian local government system there have been problem of inadequate finance officers in the council as from 1976 till date. This problem is also peculiar to Nsukka local government. As a result of these inadequacies some of the accounting duties that are supposed to be given professional attention are assigned to a clerk to perform even when it is clear that such staff do not have any accounting knowledge. In Nsukka local government council for instance, the payroll officer of the council, purchasing officer, the cashier, the treasurer, internal auditor etc. are not accountants but mere clerk converts. When the researcher asked why such problem, the staff of the council attributed it to shortage of qualified personnel and also that the treasurer who is called accountant is just holding Diploma in local government and public administration and have not either.

Bachelors degree (B.Sc) in accountancy or passed any professional body examination. In such vein, the management of councils fund is in the hands of unqualified finance officers and this problem could lead to poor management of financial resources and financial fraud.

### Lack of Training

Although the Federal Government in her reform of 1976,

assumed the leadership role in promoting short term training for local government functionaries. But short term training which is organized in three universities in the country are not enough.

Most finance officers of the council are not trained in order to meet the needs of the job. The Federal government established public administration department in this country with the view to update the knowledge of both accounting and personnel officers, but still the turn out is very minimal. This is attributed to inability of local government services commission to release 1% (one numbers of staff that will be involved in the programme. Staff who are involved in seminars and workshops are not encouraged to go by the chief executive and this constitute the problem of mismanagement in the council misinterpretation and misapplication of financial rules and regulation.

Financial transactions in local government councils are conducted by the treasurer of the council. It is highly unfortunate that the final Account of Nsukka local government since 1978 to 1994 have not been balanced as a result of unqualified nature of the treasurer. This informed the government in the then Anambra State to recruit Accountants and chartered Accountants in 1987 to update the final Account of all local governments



in the state. Also most problems associated with public accountability is as a result of misinterpretation of some sections of financial rules and regulation by some unqualified finance officers. In the process of applying their own financial interpretation, it will make room for fraudulent practices in the treasury department and other department within the council.

Many companies and parastatals employ the services of accountants and chartered accountants who must have specialized in one field of accounting or the other for proper interpretation and application of financial transactions including profit and loss, while the local government employ the services of unqualified treasurers, who called themselves accountants with Ordinary Diploma in local government. With such poor qualification of the council treasurers is general and Nsukka in particular, it will be very difficult for them to interpret financial regulations and its application as it affects budget, internal auditing etc. So as a result of unqualified nature of the treasurer and other finance officers in Nsukka local government, it will help to reinforce financial mismanagement, fraudulent practices and other forms of financial irregularities.

#### Quest for Wealth among Finance Officers

The only thing that is at the mind of some finance officers in the council are to enrich themselves. They see their position

in the office as the only way to become rich and as such they indulge in some illegal financial transactions such as issuing fake receipts, rate tickets and payrolling ghost names in the pay sheet of the council. This is much pronounced among unqualified finance officers of the local government. These class of people in the finance and supply department see government fund as no person's money and as such will work towards embezzlement.

#### Poor Recruitment

In the local government administration, it is the responsibility of the Junior staff management committee to recruit staff from grade levels 04 to 06, while the local government service commission recruit officers from grade level 07 and above. But at the end of the recruitment exercise by both bodies,,the end product will be employment of unqualified officers to man important positions in the council. This is attributed to common syndrome of who knows who and no longer on meritocracy. People who are qualified to be appointed or recruited as treasurers, internal auditors etc. are left out because they don't give bribe. So in view of such circumstance, unqualified people are recruited and entrusted with the management of the local government funds.

#### 4.2 The Role of the Treasurers and other Finance Officers in Management of Local Government Finance

What informed the mind of the researcher in highlighting on the above subject in this chapter is because of unprecedented way the books of account of the council are handled, inability of the treasurer and finance officers to update the annual account for many years, now prepare bank reconciliation from bank statement of various account and yet these officers treasurersis attached with important functions despite unqualified nature of the exchaquer. It is because of the type of accounting officers in local government. Based on the foregoing, the functions or role of the treasurers as spelt out in the financial memoranda and in 1988 local government reforms are:

- a] Perform the duties of chief financial adviser to the local government.
- b] Assume responsibility for administrative control of the Finance Department of the Council.
- c] Perform the duties of Chief Accounts Officer of the receipts and payments of the local government;
- d] Ensure that the accounting system as laid in the financial memorandum is complied with by all the local government Departments;
- e] Responsible for budgetary control and supervise the accounts of the local government departments;

- f] Prepare and publish monthly and annual financial statement of the local government.
- g] Perform such other related functions as are laid down in the financial memorandum;
- h] Is signatory to Local Government cheques and vouchers;
- i] Perform such other related duties as may be assigned by the council or chairman of the council;
- j] Ensure that all instructions relating to expenditure of public funds by the Accounting officer is made to understand that he is responsible for accounting to the public accounts Committee for all monies voted for the Local Government.
- k] He shall ensure collection of revenues and shall account for them and render returns to the Treasurer in accordance with the existing financial regulations.

On the basis of the roles spelt above for the treasurers the question here is that; Are local government Treasurers who are expected to perform these accounting roles really accountants or not? The easiest answer to the question above is No. Since No is the answer to the question, it then means that the operators of local government finance are not qualified accountant or accounting officers.

Many accounting officers or about (95%) ninety five percent of the accounting officers in local government system in general

and Nsukka in particular are mere convert. This means that some of them who are formerly working in Administration department will like to be converted to Accountant after a two year programme in Public Administration because of their selfish interest and quest for wealth. In view of this practice, it negate the earlier ethics and principles of accounting, enunciated by Professional accounting bodies like ICAN (Institute of Chartered Accountants of Nigeria)etc.

In the light of this therefore, there is every likelihood that financial mismanagement will occur in the council's taking into cognizance the unqualified nature of the operators of the council fund.

#### 4.3 Role of the Internal Auditor

In most local government today, internal auditors are mere clerk and not accountants. This is because of shortage of manpower to handle such duties. And even the ones that are conferred with the duties of internal auditors by Local Government service Commission, they are only designated with the rank of mere accounting officer who do not have knowledge of accounting, but it may be because there are no other qualified officers. The role of the internal audit unit in local government finance are listed below:

- a] He (internal auditor) is vested with the responsibility of stamping unpaid payment voucher and subsequently sign it after vetting.
- b] Conduct weekly check on the receipts of revenue collectors.
- c] Inspect the cash book of the cashier.
- d] Raise audit alarm if fraud is detected.

All these functions are contained in the 1988 local government reform. If an internal auditor who does not have the knowledge of accounting is assigned to perform such duties, then it will only turn out nothing but rather perpetuate financial indiscipline among the officers in the council. It was specified in the reform that Accountants shall man the audit unit of the local government but it is not obtainable in many local government because of lack of manpower. So the local government make use with what they have and achieve financial management and inculcate fraudulent practices. Most local government today including Nsukka local government were unable to carry annual board of survey because of shortage of accounting officers. In any board of survey, there must be an accountant in the three main panel. It is the accounting officer that will be able to detect the error of the entries made in the cash book by the cashier in view of the accounting knowledge. So the main objective of cash survey is to check and compare

the physical cash at hand in the local government each office with the cash balance as shown in the cash book, and also verifies the correctness of the entries in the cash book. In order to achieve the objective of this, a well articulated accountant must be in the panel but it is unfortunate that most local government were unable to do that, and in some that did it, they merely asked officers to come and sign the certificate without real cash survey.

However, this lack of accounting man power encourages embezzlement and misappropriation of public fund.

#### 4.4 Duties of the Cashier in Local Government

The revised financial memorandum and financial instruction stipulates that a cashier of any local government shall be an Accountant from Grade level 08 and above. But today most local governments are operating with cashiers on grade level 04, 05 and 06 because of low level of finance officers. At Nsukka local government treasury department the researcher found out that the previous cashiers and current one are mere clerks. It is now obvious that the books of account of the council will not be up to date. There will also be complaint of loss of funds occasioned by probable wrong entries in the main cash book and financial irregularities. This type

of problem will be attributed to deployment of inexperienced staff to man the 'Cage' as a result of shortage of an Accountant.

In view of this therefore, it is important to outline the duties of the cashier.

- a] The cashier credit all revenue or receipts that accrue to the council.
- b] In the same vain the cashier post all debit entries.
- c] All paid vouchers made by the cashier are entered in the main cash book.
- d] He makes payment to any approved claim by the Treasurer or Chairman.

With these few functions and others not mentioned there-in, one will say that for effective financial management to hold in the council, there should be a qualified accountant that will man the cage.

#### 4.5 Cash Payment

There are certain factors that need to be considered by a qualified accountant or accounting officers before disbursement of such money or fund. But because of inexperienced nature of the people in the local government accounting department, these things (factors) are overlooked thereby



causing the officers and subordinates to misappropriate council's fund and this constitute a cog in the wheel of progress at local government level in general and Nsukka in particular. Some of the factors to be considered before disbursement of cash to staff of the council, cooperate bodies etc. are:

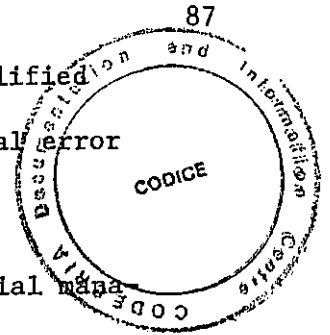
- a] Nomination of a responsible person to authorize expenditure, the means of indicating such authorization and the documentation to be presented and preserved as evidence.
- b] Arrangements to ensure that the vouchers supporting payments cannot be presented for payment twice.
- c] Whether any limit is to be imposed as regards amounts disbursed in respect of individual payments.
- d] Rules as to cash advances to employees and officials, purchases, advances, I.O.U's, and the cashing of cheques.
- e] Chapter 6 (Section 601-627) of the Financial Regulations covered the subject of payment procedure. These factors contained in this paper are just there for the sake of it.

Cashiers, Treasurers and other officers of treasury department may not be able to follow the procedures of cash payment spelt out in chapter 6 (section 601-627)

of the financial regulation because they are not qualified accountants who will be able to identify any financial error either by omission.

In summary, the possible causes of poor financial management in the local governments in general and Nsukka local government in particular were attributed to the shortage of manpower experienced in financial operation of the council. Also the duties of various officers in the accounts department are quite enormous that demands the expert knowledge of qualified accountants instead of professional quacks in the account department of the local governments - Nsukka inclusive.

In order words, what the hypothesis said is true in view of the inadequates experienced by the operators of the councils fund occassioned by shortage of qualified finance officers.



## CHAPTER FIVE

### 5.1 DATA ANALYSIS

This chapter deals with analysis of data collected.

The questions contained in the questionnaire and interview schedule sought to elicit information for the three hypothesis for this study. The questions were grouped under the three (3) hypotheses or frequencies by the respondents as calculated in percentages. In order to analyse the responses to questions under each hypothesis, the researcher will state the hypothesis first.

The first hypothesis states that "lack of financial discipline results in poor management of both material and financial resources". Questions relating to this hypothesis are classified under two variables - financial discipline and poor management of both material and financial resources.

Data relating to the hypothesis are contained in question 1-5 for the first variable and 6-9 for the second variable of the questionnaire, and 1-2 and 3-5 of the interview schedule.

A total of 200 (two hundred) copies of the questionnaire were distributed to staff and officers of Nsukka Local government council. Out of the number distributed, a total of 63 (sixty three) questionnaires were checked back from the council staff and officers. The reason for such low return of the questionnaire

is the lack of interest showed by the respondents who were frustrated by the non-payment of their salaries and allowances for the months of February and March 1995. Based on the number (63) returned, the researcher will analyse the data collected as follows:

FINANCIAL DISCIPLINE

Table 5.1a

Did the award of contracts in Nsukka Local Government Area follow the laid down procedure?

Number (N) 63	Frequency (F)	Percentage (%)
a] Yes, Sometimes	32	50.79
b] Yes, always	12	19.05
c] No, Never	15	23.81
d] Don't know	4	6.35
	63	100

Did your past chief executives and other principal officers approve the expenditure?

Table 5.b

Number (N) = 62	Frequency (F)	Percentages (%)
2 (a) Yes, sometimes	29	46.03
(b) Yes, always	17	26.98
(c) No, Never	8	12.70
(d) Don't know	9	14.29
	63	100

5.1c

Is revenue accruing to the council paid into the council treasury immediately and at the same time receipted with TR (treasury receipt)?

Number (N) = 63	Frequency (F)	Percentage (%)
3(a) Yes, sometimes	16	25.40
(b) Yes, always	21	33.33
(c) No, Never	14	22.22
(d) Don't know	12	19.05
	63	100

Do external auditors aid and abate chairmen and other political officers of local government council in by-passing financial procedures?

## 5.1d

Number (N) = 63	Frequency	Percentage (%)
4(a) Yes, sometimes	26	41.27
(b) Yes, always	10	15.87
(c) No, Never	14	22.22
(d) Don't know	13	20.64
	63	100

In what way is money accruing to the council most commonly misappropriated?

## 5.1e

Number (N) = 63	Frequency (F)	Percentages (%)
5(a) Through contract award	34	53.97
(b) Payment of salaries to ghost workers	14	22.22
(c) Allowances	9	14.29
(d) Advances	4	6.35
Others (specify)	2	3.17
	63	100

These tables 5.1a - 5.1e took care of the first variable financial discipline. As contained in table 5.1a, it shows that, according to about 51 percent of the respondents, sometimes

the chief executive and other officers of the council awarded contracts based on the laid down procedures but not always. In the table, 50.79% of the respondents affirmed that sometimes laid down procedures are adopted by Nsukka local government council in the award of contracts. A lower proportion, 19.05% said that the procedures were followed always. 23.81% said that they were never followed. 6.35% said that they did not know. Based on the data contained in table 5.1a, the total picture that emerge is that most of the respondents did not believe that proper procedure was always followed on award of contracts in the local government councils Nsukka. The proportion of respondents that held this belief was 74.6 percent, quite a significant number.

The 1988 local government reforms provided such procedures which must always be adopted whenever contracts are to be awarded.

In the table - 5.1b, 46.03 percent of the respondents indicated that sometimes chief executives and other principal officers approve expenditure, 26.98% said always, 12.70%, Never, while 14.29% said "don't know". The percentage score (46.03%) showed that the chief executives and other principal officers approve expenditure sometimes. They may approve such expenditures sometimes when they are aware that it is going

to benefit them. That is when they are aware that they will receive some percentages out of the payment. Otherwise approval of expenditures should be done always and not sometimes. The data contained in table 5.10 show that 25.40% OF THE respondents indicated that revenue accruing to the council is paid into the treasury sometimes and receipted with TR (Treasury receipt), 33.33% indicated always, 22.22% were of the opinion that they do not know. In this respect, therefore, the table shows that a majority of the respondents were of the view that the revenue accruing to Nsukka local government was not always promptly paid into the coffers of the council and receipted with TR (treasury receipt). This majority is made up of the 25.4 percent who was sometimes and not always, paid into the treasury and 22.2 percent who said it was never paid in, giving a total of 47.6 percent. It is to be noted that internally generated revenue for 1991, 1992 and 1993 are 469.53, ₦1,942,659.42 and ₦1,340,457.03 respectively. Table 5.1d clearly indicated that 41.27% of the respondents were of the view that sometimes external auditors aided and abated the chairmen and other political officers of local government councils in by-passing financial procedures. 5.87 percent also said that they did this always, 22.22% said this was never done while 20.64% stated that they did not know. Based on the data contained in the table, 41.27% the highest proportion of the respondents claimed that external



auditors sometimes aided and abated chairmen of local government councils in general and nsukka Local Government in particular, and other political officers in by-passing financial procedures. 15-9 percent said that did so always; than those who believed that external auditors were culpable, either on a continuous basis or from time to time accounted for 57.1 percent of the respondents. By practicing such acts, the auditors are helping the top managers of the council to perpetrate the act of mis-management and mis appropriation of public funds. This act reflects lack of public accountability among financial officers of the council. Also in table 5.1a 34 or 53.97% of the respondents were of the opinion that money accruing to the council of Nsukka Local government in particular and local government councils in general was most commonly mis-appropriated through contract award. While 22.22% stated that such mis-appropriation was through payment of salaries to "ghost workers", 14.29% said it was through payment of allowances and 6.35% affirmed that it was through Advances and others means. While 3.17% said it was the combination of contract award and payment of salaries to "ghost workers", and payment of over-valued contracts. In view of this, it is clear that most money accruing to the council is most commonly mis-appropriated through the award of contracts, followed by payment of salaries to "ghost workers". In 1992 budget

estimate, the total personnel cost for that year was ₦4,063,730.00 but the total expenditure for the same year was ₦24,828,214.98 and the actual total overtime payment for the year (1992) was ₦313,688.37. Based on these figures on total personnel emolument for 1992 and the actual expenditure, it then shows that there is element of truth in the statements made by the respondents in the questionnaire. In the 1992 estimate, provision was made for recruitment, promotion, advancement and other allowances and as such the increase should not be in order. In order to confirm the issue of payment of salary to "ghost workers", a source in accounts department revealed to me that a total sum of ₦65,000 was paid to "ghost workers" in 1981 by a tutorial staff of the council. In 1989, the estimated personnel cost was ₦3,154,830 and the actual expenditure was ₦2,015,962.28, while the over-head cost was estimated at ₦2,763,150 and the actual expenditure was ₦1,243,869.01. So the total actual recurrent expenditure was ₦3,259,831.29 as against the estimated recurrent cost of ₦5,917,980. While the actual total expenditure on personnel cost stood at ₦3,259,831.29, the total allocation from the federation account for 1989 stood at ₦3,873,486.65 and internally generated revenue for that year was ₦1,882,913. Both the federation account and internally generated revenue for 1989 was

₦5,756,399.65. It showed that there was prudence in the management of the councils funds hence the actual expenditure for that year (1989) was less than the revenue.

In 1990, the actual revenue from the federation account was ₦5,941,483.92 and internally generated revenue was ₦998,522 and these came to a total of ₦6,940,005.92. The expenditure on personnel emoluments for the same year 1990 under review stood at ₦2,605,950.35 and overhead cost at ₦1,594,227.83. This brings the total recurrent expenditure to ₦4,200,178.18. In 1991, the total personnel cost in terms of expenditure was ₦7,580,233.78 and over-head cost was ₦3,110,838.59. So the total recurrent expenditure for 1991 stood at ₦10,691,092.37. In view of unprecedented increase in 1991, with the recurrent expenditure much higher than total recurrent expenditures in 1989 and 1990, it suggests that in 1991 some money accruing to the council was mismanaged.

We have seen according to the table that 53.97% of the respondents agreed that the money accruing to the council is most commonly mis-appropriated through contract award. This goes to conform with the interview the researcher had with the town engineer of the council. He stated that interim certificate of ₦10,000 has to be issued for any contract that was worth such amount. But he stated that this was never done.

Also a source from works department stated that capital projects were not carried out in accordance with the specifications in order that the contractor(s) would be able to deduct money from the cost price and give the same to officers involved in the award of such contract. For instance, the source or items they used in over-valuing the cost were supply of chippings, fuel, gravel, laterite, stationaries, furniture/equipment, construction of drainage system, bridges, toilets around the secretariat, repair of vehicles/bulldozer, printing and visits to every important personalities governors, president etc. These top managers of the council use such avenue to defraud the council.

The second variable in the first hypothesis is poor management of material and financial resources. Responses pertaining to the second variable of the hypothesis will be analysed with the following tables:

Do the councils make judicious use of both the grants and internally generated revenue in providing the basic need to the people?

Table 5.1f

Number (N) = 63	Percentage (F)	Percentage %
6(a) Yes, sometimes	24	38.10
(b) Yes, always	11	17.45
(c) No, Never	24	38.10
(d) Don't know	4	6.35
	63	100

Information in respect of the above question as contained in the questionnaire indicated that 38.10% of the respondents were of the opinion that sometimes the council made prudent use of both the grants and internally generated revenue in providing the basic needs such as roads, electricity, pipe borne water, schools, primary health care centres etc. to the poor masses within her area of jurisdiction. Also 17.45% said that councils did so always; 38.10% said that councils never did; and finally 6.35 percent said that they did not know. In the table, there is a kind of tie in which 38.10 percent of the respondents said that councils sometimes made judicious use of grants another 38.10% said that council never did.

In analysing this table, it is necessary to bear in mind summary of the grants received by the council and internally

generated revenue. In 1989, the actual internally generated revenue stood at ₦1,882,913, and the statutory allocation from the federation account stood at ₦3,873,486.65; there was no allocation from the state government account. The total for both the internally generated revenue and grant for 1989 was ₦5,756,399.65. The 1990 allocation from the federation account was ₦5,941,483.92, internally generated revenue was ₦998,522; there was also no allocation from the state government. The total of both the grant and internally generated revenue stood at ₦6,940,005.92. The 1991, grant was ₦17,391,938.97, state allocation was ₦154,272.54 and internally generated revenue was ₦1,258,469.53. The over-all total was ₦18,804,681.04. The 1992 grant was ₦40,297,585.65, state grant was ₦190,590.21, internally generated revenue was ₦1,942,659.42. The sum total for the year 1992 was ₦42,430,835.28. With this brief account of the allocations received from the federal government from the federation account, state allocation and internally generated revenue for these years 1989 - 1992, it is clearly that with the years, increasing large sums of money accrued local government councils for recurrent expenditure in those years. This will enable us know whether the council actually utilised both the grants and internally generated revenue in providing the basic needs to the citizenry in Nsukka.

In 1989, the total capital expenditure was ₦689,910.00. In 1990, it was ₦715,732.08; in 1991 ₦706,590; and in 1992, ₦4,167,716.05. Given these amounts expended on capital projects in these years one would expect to see some concrete projects in Nsukka local government areas by 1992, at least some commensurate with ₦6.3 million.

Otherwise, it would be difficult to argue that the council made judicious use of its revenue. Also in the same table 38.10% of the respondents said that the council never make judicious use of both the internally generated revenue and grants from the federal government and state government in providing the basic necessities to the populace.

Is furnishing of government quarters in Nsukka L.G.A. including offices of principal officers done at any time there is a change in leadership?

Table 5.1g

Number (N) = 63	Frequency (F)	Percentage (%)
7(a) Yes, sometimes	21	33.33
(b) Yes, always	27	42.86
(c) No, Never	10	15.87
(d) Don't know	5	7.94
	63	100

Table 5.1g

Table 5.1g show that 33.33 percent of the respondents stated that in some cases principal officers' offices and quarters were furnished any time there was a change in leadership in local government councils in general and Nsukka local government in particular. While 42.86% said it was done always, 15.87% said it was never done and 7.94% said that they did not know about such happenings in Nsukka local government. Based on the above afformentioned in the table, it is clear that furnishing of government quarters and offices of principal officers in Nsukka local government council are either done at any time there was a change in leadership or done in the case of some others. This therefore means that there is no prudence in management of the councils funds, hence such practice of consistent re-furnishing of government quarters and offices for principal officers whenever there was a change in leadership. During an interview conducted in the local government with one of the staff, the staff said that such things were done in the council. The staff expressed the view that the top operators of the council did such a thing because it was a quick avenue to defraud the council thereby mis-appropriating the council's funds. To illstrute the point, the staff mentioned thtat on inception of the present care-taker committee in Nsukka local government council, the



embarked in renovation and furnishing of government quarters and offices for themselves and other principal officers of the council.

Has the council been able to tap the available resources to boost their internally generated revenue?

Table 5.1b

Number (N) = 63	Frequency (F)	Percentage (%)
8 (a) Yes, fully	6	9.53
(b) Yes, partially	32	50.79
(c) No, not at all	22	34.92
(d) Don't know	3	4.76
	63	100

This table 5.1b indicates the frequencies and percentages for each response. As contained in the table above, 50.79% had the highest response which emphasize that the local government councils with specific regard to Nsukka local government have only been able to tap the available resources partially instead of fully. Even insignificant percentage of 9.93% affirmed that the council had been able to tap the available resources fully. But the question is: What are those available resources

within her jurisdiction which she had been able to tap to boost the internally generated revenue? These available resources could be briefly mentioned as raw materials from Agriculture etc. Another outstanding issue is that the available resources within the reach of the council are not even tapped at all. However, the table above has it that the available resources are tapped partially to boost the internal economy of the local council in Nsukka. However, research work is based on data rather than presumption and as such what is seen in the table shows that 50.79% indicated that the available resources were tapped partially to boost the internally generated revenue of the council. No wonder then the council is unable to meet her financial obligation and needs to the people. Asked why the available resources were not fully tapped instead of partially? a source revealed that it was because of the quality of personnel recruited and the quest for personal aggrandizement among staff and officers of the council.

How often does the council conduct routine checks on existing facilities and equipment or stocks/stores?

Table 5.1i

Number (N) = 63	Frequency (F)	Percentages (%)
9(a) Often	8	12.70
(b) Very often	14	22.22
(c) Seldom	27	42.86
(d) Never	14	22.22
	63	100

From table 5.1(i), it is clear that 12.70% were of the view that often times the council conducted routine checks on existing facilities and equipment or stocks/stores. Another proportion, 22.22% also said that this was done very often. The largest proportion 42.86% said that it was seldom done and 22.22% said it was never done. The response in the questionnaire as contained in the table above shows that 42.86% which form the greater part of the respondents indicated that the council seldom conducted routine checks on existing infrastructures, facilities and equipment; And 22.22% said it was never done. such groups constitute 65.08% of the respondents. What the statistics in the table show in that civil servants in the council and also the politicians working in the local government seldom cared to check the condition of several facilities and equipment.

In summary, what the hypothesis said has to be accepted. There is no financial discipline among the operators of the council and they do not make judicious use of their revenue. This is because they recruit poor and unqualified manpower to manage and harness the resources available. Based on the foregoing, therefore, what the hypothesis said is validated, namely that lack of financial discipline results in poor management of both material and financial resources. Since what the hypothesis said is true and accepted, it then means that there is lack of probity in the Nsukka local government. There are mis-appropriation of funds, mis-management of funds, stealing, fraud, theft and other forms of corruption. In other words, there is no public accountability in the council. No wonder then Dubnick and Romzek (1987) in their study on public accountability outlined systems of accountability to curb the high incidence of corruption in our system of governance.

The second hypothesis states that "Loop-holes in government financial regulations contribute significantly to poor accountability in local governments".

Questions relating to the above hypothesis are contained in the questionnaire and interview schedule. So questions

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Romzek, B.S. and Dubnick, M.J. "Accountability in the public sector: Lessons from the challenger tragedy". Public Administration Review 1987, 47, pp. 278-280.

10-15 in the questionnaire and 6-7 in the interview schedule took care of the hypothetical assumptions. Data used for the analysis of the above hypothesis are contained in the tables below.

Table 5.2i

Number (N) = 63	Frequency (F)	Percentage (%)
10(a) Yes, sometimes	23	36.51
(b) Yes, always	18	28.57
(c) No, Never	8	12.70
(d) Don't know	14	22.22
	63	100

Based on the above table, the highest percentage 36.51% response were of the view that sometimes Nsukka local government council rendered annual report of receipts and expenditure to both federal government and state government, while 28.57% stated that this was done always, 12.70% said it was never done and 22.22% did not know. The percentage 36.51% forms the highest proportion of the respondents, it is to be noted that the ideal accounting procedure is that explanation of incomes or receipts (grants) and expenditure shall be made to the central government which gives grants to the councils and equally to state government which also provide part of their revenue.

Since bulk of the revenue for running the local government council - Nsukka is received from the federation account, there is every need that the local government council shall render account of income and expenditure to the federal and state governments in order that it may receive another grant from the authorities. So rendering such annual report is expected to be on yearly basis and should be done always in order to instil probity and public accountability among officers of the local government.

Are all payment vouchers first signed by the internal auditor before they are countersigned by the treasurer?

Table k

Number (N) = 63	Frequency (F)	Percentages (%)
11(a) Yes, sometimes	20	31.75
(b) Yes, always	22	34.5
(c) No, Never	14	22.22
(d) Don't know	7	11.11
	63	100

Indication from table 'k' is that 31.75 percent of the respondents were of the view that sometimes payment vouchers were first signed by the internal auditor before it was countersigned by the exchequer, while 34.92% which form the greater

part of respondents in the table affirmed that it was always done that way. A smaller percentage, 22.22% said it was never done. An insignificant proportion said that they did not know. It boils down to the view that all the payment vouchers (P.V) were first signed by the internal auditor before they were now counter-signed by the exchequer of the council. This was done either sometimes (31.75%) or always (34.92%). This practice is to check and if possible detect fraudulent intentions if any. Even though what the data in the table show in affirmative that such a thing is done, the interview conducted with the internal auditor of Nsukka local government stressed that most payment vouchers were not first signed by him. He emphasized that once in a long while, the exchequer might decide to pass some (P.Vs) payment vouchers for vetting and signing. This negligence is contrary to the tenets of financial memoranda and the 1988 local government reform establishing such unit. So, the auditor concluded by saying that he had not been given an independent ambit of operation by the chief executive of the council.

How often were audit alarm raised between 1980-1993 by the internal auditor?

Table 'L'

Number (N) = 63	Frequency (F)	Percentages (%)
12(a) Often	5	7.94
(b) Very often	13	20.64
(c) Seldom	15	23.81
(d) Never	28	44.44
(e) Don't know	2	5.17
	63	100

This table indicates that of the respondents, 28 (44.44%) which is the highest were of the opinion that audit alarms were never raised by the internal auditor of Nsukka local government between 1980-1993. The least number 02 (3.17%) stated that they did not know. Fifteen or 23.81% said audit alarms were seldom raised. 18 or 28.58% said they were often raised. In some other 43 respondents or 68.25% said audit alarms were never or seldom raised between 1980-1993 by the internal auditor. It goes to conform with the reply to the interview conducted with the internal auditor where he said that it was in rare cases that payment vouchers passed through him. In a situation like that, audit alarm then became very difficult to raise. But in view of what the respondents said as contained in the



table above, it portrayed the internal auditor as a collaborator(s) in perpetrating of financial fraudulent practices in the council. By this resolve, the internal auditor shared part of the blame for corruption which amounted to lack of public accountability.

Is the chief executive guided by financial instructions (F.1) before approving any expenditure?

Table N

Number (N) = 63	Frequency (F)	Percentages (%)
13(a) Yes, sometimes	27	42.86
(b) Yes, always	11	17.46
(c) No, Never	13	20.64
(d) Don't know	12	19.05
	63	100

Of the respondents 42.86% said sometimes, 17.46% always, 20.64% no, never and the least proportion 19.05% said don't know. From the above table sometimes the chief executive of the council who is also, by 1988 local government reform and financial memoranda, the chief accounting officer of the council, was guided by financial instructions before approving expenditure. The financial instruction by virtue of its need is required

by law to be used by the chief executive in approving expenditure. This should always be used and must be with the chief executive at any point in time within his tenure. If financial instruction is sometimes used, instead of always as is supposed to be the case then loop-holes exist in government financial regulations.

Are the following organizational structures such as treasury department, revenue, internal audit, local education authority (L.E.A.) allowed to function without interference by chairman or other principal officers?

Table N

Number (N) = 63	Frequency (F)	Percentages (%)
14(a) Yes, sometimes	21	33.33
(b) Yes, always	8	12.70
(c) No, Never	22	34.92
(d) Don't know	12	19.05
	63	100

The responses in the table shows that 33.33% said sometimes, 12.70% always, 34.92% no, never and 19.05% don't know. In respect to the above responses that are contained in the table. 34.92% signals that "never" were the organizational structures

in Nsukka local government allowed to function without undue interference by chairman or other principal officers. In effect, it means that more powers were exercised by chairman as the chief accounting officer of the council. By undue interference by the chief executive in all these vital structures, there was every tendency that loop-holes were there in government financial regulations which gave room for misappropriation and mismanagement of public funds by its operators.

During the implementation process of the approved expenditure of the council, is the chief accounting officer guided by approved budget or estimate?

Table 0

Number (N) = 63	Frequency (F)	Percentages (%)
15(a) Yes, sometimes	23	36.51
(b) Yes, always	22	34.90
(c) No, Never	11	17.46
(d) Don't know	7	11.11
	63	100

The statistical indices in the above table show that 36.51 percent is the highest followed by 34.92% and with a least result of 11.11%. By this, it means that sometimes the chief accounting officer was guided by the approved budget or estimate in the process of approving expenditure; while the second largest

proportion said "always". It is then clear that the chief executive was not always guided by the (Nsukka) local government budget or estimate in approving expenditure. Rather he was sometimes guided. The need for budget or estimate in any formal organization like that of the local government is to check the cash in-flow and cash out-flow. By so doing, it will engender public accountability and as such what the table portrays is lack of public accountability in the council staffers. The implication of this is that there may be over expenditure.

In view of the fact that the chief executive is sometimes guided by the budget or estimate instead of always, it is not surprising that the local government (Nsukka) is faced with the problem of over-staffing and non payment of salaries and allowances. It is because the chief executive and other principal officers of the council did not make use of the budget or estimate where existing vacancies were broken down in departments and units.

As we have already noted in table 5.11, it was shown that 36.51% of the respondents said that sometimes Nsukka local government rendered annual report of receipts and expenditure to both the federal and state governments. Only 28.57% of the respondent said that this was always done. Rendition of annual reports should be always in order to justify how the huge sums given to local government councils are expended.

If this is not done always, then the account will muddle and will be created for embezzlement, theft and other forms of corruption. It is no surprise that, as a source informed the researcher during interview, the Nsukka local government council sometime last year was denied October and November grants until it submitted its annual report on the grants received. In table 'K', 34.92% constitute the largest proportion of respondents; they said that internal auditors of the council first signed payment vouchers before the Treasurer of the council. Also in the response contained in table 'L' 44.44% of the respondents said that no time were audit alarms raised between 1980 - 1993. This means that the internal auditors were party to corruption in the local government. Again 42.86% of the respondents, as seen in table 'N' said that sometimes the chief executive was guided by financial instruction; he was not always so guided as it is provided in the financial memoranda and 1988 local government reforms. And 34.92% of the respondents indicated that organizational structures were not allowed to function independently without interference by the chairman. The last table in the hypothesis also showed that 36.51%, which was the highest proportion of the respondents said that sometimes the chief executive was guided by the budget or estimate in the process of approving expenditure. Expenditure approval by

the chief executive and even other officers of the council ought always to be guided by the estimate in order to check cash in-flow and out-flow as well as the capital outlay for other projects. If this is done sometimes by the chief executive then loop-holes exist which the chief executive and other principal officers exploit in misappropriating public funds.

With regard to the statistical data contained in tables J,L,M,N, and O respectively, they clearly emphasize that loop-holes in the observance of government financial regulations exist in local government councils in general and with specific reference to Nsukka local government council. It is not so much that loop-holes exist in the regulations; it is that there are lapses in the observance of the financial regulations and guidelines. The loop-holes in the observance of government financial regulations contribute significantly to poor accountability in local governments in general and Nsukka local government in particular.

The third hypothesis which is the last states that "shortage of qualified finance officers by reinforcing lack of financial discipline also contributes to poor management of funds in local governments".

Questions 16-20 in the questionnaire dealt with the above hypothesis and also questions 7 and 8 in the interview schedule

were on the hypothesis.

How many qualified accountants are employed in the local government?

Table P

Number = (N) 63

No of Accountants	Frequency (F)	Percentages_ (%)
Don't know	4	6.35
None	13	20.64
6	3	4.76
7	4	6.35
8	2	3.17
1	4	6.35
4	1	1.59
3	1	1.59
5	3	4.76
2	2	3.17
10	3	4.76
Very few	2	3.17
Many	1	1.59
No response	20	31.75
	63	100

What is contained in the above table show that the greatest percentage of 31.75% did not respond to the question. The simple

fact is that the respondents do not know how many accountants are employed in Nsukka local government. What the respondents regard as accountants are people who are Diploma graduates of public administration and local government. This group of people called accountants in local government circle is a group of mere converts and not accountants. There is a professional examination one has to pass before one is addressed as an accountant. Such certificates are (ICAN) Institute of chartered accountants of Nigeria and ACCA (...) etc.

The operators of the council funds do not possess these certificates. During interview with the treasurer of the council, he agreed that there is no chartered accountant in Nsukka local government council. In view of this shortfall, the local government runs the risk of not presenting neat cash book, reconciliation of bank statements, and preparation of cash balance including cheque credit and debit. In any organization, be it parastatals or companies where there is no accounts, there can hardly be public accountability. There will be no qualified accountants who will be charged with the responsibility of the department.

How many cases of fraud have been discovered as a result of shortage of qualified finance officers?

Table Q



Table Q

Number (N) = 63	Frequency (F)	Percentages (%)
17(a) Few	21	33.33
(b) Many	27	42.86
(c) None	15	23.81
	63	100

Data in respect to the table above indicate that 33.33% were of the view that few cases of fraud had been discovered because of shortage of qualified accounting officers. While 42.86% stated that many cases of fraud had been detected and 23.81% affirmed that none had been discovered. It mean that 42.86 percent of the respondents which form the highest percentage were of the view that many cases of fraud had been discovered as a result of shortage of qualified finance officers.

In 1981, a tutorial staff in the payroll of Nsukka local government was caught in shuddy deal - payrolling, signing and collecting money worth ₦65,000.00 for the payment of 'ghost workers'. Also a source said that in 1990, some revenue clerks popularly known and called 'young millionaires!' were arrested and detained by Nsukka Police on the orders of the then sole administrator. This was because those revenue clerks defrauded the council to a huge sum of over ₦lm. As a result of the shortage of qualified finance officers, huge sums of money have

been either embezzled, misappropriated or mismanaged by unqualified and dishonest operators of the council's funds.

Were the final accounts of the local government between 1980-1993 updated.

Table R

Number (N) = 63	Frequency (F)	Percentages (%)
18(a) Yes, sometimes	13	20.64
(b) Yes, always	8	12.70
(c) No, Never	22	34.92
(d) Don't know	20	31.75
	63	100

As seen in the Table R, the highest percentage of 34.92% were emphatic that the final accounts of Nsukka local government were never updated between the years 1980-1993. During interview, a litigation officer of the council informed the researcher that since 1978 till date, the final accounts of the local government in question had not been updated. In the face of this information, the question is, why is it that the final accounts of Nsukka local government are not updated? The possible reason is that the officers working in the accounts department are not qualified to present an acceptable balance sheet or what the local government

regards as final accounts for they do not have good knowledge of accounting principles. A source said that a staff (Chief-Typist) of the council lost about ₦800.00 (Eight hundred Naira only) while paying salaries of staff last year. Now the emphasis is that the Chief-Typist was not a qualified finance officer to handle payment of salaries of staff as such he fell victim of the circumstance.

What numbers of accounting staff have been sent on in-service training between 1980-1993?

Table S

Number (N) = 63

No. of staff sent in in-service training	Frequency (F)	Percentage (%)
(19) Nil	13	20.64
3	3	4.76
Don't know	8	12.70
No response	4	6.35
4	2	3.17
7	1	1.59
1	4	6.35
Many	1	1.59
2	8	12.70
11	2	3.17
5	5	7.94
a few	2	3.17
20	1	1.59
8	3	4.76
9	2	3.17
6	3	4.76
10	1	1.59
	63	100

The table shows that the respondents are not accurately informed about the number of staff that were sent on in-service training. But based on the statistics contained in the table, it shows that a greater number of respondents were of the view that no staff had been sent on in-service training between 1980-1993. However, some said that a few people had been sent on in-service training. For analytical purposes there is no agreement among the respondents, although the highest number said that no body had been sent for in-service training from Nsukka local government especially as it affects the staff of finance and supply. If no body had been sent for training, this may be attributed to cost of training and also non release of funds by local government service commission Enugu to the local government. A source revealed that the federal government released (1%) one percent to local government service commission in the whole federation for in-service training but this was diverted by the commission to other uses. In the face of this, the question is, what then did the local government service commission Enugu use the money for?

How many workshops/seminars have the accounting officers been allowed to attend between 1980-1993?

Table T

Number (N) = 63

No. of Workshops/  
Seminars attended by  
staff b/w 1980-1993

	Frequency (F)	Percentages (%)
4	3	4.76
1	5	7.94
Don't know	12	19.05
3	7	11.11
None	8	12.70
No response	3	4.76
7	2	3.17
2	5	7.94
5	3	4.76
12	1	1.59
10	2	3.17
9	1	1.59
Not much	4	6.35
6	2	3.17
Many	4	6.35
8	1	1.59
	63	100

The above table contains the statistical percentages of the responses. 19.05% of the respondents said that they did

not know it is the highest percentage in the table. The other respondents were of divided opinions: Some said that some people had been allowed to attend workshop between 1980-1993, others said that some had been allowed. Those that said that some people had attended workshops and seminars number altogether, 36 or 57.14% of the respondents. The strength of the staff of Nsukka local government as indicated is 1991-627, 1992-648; 1993-716; 1994-867; and 1995-858. It then generally means that the number of staff sent on in-service training from the local government is poor or insignificant in view of figures provided by the respondents.

To summarize, it is clear that the level of public accountability is low in Nsukka Local Government Council. There are indications, too, of why this is so. What the Tables of responses indicate is that, to begin with, the major moves through which the council is defrauded are award of contracts and payment of 'ghost' workers. These two ways, together, were mentioned by 76.19 percent of the respondents. Of the two ways, the one commonly mentioned was award of contracts (53.97%). It is notable that 74.6% of the respondents said that in Nsukka local government council, award of contracts either never followed laid down procedures (23.81%) or did so only sometimes (50.79). To complicate the situation, according to the respondents also, either expenditure was

undertaken without approval by appropriate officers or approval was only sometimes given. 58.73% respondents indicated that this was the situation. A major lapse in the observance of the financial regulation with the fact that revenue accruing to the Nsukka Local government council was not always promptly paid into the Treasury. 47.62% of the respondents said that either this was never done or that it was not always done. The hopelessness of the situation is created by the fact that, according to 52.14% of the respondents, external auditors aided and abated the chairman of the council and other political officers of the council to by-pass the financial procedures.

The responses of those who filled the questionnaires are also highly informative in another representation. They indicate not only the precise nature and degree of the lack of public accountability but also the specific financial regulation that are flouted in the case of indulgence in the financial malpractices. Forty-eight of the respondents of 76.2% were of the view that the local government councils, including Nsukka local government council never made judicious use of the grants they received from federal and state governments and their internally generated revenue. Only 11 respondents (17.45%) believed that they did. More specifically the respondents said that one way the funds were mismanaged if

not misappropriated was through the wasteful practice of re-refurnishing the quarters of chairmen of the local government councils anytime there was a change of leadership. According to 48 of the respondents (76.2%), this was done either always, or sometimes, when there was a change of leadership.

Misappropriation of funds was facilitated by some lapses in the observance of financial regulation. For example, according to 34 of the respondents (53.97%), payment vouchers were either never countersigned by the internal auditor (22.22%) or this was not always done (31.75%). And 43 of the respondents (68.25%) claimed that audit alarms were either never raised (44.44%) or were seldom raised (23.81%).in the local government councils. Also 40 of the respondents or 63.5% said that the Chief Executive of the local government council was either never guided (20.64%) or not always guided (42.86%) by the financial instruction (F.I) in approving expenditure for the local government council.

Information from the respondents on the availability of qualified accountants, opportunities for in-service training, and seminars was not reliable. In general it would seem that there was a dearth of qualified accountants in Nsukka local government council and the opportunities for in-service training were rare.



From all these facts, it is hardly surprising that the level of public accountability in Nsukka local government council was low. The popular impression that there is wide spread corruption is therefore confirmed by the result of our field work.

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## C O N C L L U S I O N

The three hypotheses posited at the beginning of this work will be briefly highlighted. And summaries of the evidence gathered to validate them will be stated here.

The first hypothesis states that loop-holes in government financial regulations contribute significantly to poor accountability in local governments. It was found that in Nsukka local government council such loop-holes as, nonindependent operation by the internal auditor of the local government council by the state government, and not stipulating maximum amount which a specific contract shall be worth and non-provision for recruitment of chartered accountants as treasurers, hamper the observance of the principles of public accountability. Although these loop-holes exist, yet there are numerous rules and regulation guiding the financial operation of the council. These rules and regulations are however not observed.

For example, our findings showed that the rules and regulations provided in the financial memoranda and other financial documents are not always observed by the officers of Nsukka Local Government Council. And there is no evidence of sanction applied consistently against defaulters. Thus, in respect

to this first hypothesis, our findings support some of the authors summarized in the literature, such as those of Regan (1975), Dubnic (1977) and O'Loughlin (1990).

The second hypothesis states that "lack of financial discipline results in poor management of both material and financial resources". The new thing found out was that the award of contracts by chief executive is done with reckless abandon. This means that local government officials do not act within the limits of their powers. There is, in other words, lack of one system of accountability legal accountability in Nsukka local government. It should be noted that in the literature reviewed earlier, some authors such as Romzek and Dubnic (1987), identified lack of legal accountability as one of the problems in public accountability. Legal accountability, if observed, according to them, will serve as a check on other systems of accountability. We found that such a system has not been introduced in Nigeria local government in particular.

Our findings showed that financial indiscipline, as exemplified by lack of legal accountability, results in poor management of both Material and Financial resources.

The third hypothesis states that shortage of qualified finance officers by reinforcing lack of financial discipline

also contributes to poor management of funds in local governments.

The treasurers of the Nigerian local government councils are not chartered accountants. There are no qualified accountants in most of these local government councils to man the core centres of financial transactions. Authors like Marshall (1962), Okorie (1984) and Omotunde (1975) stressed the importance of having staff of proven honesty and diligence to handle sensitive financial posts. Our findings show that for such staff to be useful in enforcing public accountability they must first and foremost be qualified and well trained for the financial posts they hold. We found that one of the main reasons why the level of public accountability is low in Nsukka Local Government Council is that there are no qualified accountants there. The officers that are charged with financial responsibilities are quacks in the field of accountancy. As such books of accounts in Nsukka Local Government and misappropriation of the council's funds. As a result of this, the level of public accountability in Nsukka Local Government Council is very low.

#### RECOMMENDATION

The recommendations contained in this work are based on our findings. The recommendations are stated below:

Since the procedures laid down for award of contracts in the council are not always followed, there should be stiffer penalties that should be meted out to any officer(s) including the chief executive found wanting.

All the principal officers should be allowed to control departmental vote instead of the chief executive approving both major and minor expenditures. This practice of approving expenditure alone makes it difficult for the chief executive to approve expenditure always.

Any auditor(s) found aiding and abating the political officers, staff and chairmen of the councils in perpetrating financial fraud, embezzlement, misappropriation and mismanagement of the council's funds shall be dismissed from his or her work. Such officer(s) shall be handed over to the police and prosecuted.

Since money accruing to the council is most commonly misappropriated through contract award and payment of salaries to 'ghost' workers, contracts awarded by the chief executive of the local government council shall be re-valued by a panel before payments are made to genuine contractors. Also staff should physically sign for their salaries and allowances and letter of authority to collect on behalf of absent member

should be disregarded during payment of any money.

In order to ensure probity and prudent management of council funds, the operators of the council funds shall be compelled to run a break down of how the grants and internally generated revenue were made use of in providing the basic needs to the people at the grassroots. Such returns shall be subject to investigation by a constituted panel and ratification by government.

Government shall as a matter of need ban any political officer(s) from furnishing quarters and officers that I have existing furniture whose life span is not up to ten years.

Experts in the field of revenue generation should be empanelled in order to tap available resources fully.

Maintenance culture decree should be enacted and enforced in order to ensure protection of government properties.

Both the federal and state governments shall ensure that the financial rules and regulation guiding the management of council's funds are strictly enforced to avoid all forms of corruption in local government councils.

There should be a law penalizing any officer who fails to make use of the budget or estimate in the process of approving

any expenditure.

The 1988 local government reform should be amended to reduce the power's granted to the chief executive as chief accounting officer of the council. The old ethics where secretaries, as career civil servants, are regarded as chief accounting officer of the council should be reversed. This will make room for possible accountability.

For accountability to reign supreme in the council, there must be a qualified accountant to man the core centre of financial transactions. As such, the local government should employ the services of chartered accountants to take charge of important financial responsibilities. This will help to update the financial books of the council.

In other areas that require the services of accountants, they should be employed to reduce the incessant report of fraudulent practices by unqualified personnel.

The financial memoranda and 1988 local government reform should be reviewed to include a provision that any person working in the accounts department must be an accountant on grade level 08 and above. He or she must also show evidence of proven honesty.

In-service training should be intensified. That is officers should be encouraged to improve on their skills through in-

service training. Study leave with pay should be granted to substantial number of staff who gain admission to higher institution of learning.

Finally, Workshops/seminars attended by some officers should be expanded to include other officers in the council. workshops/Seminars should be held on monthly basis in order to update the knowledge of the staff, so that they will cope with the demands of their jobs and become acquainted with changing trends in local government management.



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provided.

1. What is your sex? (a) male  (b) Female
2. Indicate your age range.
  - a. 10-14  (b) 15-19  (c) 20-24  (d) 25-29
  - (e) 30 and above

FINANCIAL DISCIPLINE

1. Did the award of contracts in Nsukka L.G.A. follow the laid down procedure?
    - a) Yes, sometimes  (b) Yes, always
    - c) No, Never  (d) Don't know
  2. Did your past chief executives and other principal officers approve expenditure?
    - a) Yes, sometimes  (b) Yes, always
    - c) No, Never  (d) Don't know
  3. Is revenue accruing to the council paid into the council treasury immediately and at the same time receipted with TR (Treasury Receipt)?
    - a) Yes, sometimes  (b) Yes, always
    - c) No, Never  (D) Don't know
  4. Do external auditors aid and abate chairmen and other political officers of local government council in by passing financial procedures?
    - a) Yes, sometimes  (b) Yes, always
    - c) No, Never  (d) Don't know
  5. In what way is money accruing to the council most commonly misappropriated?
    - a) Through contract award  (b) Payment of salaries to ghost workers
    - (c) Allowance
    - d) Advances  / other (specify) \_\_\_\_\_
- 
-

c) No, Never  (d) Don't know

7. Is furnishing of government quarters in Nsukka L.G.A. including offices of principal officers done at any time there is a change in leadership?

a) Yes, sometimes  (b) Yes, always

c) No, never  (d) Don't know

8. Has the council been able to tap the available resources to boost their internally generated revenue?

a) Yes, fully  (b) Yes partially

c) No not at all  (b) Don't know

9. How often does the council conduct routine check on existing facilities and equipment or stocks/stores?

a) often,  (b) Very often

c) Seldom  (d) Never

QUESTION 2 Loop-holes in government financial regulation contribute to poor accountability in local governments.

Loopholes

10. Does Nsukka Local Government Council render annual report of receipts and expenditure to both federal and state government?

a) Yes, sometimes  (b) Yes, always

11. Are all payment vouchess first signed by the internal auditor before they are countersigned by the treasurer?

a) Yes, sometimes  (b) Yes, always

c) No, never  (d) Don't know

12. How often were addit alarms raised between 1980-1993 by the internal auditor?

a) Often  (b) Very often

c) Seldom  (d) Never

Internal audit Local Education Authority  
allowed to function without interference by chairman or other  
principal officers?

- a) Yes, sometimes  (b) Yes, always   
c) No, Never  (d) Don't know

15. During the implementation process of the approved expenditure  
of the council, is the Chief Accounting Officer guided by approved  
budget or estimate?

- a) Yes, sometimes  (b) Yes, always   
c) No, never  (d) Don't know

Question 3: Shortage of qualified finance officers contribute to  
poor management of funds

16. How many qualified accountants are employed in the local  
government?

17. How many cases of fraud have been discovered as a result of  
shortage of qualified finance officers?

- a) Few  (b) Many  (d) None

18. Were the final accounts of the local government between  
1980-93 updated?

- a) Yes, sometimes  (b) Yes, always   
c) No, never  (d) Don't know

19. What numbers of accounting staff have been sent on in-service  
training between 1980-1993? .....

20. How many workshops/seminars have the accounting officers been  
allowed to attend between 1980-1993? .....



the operation of the local government system, Do they observe the financial instruction laid down for approval of expenditure?

2. Contracts awarded are supposed to be supervised and certified by the Town Engineer of the Local Government before payments are made, How much is likely to be approved by your council for such contract?

Poor management of financial and material resources.

3. After payment of salaries and allowances to the staff of the council what other responsibilities does the local government render to the grassroots?

4. What instrument/Procedure is there within the reach of the council to ascertain whether fraud has been committed?

5. What specific development projects were initiated and implemented by the local government between 1980 and 1993.

QUESTION 2, Loopholes in government financial regulation contribute to poor accountability.

6. Is the internal auditor of the council allowed an independent operation without undue interference?

7. As the chief accounting officer of the council, Do you often countersign all cheques?

QUESTION 3, Shortage of qualified finance officers contribute to poor management of funds.

8. Have there been reported cases of loss of funds by the cashier or other accounting officers between 1980-1993? If so who have been held responsible for such loss?

9. Were cases of embezzlement or misappropriation of funds in the local government between 1980-1993 predominant? Was the high level as a result of shortage of qualified accounting officers? What other factors were responsible for the high incidence?

VS.  
ULIAGA FABIAN & 6 ORS.

Parties present.

T. U. Oguji for Ikeazor for Plaintiff/Applicant.

O. Ugolo for the Defendants.

R U L I N G

The application for adjournment by the applicant's Counsel is usual and it is very well taken. Under the normal circumstances therefore, I should have no difficulty in granting it. However when I was going through the papers filed by the parties in the suit I came across S.11(10) of Decree No.15 of 1989. This Decree provides as follows:

"No proceedings or determination of the Panel or the Local Government Council or any matter relating thereto shall be entertained or questioned in any Court".

The Court has therefore on its own motion decided to look at the provisions of this Decree. By paragraph 12 of the affidavit in support of the Motion Ex-Parte dated 17th June, 1992, the proceedings of the Panel Exh. A to the Motion was being attached and it was exhibited to the Applicant's Papers. The above quoted Decree said the Court cannot entertain this and it used the word "shall". This is a mandatory injunction in Judicial parlance. It was on the basis of the Motion Ex-Parte and the affidavit in support mentioned above that this Court on 18th June, 1992 issued its interim Order restraining the Defendants.

It is now very well known that the last hope or resort of a common man or any person who alleges that he is being oppressed is the Courts of Law of this land. However, the Courts can carry out this assignment when it has the necessary jurisdiction or power to do so. When a Decree or the Constitution says that the Courts have no jurisdiction or powers to look into or entertain

supra ousted the jurisdiction of this court in entertaining application as it is presently worded. The application is dismissed on the ground that the Courts' Jurisdiction has been ousted. The Order of this court made on 18th June, 1992 in respect of this matter is accordingly discharged as an Order without jurisdiction.

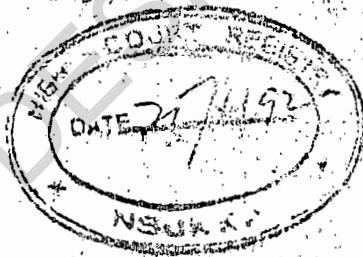
The Counsel to the Applicant has called my attention to reliefs on his claim dated 17th June, 1992. If these do not touch on matters prohibited by Section 11(10) of Decree No. 1989, he is entitled to continue with the claim. I make no order as to costs.

6 folios @ H.N. per folio  
= N6.00  
25/6/92

(SGD.)  
J. C. N. UGWU - JUDGE  
25/6/92

Paid On CR No 224/32  
of 25/6/92

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SENIOR REGISTRAR II

