Local Government Autonomy, Financial Control, and Challenges of Local Government Administrations in Nigeria: An Inventory

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ABSTRACT

The study is an inventory and a narrative essay into local government administration in Nigeria albeit it's contested autonomy. The 774 local government councils were envisaged to be the third tier of government and the closest to the grassroots. It is therefore assumed that developmental strides of the local government councils will impact more directly on the citizens faster, but over the years the state governors had exploited the constitutional lacuna which expressly provided for state controlled joint local government account, through which federal allocations to the local councils are received. This granted the state government unfettered access to these funds, and hampering the financial abilities of the local government administration to deliver dividends of democracy to the citizens. This study evaluated various financial reforms and financial control policies of government as it impacts on accountability in the handling of public treasury in Nigeria. The study examined financial controls as a theoretical undergirding and various enactments of government on financial management. The study is a narrative essay, delineating the historical evolution of Nigerian local government administration. The approach is in tandem with Creswell (2007) who held that narrative essay is a qualitative strategy which enable researchers to learn from participants view in a natural setting. The methodology of study is therefore qualitative, where the primary aim is to provide a complete, detailed description of the research topic, as opposed to quantitative research which focuses more in counting and classifying features and constructing statistical models and figures to explain what is observed. As Nigerians celebrate the recent Supreme Court pronouncement granting full financial autonomy to the local government, there is heightened apprehension that there will be misappropriation of the huge allocations coming to the local government. The study therefore reviewed the concept of accountability and financial control structure in place to checkmate any abuse of pecuniary responsibility.

Keywords: Autonomy, Accountability, Financial Control, Transparency

INTRODUCTION

Financial control is defined as the procedures designed to protect assets and ensure that all financial transactions are recorded to prevent and reduce errors and fraud (Block & Geoffrey, 2008). Financial controlling enables accurate tracking of operational expenses, while identifying areas from which savings can be generated – it ensures high-level monitoring of costs, financial flows and budgets. It helps detect problems more often and prevent potential financial crises.

It is the process which assures that financial resources are obtained economically, utilized efficiently and effectively in the attainment of the desired goals (Okezie, 2004). It varies from organization to organization and is part of both the financial management as well as internal controls, put in place by management, encompassing planning, budgeting and budgetary control, accounting, reporting and review.

The aim of financial controls is to provide an overall guiding framework for a sound and efficient management of resources in all institutions. The goal of having a strong system of financial control is to promote the institutions, ability to reach its objectives, providing reliable financial data, safeguarding assets and records, evaluating operational efficiency through budget, organizational control and encouraging adherence to prescribed policies and regulations (John et al, 2014). Subomi (2010) opined that financial controls in an organization focus on the key transaction areas, with emphasis being on the safeguarding of assets and the maintenance of proper accounting records and reliable financial information. Financial controls facilitate effectiveness and efficiency of operations, thus helping to ensure the reliability of internal and external financial reporting and assist in compliance with laws and regulations (Hayles, 2005). Effective financial controls including the maintenance of proper accounting records help ensure that the institution is not unnecessarily exposed to financial risks and that the financial information is used only within the business (Hayles, 2005). This also contributes to the safeguarding of assets, including the prevention and detection of fraud (ACCA, 2010).

Local Government Autonomy and Financial Control

Since the inception of the system of local government in Nigeria, there had been persistent clamor for the autonomy of the local government as the third tier of governance in the federation. It is interesting to note that even the federal government has in recent times joined in championing the course of local government autonomy. In the forward of the guidelines for the 1979 local government reforms, it was clearly remarked that, “the states have continued to encroach upon what would have been the exclusive preserve of local governments. With this reform, the local government was granted the power of grassroots governance with apparent improvement in the autonomy as the third tier of government in the country.

While admitting that local government autonomy cannot be absolute in a federation it is pertinent to note that local governments need to be granted good measure of fiscal autonomy so as to be able to carry out effectively the task of rural development. These series of reforms carried out by the federal government in order to strengthen the local government as the third tier of government in the federation has given rise to visible improvements of the revenue base of the councils. The Act which established the state Joint Local Government Account (SJLGA) was passed in 1981 by the National Assembly but the eventual domestication and implementation of the provisions of the Act by the states in the federation only took effect in the early years of the fourth republic when state house of assembly passed the SJLGA laws to give effects to that constitutional provisions. The law establishing the joint account allocation committee was enacted in 2001. This law was published in Gazette No. 6 of 2001 under the caption “State Joint Local Government Account/Distribution of Revenues and other related matters law 2001. It was President Goodluck Jonathan who forwarded a Bill to the National Assembly to stop the operation of the joint state/local government accounts. The president’s action was predicated on calls by well- meaning Nigeria for financial autonomy to be granted the constitutionally recognized 774 local government areas in the country. For many years, local government allocation has been hijacked by the various state governments because of absence of a truly local government system in our practice of democracy. Section 7 (1) of the 1999 constitution allows for an elected administration in the councils but in practice, most of the councils in Nigeria are administered by appointed chairmen or caretaker committees. Only very few can be said to be under democratically elected officials. Even in those with elected administrations, their finances are under direct control of the state government. Hence there is no visible development in practically all the 774 councils in Nigeria. Their roads are as dilapidated as ever. There is nothing to show that there is grassroots government in Nigeria. And, this is the tier of government that is supposed to be closer to the people. Unfortunately, they are not centres of exist only on paper. In reality, they are not centres of rural governance and development.

Under the uniform account system, state have dictated projects for councils and disbursed council funds as they like. That is why officials at the local government level are largely not elected. In some states where elections were held in the councils, the party in power ensured that its candidates won all the seats. They do this in connivance with electoral officers of the state independent electoral commission (SIECs). This scenario obtains because SIEC officials are appointed by the governor, who expect them to be loyal to him and his party. With SIEC in place, outcome of council polls are predictable. With SIEC it will be difficult for the opposition to win an election at council level. This is why many state governments have not conducted council polls despite constitutional provision for elected council administration in the country. However, it's still not enough for local government autonomy. The state governors will continue their reliance on the State Independent Electoral Commission (SIEC) to select their cronies as local government chairmen and thereby sustain their financial and other forms of indirect control over the local governments. Using a constitutional amendment, the FG needs to get INEC to take over the local government elections the 3rd tier of government is a constitutional creation.

There is the need for a balance nexus between the euphoria of the autonomy and the erstwhile encroachment by the states, as the tendencies are high that many councils could indulge in financial recklessness and imprudence in the administration of the finances of their councils. It is therefore recommended for the creation of relevant institutions of control and strengthening of the existing ones by way of legislation to give muzzles to financial control at the local government levels.

Nigeria's Supreme Court affirmed on 11 July the financial autonomy of the nation's 774 local governments. In the unanimous judgment of its seven-member panel, the **Supreme Court** unanimously upheld the suit brought by the federal government to strengthen the independence of local governments in the country. The landmark judgment included a decision overturning the longstanding practice where state governments received federal allocations on behalf of local government areas and withheld the funds. It also stopped the release of federal allocations to local governments without elected executives.

The 1999 constitution, which established local governments as a layer of government to further solidify unitary federalism, is arguably the worst Nigerian constitution ever operated. The states are the only federating units in any organic federation. Nigeria, however, is not one. Following Nigeria's unification or amalgamation in 1914, the country began as a unitary system and began to devolve powers by creating states, from 12 to 36 states as of 2024 and counting.

Weakening the states as federating units is a deliberate policy which includes the inclusion of local governments in the constitution. It was a calculated move to solidify the unitary system. This provides context for understanding the recent Supreme Court's decision. Therefore, support or opposition to the Supreme Court judgment depends on one's wish for the nation – unitary, or federal system.

By seizing the cash meant for the local governments, the governors attempted to regain the status of states as federating units. It was a bad idea that the Supreme Court just declared invalid. Under Section 162(6) of the 1999 Constitution, which created a joint state/local government account, state governors spend money due to the local government on their behalf. Although the governors had depended on the joint account, they will no longer be able to handle local government funds directly, according to this Supreme Court's decision. Every local government would receive its money straight from the federation account and use it for its purposes without accepting any orders or allowing the state governors to meddle.

Challenges of Financial Management in the Nigeria Local Government Administration

Critical examination of the financial management systems in the Nigeria's local government indicates that there are a number of challenges affecting local government administration in Nigeria. This ranges from institutional constraints to lack of adequate capacity to manage local government administration in Nigeria. As argued by Ekweremadu (2012), poor financial management in the local government in Nigeria derives from the creation of the state and local government joint account as founded by section 162 sub-section 6 of the 1999 constitution. Ehigiamusoe and Jumare (2013) also noted that section 162 empowers the state to spend and allocate at its will to the local government. This dangerous trend has remained one of the main challenges of delivering public goods to the citizenry. Local government councils in Nigeria also lack technical and managerial capacities required to deliver public goods. This has been the reason for the growing concern for a careful review of some of these clauses in the Nigerian constitution.

Functions of a Local Government As creation of the Law

The statutory functions of local government councils are defined in the fourth schedule of the 1979 constitution which includes collection of revenue to meet commitments for economic planning and development of its area. While the local government council is concerned with policy matters on revenue collection and disbursements, it is the responsibility of the Treasury Department to translate such decisions into concrete actions. It may be loosely stated therefore, that the main duties of the Treasury Department of a local government are virtually financial duties of the local government.

Unlike the Federal and the State Governments, the Local Government has three main sources of revenue. These are (i) External Revenue, (ii) Internally Generated Revenue and (iii) Loans. In accordance with the provisions of Section 7 of the 1979 Constitution sub-sections (4) and (5), both the Federal and the State governments are enjoined by Law to make and pay statutory allocations to the local governments in furtherance of their statutory obligations in their respective areas of authorities. The enactment of this vital provision in the constitution is designed to make the Local Government sufficiently and financially capable to provide for the overwhelming populace at the grassroots. An emerging trend from the above constitutional requirement is that the states hardly release the funds to the local governments making it difficult for them to carry out their statutory functions. The recent decision of the Federal Government to send the Federal Statutory Allocations and the Deduction from source of the 10% allocation payable by the states to the local governments with a view to making direct payment to the local governments is a welcome decision. However, the creation of state and local government joint account as proscribed by the 1999 constitution of Nigeria suggests that the federal government lacks the power to do so. At best, it may require the amendment of the constitution by two third majority of the parliament. Nevertheless, there are other sources of revenue to the local government as enumerated below.

Financial Control Framework over Public Funds

The British colonial administration installed a financial control framework that is still being practiced today in the Nigerian public sector. The legal framework for the control of public funds is still based on the laws that were bequeathed to Nigeria by the colonial masters at independence (Sebastian, 2005). Most of these laws have been scantily amended. The literatures on the legal framework of financial control review the provisions of these legal documents without addressing the adequacy of these laws in terms of their ability to cope with the ever increasing complexities in the Nigerian environment. The two most important legal documents that predate independence and which are still used today are the Finance (Control and Management) Act No. 33, 1958 and the Audit Act No. 38, 1956 (Anyafo, 2002:1). Other legal documents that influence financial practice include the Constitution of the Federal Republic of Nigeria; the Appropriation Acts; Financial Regulations and Finance and Treasury Circulars (Daniel 2002:20). The principal legal documents that govern financial practice in the public sector in Nigeria include:

Constitution of the Federal Republic of Nigeria

Finance (Control and Management) Act No. 33 1958 (As Amended)

The Audit Act 1956 4. The Appropriation Act

Financial Regulation/Instructions

Treasury and Finance Circulars

Institutions of Financial Control and discipline in government

There are formal and informal institutions of financial control over public revenue and expenditure. The formal institutions of financial control include:

The Executive arm of government,

The legislature through the Public Accounts Committee and

Office of the Auditor-General or Supreme Audit Institution.

The informal institutions of financial control include:

The media,

The organized civil society and

Donor agencies (Sebastian, 2005).

With respect to the formal institutions of financial control, the Constitution of the Federal Republic of Nigeria, 1999, established a cycle of financial accountability for public funds. The cycle provides that:

1. Legislature authorizes expenditure
2. The Executive controls the collection and issue of funds. In addition, it prepares the accounts.
3. The prepared accounts are audited by the Auditor-General and
4. The Auditor-General submits the results of his audit to the Legislature through its Public Accounts Committee (PAC).
5. Thereafter, PAC acts on the report by inviting accounting officers to appear before it where need be.

The financial accountability cycle provides that the Executive arm of government collects, disburses and prepares the accounts of government. The other formal institutions of financial control are excluded from these very vital stages. Their involvement in public sector financial control is only visible when funds have been expended. Informal institutions of financial control may promote financial accountability over public finance and these include; the mass media, the organized civil society, the World Bank and other international donors (Sahgal, 2001).

A vibrant media may promote financial accountability by reporting the findings of the Auditor-General. By exposing wrong doings the media may influence the behaviors of public officials who may not want to be publicly exposed. The organized civil society too, may play a significant role in promoting financial accountability in the public sector.

Concept of Accountability and fiscal discipline

Lack of accountability in the management of the public sector in Nigeria has remained a critical issue especially since 1999 when democratic rule was established in the country after a long period of military rule. Due to poor culture of accountability, corruption has become endemic in the country. Owing hugely to the wide spread public demands for transparency in governance and the global outcry against corruption, accountability is now of serious concern in many countries including Nigeria. Michael (2009) defined accountability as “the duty to provide on account (by no means necessarily financial) or reckoning those action for which one is held responsible as a consequence. Accountability involves a promise to perform and a normal or legal responsibility to provide an account for it According to (Odunayo, 2014), it is the obligation to render an account for a responsibility conferred. It presumes the existence of at least two parties: one who allocates responsibilities and one who accepts it with the undertaking to report upon the manner in which it has been discharged. It is the liability assumed by all there who exercise authority to account for the manner in which they have fulfilled responsibilities entrusted to them". According to Laxmikanth (2006), the concept of accountability connotes the obligation of the administrators to give a satisfactory account of their performance and the manner in which they exercised power on them.

In brief, accountability requires a relationship of conferring responsibility and reporting back on the expected and agreed performance and on the manner in which the responsibility was fulfilled. According to (Appah, 2012), accountability is all about being answerable to those who have invested their trust, faith, and resources to you. Adegite (2010) defined accountability as the obligation to demonstrate that work has been conducted in accordance with agreed rules and standards and the officer reports fairly and accurately on performance results vis-à-vis mandated roles and or/plans. It means doing things transparently in line with due process and the provision of feedback. Johnson (2004) held that public accountability is an essential component for the functioning of our political system, as accountability means that those who are charged with drafting and/or carrying out policy should be obliged to give an explanation of their actions to their electorate.

Pillars /Types of Accountability

Adegite (2010) argued that are three pillars of accountability, which the UNDP tagged ATI (Accountability, Transparency and Integrity). Accountability is segmented into:

- Financial Accountability: It is the obligation of any one handling resources, public office or any other positions of trust, to report on the intended and actual use of the resources or of the designated office.
- Administrative Accountability: This type of accountability involves a sound system of internal control, which complements and ensures proper checks and balances supplied by constitutional government and an engaged citizenry. These include ethical codes, criminal penalties and administrative reviews.
- Political Accountability: This type of accountability fundamentally begins with free, fair and transparent elections. Through periodic elections and control structure, elected and appointed officials are held accountable for their actions while holding public office.
- Social Accountability: This is a demand driven approach that relies on civic engagement and involves ordinary citizens and groups exacting greater accountability for public actions and outcomes.

The Nigerian society is filled with stories of wrong practices such as stories of ghost workers on the pay roll of Ministries, Extra-ministerial Departments and Parastatals, and particularly local government units of the federation, frauds, embezzlements and setting ablaze of offices housing sensitive documents and corruption are found everywhere in the country.

A sound system of financial control contributes towards safeguarding the stakeholders investment and the institutions assets and can fast-track rapid development at the grassroot if fully implemented at the local government levels. Financial controls facilitate effectiveness and efficiency of operations, thus helping to ensure the reliability of internal and external financial reporting and assist in compliance with laws and regulations This also contributes to the safeguarding of assets, including the prevention and detection of fraud (ACCA, 2010).

Amongst the countries surveyed by the Transparency International global Corruption Perception Index in October 2010, Nigeria was placed 134 from its 130 position in 2009 and 121 in 2008. Also, Failures to understand the impact of internal control system in public sector has drastically eaten the fibre of the public sector as a result of lack of financial controls (John, 2014). The absence of adequate financial control measures exposes the accountability of the public sector to certain threats such as incorrect financial statements, loss of government assets, fraud, mismanagement of government vital documents, incorrect and unreliable financial records which may lead to loss of government integrity, and implementation of accounting policies inconsistent with the applicable legislation.

LOCAL GOVERNMENT SOURCES OF REVENUE IN NIGERIA

Internally Sources:

This can be seen as the fund generated by the government other than the statutory allocation from the state or federal government. Sources of internally generally revenue differ from State to State and local government by local government due to other economic, socio and structural character of the area. These sources are:

Taxes: This tax is payable by all Nigerians in a local government area of 16 years of age and above, that are not assessed to pay the State Personal Income Tax during the year.

Poll tax is a fixed amount payable by all taxable adults whose income does not exceed a particular ceiling (N600.00 before 1974 and N800.00 after 1974). Some of these taxes have been abolished in majority of the states in the federation in 1979-80.

Tenement Rate: This is tax on landed property, commercial and residential buildings. The assessment depends on the type of building and the use to which it is put. This is one of the most dependable sources of revenue if the source is adequately and efficiently tapped.

Local License Fees and Fines: This is sub-divided into eight different headings viz: (a) Fines e.g. Towing of vehicles and fee accruing there from (b) General License e.g. Bicycle License fees and Hackney permit fee (c) Food control e.g. Slaughter and license fees (d) Security e.g. Goldsmith and Gold sellers license fees (e) Social- Marriage registration fees, naming of street, radio and television license fees. (f) Health e.g. slaughtering of animals fees, impounding of animals, births and death registration fees etc. (g) Economic e.g. Tenders fees and general contractors registration fees (h) Engineering works and survey e.g. Sale of unserviceable stores and hire of plants charges.

Earning from Commercial Undertakings: This includes markets and motor parks, proceeds from agricultural products, as well as other public investments such as transportation and event centers.

Rent: Rent on residential/commercial buildings.

Interest and Dividends e.g. Administration charges on advances and interest on investments.

Miscellaneous receipts-e.g. Mortuary; hearse and cemetery earnings; identification and oath fees.

External Sources:

(i) Statutory allocation from federation Account

The local government statutorily receive monthly allocation from the federation account of government. This is by far the main source of revenue accruing to the 774 local government councils in Nigeria.

(ii) Loans

A local government may raise loans within Nigeria of such sources, in such manners, upon which the conditions for such purposes are fulfillment by appropriate laws as may be prescribed. A local government may obtain advance from banks by overdraft upon its credit worthiness for procuring revenue yielding projects.

The Treasurer and Treasury Department

As in the federal and state governments which maintain various ministries, there are various departments in a local government. The treasury department is one of such departments which act as the ministry of finance for the council.

The department is the golden animal that lays the golden egg applied for economic planning and development of the areas in local government structure. The Treasurer as the Financial Director of the Local Government has the responsibility of ensuring proper working of the treasury and the financial requirement of the council. The treasurer also ensures that proper system of departmental and store accounts are successfully maintained. More so, the treasurer and his subordinate staff are personally responsible for errors in accounting and/or incorrect and unauthorized expenditure. Specifically, other normal duties of the treasury are delegated duties of the Local government which include:

- Preparation of Annual Budget for consideration of the finance/general purposes committee and subsequent approval by approving authority.
- Collection of external and internal revenue, issuing receipts in acknowledgement thereof and making payment of such moneys into the bank accounts of the local government promptly.
- Disbursement of funds. It is the responsibility of the treasury to make all payments out of local government funds and ensure that such payments are legitimate and properly authorized after ensuring that adequate provisions are in the approved estimate to accommodate the liability.
- Keeping of prescribed accounts books.
- Monthly reconciliation of accounts. It is the responsibility of the treasury to reconcile the cash book with the bank monthly statements of account to ensure correctness and thus prevent avoidable loss of fund.
- Keeping custody of all documents and items of property of the local government.
- Processing all Applications for Supplementary (Expenditure) estimate (AISE) and reallocation of funds.
- Keeping and supplying revenue earning receipt books for collection of revenue.
- Maintaining and keeping of files for all revenue collectors to prevent fraudulent practice.
- Keeping revenue collection progress chart to know the progress of collection of revenue under the various heads and subheads of revenue estimates.
- Checking the accounts of the revenue collectors as often as possible and report to the council any instance where a collector fails to collect or pay promptly to the treasury any sum due. This is with a view to preventing fraud and the attendant loss of revenue.
- To see that all advances are retired in accordance with the conditions under they were authorized.
- Given advice to the local government on the cash flow situation showing probable receipts and payments as compared with the estimated provisions in the estimates.
- Presentation of annual financial statement of accounts at the end of every financial year and submit his books of account for auditing and taking prompt action on audit queries.
- Initiating measures to boast collection revenue by: (a) Revising upwards the various rates, fees and fines in urban areas sophisticated system of tenant rating can be introduced. (b) Adequate machinery for collection on both personnel and materials.
- Keeping books relating to collection of revenue and disbursement of account up to date in strict compliance with provisions of the financial memoranda of the local government.

FINANCIAL REFORMS IN THE NIGERIAN PUBLIC SECTOR

In the last one and half decades, the government of Nigeria at the federation, had introduced various financial reforms, benchmarked the adoption of international reporting standards aimed at strengthening the fight against corruption in public sector financial management. According to The International Federation of Accountants (IFAC), the central objective of PFM is to improve citizens' lives through better management of public money. PFM refers to the processes and methods with which the government organises, allocates, and oversees public resources. In the context of Nigeria's economic transformation, sound financial management practices are vital to the realisation of the new administration's policies. The reforms was institutionalized by the introduction of the following agencies and platforms:

- Government Integrated Financial Management Information System (GIFMIS)

The purpose of introducing GIFMIS is to assist the FGN in improving the management, performance and outcomes of Public Financial Management (PFM). The immediate purpose of this project is to enable an executable budget, i.e. a budget which can be implemented as planned by addressing the critical public financial management weaknesses which are:

- Failure to enact the budget before the start of the financial year
- The budget is not based on realistic forecasts of cash availability
- Lack of effective cash management – multiple bank accounts within Treasury and MDAs that make effective control impossible; when combined with the lack of cash forecasting this leads to inefficient and unplanned borrowing.
- A lack of integration between different financial management functions and processes, e.g. budget is prepared in a way that makes it difficult to manage the budget execution through the chart of accounts.

It must be underscored that whereas GIFMIS is part of the solution to the above problems, it (GIFMIS) cannot be a driver of change to better public financial management – rather it is a tool to facilitate change. To this end, the introduction of a GIFMIS will be combined with major changes to business processes. As a matter of fact GIFMIS provides an opportunity to move to Treasury Single Account and to reduce the number of stages in transaction processing. In addition it will provide better access to information which can be used to improve fiscal and operational management. GIFMIS will also reduce fiduciary risk by enabling greater transparency and by reducing the opportunities for manual intervention in financial transactions.

The overall objective is to implement a computerised financial management information system for the FGN, which is efficient, effective, and user friendly and which:

- Increases the ability of FGN to undertake central control and monitoring of expenditure and receipts in the MDAs.
- Increases the ability to access information on financial and operational performance.
- Increases internal controls to prevent and detect potential and actual fraud.
- Increases the ability to access information on Government's cash position and economic performance.
- Improves medium term planning through a Medium Term Expenditure Framework (MTEF)
- Provides the ability to understand the costs of groups of activities and tasks.
- Increases the ability to demonstrate accountability and transparency to the public and cooperating partners.

The Government Integrated Financial Management Information System (GIFMIS) is an IT based system for budget management and accounting that is being implemented by the Federal Government of Nigeria to improve Public Expenditure Management processes, enhance greater accountability and transparency across Ministries and Agencies. GIFMIS is designed to make use of modern information and communication technologies to help the Government of Nigeria to plan and use its financial resources more efficiently and effectively.

GIFMIS implementation will enable the Federal Government of Nigeria process financial transactions faster and at a much lower cost. GIFMIS will also improve the reliability of management information. This will increase the speed at which decisions are taken and services delivered to the general public. It will also reduce opportunities for corruption and ensure safety of public resources.

- Integrated Personnel and Payroll Information System (IPPIS)

Integrated Personnel and Payroll Information System was introduced to provide for a one stop centre for reliable, consistent and accurate human resource information for decision making; To foster information sharing through integration with other Government ICT systems in order to eradicate duplication of data and improve accuracy.

Integrated Payroll and Personnel information system (IPPIS) was conceptualized in October 2006 by the Federal Government as one of its Reform Programme, to improve the effectiveness and efficiency in the storage of personnel records and administration of monthly payroll in such a way to enhance confidence in staff.

The GIFMIS has a symbiotic relationship with the Internal Personnel Payroll Information Systems, IPPIS was to help plan financial resources more efficiently and effectively.

- International Public Sector Accounting Standards (IPSAS)

The President signed into law the financial reporting council bill, making it an act of legislators and a valid law in Nigeria. The government of Nigeria has also consented to full adoption of the International Financial Reporting Standard **(IFRS)** and public sector counterpart, the international Public Sector Accounting Standard **(IPSAS).** Reporting Standard has become very demanding in its disclosure requirements and the complexities of preparing financial report leaves no room for mediocre in practice. For the avoidance of doubt the International Public Sector Accounting Standard (IPSAS) are accounting standard for use by public sector entities around the world, in the preparation of financial statement and same shall hold for government (MDAS) ministries, department and agencies in Nigeria with effect from January 2012.

Financial reporting in the public service is covered by IPSAS 1; CAMA 334 & 335 SCHEDULE 2. A whole section of IPSAS 1 is dedicated to disclosure requirement thus:

"An entity shall disclose for each assets and liability that combines amount, expected to be recovered or settled both before and after 12 months from the reported date, the amount to be recovered or settle after more than 12 months.

IPSAS 22 detailed the disclose requirements by government entities preparing statutory financial statements. IPSAS 20 specified guidelines where control exists as in all other commercial undertakings and out-station services. Proponents argued that IPSAS adoption will yield the following benefits, some of which are

- Enabled comparability of financial reports
- Increased foreign direct investment and donations
- More reliable and comprehensive reporting by entities
- Ease in cross borders listing of local companies, increased transparency and
- Accountability in public sector financial management.

The adoption of IPSAS for preparation of financial reports has being made compelling by series of treasury circulars and oversight supervisions. However, over (ten years) a whole decade after the adoption decision by the federal executive council, accountants and auditors in the public sector are still battling with difficulties in the implementation of IPSAS as a driver to preparing reliable financial reports for their MDAs.

- Electronic Payment System

In September, 2008, the Nigerian president directed that all payments from all funds of the Federal Government of Nigeria should be made electronically with effect from 1st January, 2009. Consequently, by the treasury circular, No. TRY/A8&B8/2008 dated 22nd October, 2008, the Accountant–General of the Federation gave a comprehensive guideline for the operation of E-payment at the Federal Government level with effect from 1st January, 2009.

The decision to introduce the E-payment as the mode of effecting payments for all MDAs is part of the Federal Government's Financial Reforms Programmes aimed at promoting, transparency and accountability in the conduct of government business

Electronic payment system involves the arrangements for automated processing of transactions, through information technology, for finality of payment without recourse to physical evidencing in the first instance.

It involves electronic transfer of funds without the use of cash or cheque. Funds are transferred electronically and value is immediately given. It enables large value transactions to be undertaken and payments effected within seconds, thus facilitating business transactions and commerce in general, as well as reducing payment system risks

E-payment, within government is therefore a direct payment through electronic transfer to an individual or an organization or business using the medium of computer technology. The payment does not require the physical presence of the beneficiary either in the MDA or the bank for transaction to be effected. The migration from cheque and cash payment system to electronic payment system for all financial transactions of the federal Government covering ministries, departments and agencies (MDAs), commissions, legislature and judiciary is meant to achieve a number of objectives, among which are:

- To eliminate delay and bottlenecks in effecting payments for transactions and settlement of financial obligations.
- To eliminate cases of fraud, corruption and financial irregularities associated with the previous payment system through cheques and cash.
- The electronic payment to contractors and suppliers of government services by relevant government agencies has gone a long way in eliminating excessive paperwork and incentives for gratification which breeds corruption.
- Once payments are processed electronically rather than through manual processing for all the stages of payment processing, delays are eliminated and the incentive for corruption is reduced

Apart from the advantages that can be derived if the above objectives are achieved, the other advantages of e-payment system include:

- Enhancing the tracking of payments to accounts of beneficiaries and thus assist in audit trial.
- Assisting corruption fighting agencies like the EFCC and ICPC to increase investigation

- Public Procurement Act 14 of 2007

The public procurement Act is an act to establish the national council on public procurement and the Bureau of public procurement as the regulatory authorities responsible For the monitoring and oversight of public procurement, harmonizing the existing government policies and practices by regulating, setting standards and developing the legal framework and professional capacity for public procurement in Nigeria ; and for related matters.

The objectives of the Bureau are:

a. The harmonization of existing government policies and practices on public procurement and ensuring probity, accountability and transparency in the procurement process ;
b. The establishment of pricing standards and benchmarks ;
c. Ensuring the application of fair, competitive, transparent standards and practices for the procurement and disposal of public assets and services ; and
d. The attainment of transparency, competitiveness, cost effectiveness and professionalism in the public sector procurement system

- REMITA

Remita is a payment solution that helps individuals and business make and receive payment, pay bills and manage their finances across multiple banks. **Remita** is an e-payment platform that enables Businesses and Individuals to receive & make payments EASILY. It is the default payment gateway that facilitates the Federal Government of Nigeria's Treasury Single Account (TSA), the largest and most impactful of its kind in Africa. Remita launched in 2005 and is fully developed in Lagos Nigeria by SystemSpecs. Remita is **the payments platform that is driving the Treasury Single Account (TSA**) of the Federal Government of Nigeria. As part of its efforts to boost revenue collections, the Federal Government of Nigeria ... Government through the Remita **platform into the TSA**.

- Treasury Single Accounts

The background of Treasury Single Account (TSA) is in accordance with Executive Order No. 55 (2011), which stipulated that the Bureau of Treasury (BTr) shall operate a Treasury Single Account (TSA) to receive remittance of collections of internal revenue taxes/customs duties from Bureau of Internal Revenue (BIR)/Bureau of Customs (BOC) authorized agent banks as well as other National Government Agencies from authorized government depository banks. The TSA, which shall be maintained at the Central Bank of Nigeria (CBN), will align the government policy of greater financial management and control of its cash resources and allow the unification of the structure of government bank accounts to enable consolidation and optimum utilization of government cash resources (Boulder, CO: West view. Sun Editorial (2015).

A treasury single account (TSA) is an essential tool for consolidating and managing governments' cash resources, thus minimizing borrowing costs. In countries with fragmented government banking arrangements, the establishment of a TSA should receive priority in the public financial management reform agenda. Drawing on the lessons of the Fund's work in several countries in establishing a TSA, this paper explains its concept, essential features, problems and potential benefits. It also discusses its prospects for financial prudence and effective and efficient management of resources available. The TSA structure can contain ledger sub-accounts in a single banking institution (not necessarily a central bank), and can accommodate external zero-balance accounts (ZBAs) in a number of commercial banks. Second, no other government agency operates bank accounts outside the oversight of the treasury. Options for accessing and operating the TSA are mainly dependent upon institutional structures and payment settlement systems. Third, the consolidation of government cash resources should be comprehensive and encompass all government cash resources, both budgetary and corresponding cash flows are subject to budgetary control or not (Yusuf and Chiejina, 2015).

TSA is part of the Public Financial Management (PFM) reforms initiatives under the Economic Reforms and Governance Project (ERGP).

PFM reforms are part of pillar of the National Strategic for Public Service Reforms towards attainment of vision 20:2020. PFM reforms were designed to address the impediments of effective cash management. This singular reform has recorded huge success at the federal level in mopping idle funds tucked away by fraudulent MDAs in commercial banks while government resort to foreign and domestic loans to fund developmental projects. Fiscal discipline is compelled by the policy thrust of the TSA with ease.

The key features of TSA are to:

- Unify government banking arrangement to enable treasury oversee cash flows and allows for fungibility of cash resources.
- That the TSA should have comprehensive coverage, to include cash balances of all government entities, both budgetary and extra budgetary, in order to ensure full view of government cash resources.
- That no government agencies should operate bank account outside the oversight of the treasury.

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CONCLUSION AND RECOMMENDATION

Section 7 subsection (1) of the 1999 Constitution of the Federal Republic of Nigeria as amended, allows for an elected administration in the local government councils but in practice, most of the councils in Nigeria are administered by appointed chairman or caretaker committees.

Constitutionally, local government is supposed to be the third tier of government, and as a third tier government, all constitutionally recognized 774 local governments are supposed to be politically and financially independent. For many years, state governors do not ascribe to this independence. As a result of this, all the state governors have done all within their power to ensure the emasculation of the councils so that they can use and manipulate their federal allocations just as they like. It is undoubtedly that one instrument that gave the governors such underserved power of total control of the local government councils, is the unconstitutional operation of State/Local Government Joint Accounts. Once this umbilical cord is broken, the council chairmen's can be in better position to develop their areas of jurisdictions.

I applaud the National Assembly for coming forth with this important Bill that will restore financial autonomy to the local government councils. It is indeed, a bold step but necessary initiative that will instill confidence and give verses to the local government councils in the country. But the new initiative should not in anyway be an invitation for local government chairmen to become emperors. To resist such or any attempt to kill the Bill, the Legislators should ensure that the structure of the local governments is clearly defined so that the State governors would not at anytime make any immoral attempt to encroach on their activities. Let them not succumb to pressure and lobbying from governors to stifle the Bill and they did not. This Bill (now and Act) is of national interest and importance.

Achieving Accountability in government

Appah (2012) identified several ways in which accountability in the public sector can be achieved. These include:

1. Legislatures should champion the cause of accountability: The legislators in Nigeria and other developing countries have the constitutional responsibility to ensure that the executive are accountable to the people for the management of public funds. But the revise is the case in Nigeria, where the legislators are part and parcel of the collapse of the system. However, for accountability to be achieved in Nigeria, legislators at all level of government must ensure that appropriate laws and over-sight functions are properly performed by them.
2. Re-orientation of Value System: One fundamental problem in Nigeria is the failure of the value system. This failure has resulted to the high level of corruption and lack of accountability by public officers. According to Adegite (2010) sited in (Appah, 2012), corrupt tendencies pervade the strata of the Nigerian society so much so that the youths, who are supposed to be the leaders of tomorrow, are neck deep in examination malpractice, 419 and internet fraud. She recommends that for Nigeria to be among the most developed economies in 2020, and then the nation"s value system should be strengthened through the reintroduction of civics and ethics into the curricula of our educational system while a national orientation for the rebirth of our value system should be urgently initiated.
3. Management accountability framework: A proper accountability framework would require that the government should put in place guidelines for preparing and approving work plan, method of monitoring plans, reporting performance, accumulation of portfolio of evidence on performance reporting, system of validation and oversight of performance reports, establishing and resourcing public accountability institutions, training public managers and guidelines for dealing with political institutions by public managers.
4. Protection of Whistleblowers: One fundamental means of achieving optimum accountability in Nigeria is the protection of the whistle blowers. An effective framework of accountability requires that those who blow the whistle should be protected against any reprisal. The government in Nigeria should establish appropriate laws to protect the whistleblowers.

5. Creating an environment of accountability: An effective framework of accountability rests, besides, formal structures, on a proper environment. It requires such things as existence of a proper code of conduct, training in ethics, appearance of equal treatment by senior managers toward all employees, and unforgiving accountability of senior officers. It also means that the oversight bodies should adopt a reasonable attitude toward public managers.
6. Adoption of International Public Sector Accounting Standards: The success of accountability in the public sector in Nigeria lies on the proper implementation of the International Public Sector Accounting Standards. Public sector organizations in Nigeria use the cash basis of accounting. It is very necessary that Ministries, Departments and Agencies should begin to use the accrual basis of accounting. A complete accrual basis of accounting would make public managers accountable for recording and safeguarding of public assets, managing public cash flows, and disclosing and discharging public liabilities.
7. Public performance reporting: Public managers are in a business that affects virtually every aspect of a person‟s life. People, therefore, have a right to know, how the public managers are doing their business. The legislators need to take a lead in this regard and enact necessary laws making it obligatory for all public entities to report on their performance. Public reporting on performance of departments or programs should be made mandatory.
8. The establishment of the benchmark of efficiency: A very important problem facing public sector managers in Nigeria is the clear absence of performance benchmark. Public performance reporting requires that benchmarks of efficiency be devised for all ministries, departments and agencies. This should be done in consultation with the Local Government Councils themselves and should remain open for periodic review and revisions.
9. Strengthening the Public Accounts Committee: Public accounts committees play a very significant role in accountability of public officers in Nigeria. Public accounts committees should be strengthened with a system of familiarizing the members with the audit scope, approach and methods through workshops and powers to take action if their recommendations are not implemented.
10. Change in the Structure of Government Accounting and Auditing: Governmental accounting system in Nigeria is grossly deficient. Financial reports are outdated and unreliable at all levels of government. Little attention is paid to financial accountability in the public service. Achua (2009) posited that there is an urgent need to protect the commonwealth from poor performance and fraud, and to protect individuals from lawless, arbitrary and capricious actions by the state‟s surrogate administrators. Therefore, there is an urgent need to restructure the public sector accounting system taking into consideration the frailties and flaws of governmental accounting in Nigeria. Adegite (2010) also argued that it is urgently necessary for a comprehensive revision of the entire audit laws of the country with a view to aligning them with current realities and demands of globalization.

Local Governments Autonomy should not stop at finances only; it should be extended to cover elections into the councils chamber as well. For many years, SIECs has failed to live up to the public expectation where conduct of council elections is concerned. In all its elections, the party in power in any state usually consumed all the available council seats. In all ramifications, this is not good for our young and vibrant democracy. Perhaps, the Independent National Electoral

Commission (INEC) will in future saddle with responsibility to handle the council elections just the way it handle all other polls in the country. All the elected local government officials should have a uniform tenure across the federation. We say this because the State Independent Electoral Commission (SIECs) as experience as shown, are more often loyal to the governors that appoint them.

The quest for Local Government autonomy ought to be related to financial viability. However, local government autonomy should not be seen as making the local government a sovereign entity, or the chairman a ‘local governor’. But local government autonomy should be enjoyed by the citizens at the grassroots. Governmental powers have to be shared by these grassroots bodies in order to give life to the principle of local self-autonomy and participatory democracy. There is the need to rescue the present

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unhealthy condition of the Local Government. The State and Federal Governments need to ensure that they do not infringe on the revenue yielding areas of Local Government. Furthermore, there is need for States to henceforth remit the constitutional 10% of their internally generated revenue to the Local Councils. On their part, Local Governments need to increase their internal revenue base rather than rely on the federal allocation. Finally, there is the need for Local Governments to re-order their priorities and block all avenues of wastage and leakage'

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