IMPROVING LOCAL GOVERNMENT PERFORMANCE THROUGH FINANCIAL AUTONOMY AND ACCOUNTABILITY AT NIGERIAN STATE

https://doi.org/10.47743/jopafl-2022-23-19

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Abstract: *Globally, the practice and performance of local government has been said to be a sure but effective strategy for ensuring governance and development at the grassroot. Interestingly this is different to the Nigerian experience, our local government system remained imprisoned by financial miscarriage, mismanagement and its effect has negated one among the reason deter for the establishment of local government which is to bring development closer to the grassroot populace. The objective of the study is to see how improved local government performance can be enhanced through strengthening of their autonomy and financial accountability with Lagos state as a focus. This study is basically theoretical and it's based on institutional and stakeholder theory. The study discovered financial control in local government remains at its lowest ebb, scarcity of resources and lack of political leadership among others. It recommends among others that the state joint local government account should be revisited to deliver local government from the claws of the state government and grant her autonomy, Also local government needs to enshrine transparency in their finances to enhance performance, exploit internal sources of revenue generation and e-payment, e-receipt as measures to promote financial accountability in the system. The study concluded that the contribution of financial accountability will facilitate the smooth provision of public social service at the local government, control corruption and enhance both the financial and political autonomy of the local government.*
Keywords: *Local Government, Autonomy and Financial Accountability.*

Introduction

The need for improving the performance of local governments in a governmental system has, over the years, been one of the most frequently discussed issues in public administration. In most countries of the world, the dominant strategy of governance at the grass root is the local government. Indeed, virtually all forms of government or administration appear to have found the practice and performance of local government as an effective strategy for ensuring development at the local level (Ani, et al 2013). In a federal system of government like Nigeria, local government is usually the third-tier government. In a unitary system, like Britain, it usually exists as the second order government to the national level. However, what the local government have in common, either in federal or unitary systems of government, is responsibility for the most immediate needs of their citizens without any other body between them and the individual.

For some decades now, the accountability of local government has become more complex and attracted considerable interests from both academic researchers and the general public. Issues such as financial scandals and mismanagement of resources have raised concerns from stakeholders, since government institutions are considered agents of the public with a duty of ensuring the proper functioning of government institutions. Financial accountability is the prime objective for all public sectors due to the need to increase the efficacy, efficiency and transparency of the provision of public services and value for money (Pollitt,2015). The need for financial accountability all over the world has led to the development of autonomous organisational structures, agencies and the out-sourcing of services. Wright (2011) argued that public participation accelerates trust in local governments which induce more accountability from public officials. (Parr & Gates, 2010 in Wright,2011) contend that the push is a response to demands from citizens for an authentic role in improving service delivery in their communities. Faridi & Nazar (2013) point out that the need for strong management of public resources at local government has been accelerated by the fiscal decentralization which grants fiscal autonomy in both revenues and expenditure responsibilities. The nature of operations in local governments attracts strong mechanism of financial accountability. Hladchenko (2016) in Osuebi et.al (2019) argues that government financial accountability and transparency contributes significantly on the performance of political system and quality of service delivery at the local level. The main focus of financial accountability is not only to control public resources but also to stabilize good governance at the local government.

Faced with this problem of lack of autonomy and transparency in the discharge of governance at the grassroot level, the study set out to examine how to improve the performance of local governments in Nigeria through improved financial autonomy and accountability with particular reference to Lagos State.

Statement of problem

The relationship between federal, state and local governments in Nigeria is characterized by the supremacy of the federal over the regional and local governments (Dibie 2014). Aluko (2006) in Agwor & Akanni 2017) argues that the 1999 Nigerian constitution made the local governments more dependent on the state governments by the virtue of section 7 sub section 1 of the same constitution. This provision in the 1999 Nigerian Constitution that was approved by the military administration virtually put the local government at the bottom of the political totem pole. Federalism in Nigeria is characterized by poor and ineffective intergovernmental relations. The nature of the relationship between state and local governments has been described by scholars like Aluko (2006); Olowu & Ayo (1985) as the military chain of command approach to governance. This has seriously affected the level of performance of local government.

There have been views that the experience of public sector failure in Nigeria can largely be trace to the absence of fiscal transparency, accountability and probity in the management of government finances in the three tiers of government; federal, state and local governments. Local government's performance in terms of provision of social amenities and encouraging political participation at the grass root level has not been encouraging. Instead of discharging their functions as development centers, local governments have acquired notoriety for corruption, fiscal indiscipline and overall irresponsibility. The lack of integrity, transparency and accountability at this level of governance definitely constitutes a heavy toll on the well-being of ordinary Nigerians (Agbo, 2010). The culture of corruption which is rampant at national level constitutes a threatening force to development at grassroots level. It has been a significant factor leading to the general failure of local government as well as an excuse for suspending representative institution (Humes & Ola, 1994 in Amal 2013). Corrupt practices have been deleterious not only because they divert funds from public purposes to private purses but also they undermine the vitality of local government.

Financial accountability in Local Governments administration is one of the consequences of the general policy of decentralization and its main purpose is to improve public service delivery. However, this has been betrayed by challenges surrounding financial accountability which have compromised the objective of improving service delivery (Amal, 2013). Some of these challenges include; weak budget control, weak legal process on fraud, individual selfish interest and alike. Several studies have been carried out on local government autonomy. For instance, Oyelakin (1994) study believes that local government autonomy can only be realized if they enjoy full financial autonomy. Similarly Omoruyi (1992), advocate for the need for autonomy to local government in Nigeria and identified the issues that would enhance such autonomy under a Presidential System of Government like Nigeria. Angwe (2000) advocated for the full financial autonomy of local government to strengthen its functions and bring governance closer to the people. Also, Aliyu, Afolabi & Akinwande (2013) in their study cite several cases of abuse of the Joint Account by different state governments across Nigeria, to substantiate their argument that the Account has been subjected to severe abuses by the state governments to the detriment of the local governments thereby undermining the financial autonomy of the local government as well as their ability to deliver on their statutory responsibilities. Mihret & Yismaw (2012) argue that effective budget controls determine the financial accountability in local governments. Neely (2009) in Mihret &Yismaw (2012) postulates that weak budgetary controls adversely affect financial accountability at the grassroots. From these previous studies reviewed, most scholars have linked local government performance to the autonomy question or financial accountability. Few scholars have linked local government performance in Nigeria to both financial autonomy and accountability. This is the gap that this study tries to fill.

Conceptual Review

Local Government: It is difficult to find a single comprehensive conceptualization of local government that is acceptable to both the developing and developed countries of the world. Local government is a problematic concept. It has been conceived and constituted in different ways, depending on the orientation of the scholar (Fatile & Adejuwon, 2009). Madidick (1963) defines local government as a sub-unit of government controlled by a local council which is authorized by the central government to pass ordinances having a local application, levy taxes or exact labour and which within limits specified by the central government varies centrally decided policies in applying them locally. Awolowo (1952) cited in Adeyeye (2003) referred to local government as “a system of government where local councils make, accept responsibility for, and implement their own decision subject only to such control as may be exercised by the people through their own regional government".

Usman (2010) sees the local government as a system of public administration at a local level, charged with the responsibility of bringing the people at the grassroots closer to the government. He, however, regrets that a critical survey of local governments in Nigeria today shows that they live in the shadow of the federal government, that a situation has resulted in the abysmal failure of the system. To Dumadu (2008) in Micheal (2013) local government involves a philosophical commitment to democratic participation in the governing process at the grassroots level. This implies legal and administrative decentralization of authority, power and personnel by a higher level of government to a community with a will of its own and performing specific functions as within the wider national framework. Local government can also be view as a legal personality with sufficient but limited powers of control over its staff, finances, and funds (Michael, 2013). Local government generally is conceived as a form of public administration which, in a majority of contexts, exists as the lowest tier of administration in a governmental system. Specifically, local government is a unit of government below the central, regional or state levels established by law to exercise political authority through a representative council within a defined geographical area (Olisa, et al 1990) in Adeleye (2013).

From the above definitions of local government, the following salient features of local government can be identified. These include:

- Operates at the local or grassroots level.
- Operates within a defined geographical area.
- Has a relative autonomy or independence.
- Has a range of constitutionally delineated functions to perform.
- Has its council composed of elected representatives.

Autonomy: Various scholars have underscored the confusions that underlie the understanding of the term 'local government autonomy (Adeyemo, 2005; Odunfa 1991 in Adegbite 2010). While autonomy has a concept has been defined as the ability to make an independent decision without being controlled by anyone. Yet, Awotokun (2005) have argued that autonomy is of great essence in any democratic setting. If anything, it forestalls the subjugation of one level of government to another and it enhances a relationship grounded in mutual respect for one another in a multilevel democracy. The conceptual confusion is a product of lack clear policy statement on the issue from all institutions of government in Nigeria (Odunfa, 1991) in Adegbite (2010). Financial autonomy of local government is the "freedom to impose local taxation, generate revenue within its assigned sources, allocate its financial and material resources, determine and authorize its annual budget without external interference. It must be noted that local government autonomy is not absolute; the third tier of government retains functional and fiscal relations with the higher tiers of government, however, the relationship must function within the relevant law.

Financial Accountability: Accountability is the hallmark of modern democratic governance. Stewart (1984) in Omoruyi (1992) defines accountability as a relationship between different parties that is to say, the party that accounts and is held to account and the party that holds the other to account. In this study, we define accountability as the process of reporting on how appropriated funds have been utilized. Adegite (2010) states that accountability is segmented into: (1) Financial Accountability: 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. (2) 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. (3) 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. (4) 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 (Agwor & Akani, 2017). The concept of financial accountability of local governments in Nigeria, is all about holding and ensuring that stewards with resources which are not theirs give an accurate and up to date accounts of what they have done with the resources, with the resources, with a view to ascertaining whether or not they have individually or collectively conformed with, violated, manipulated, achieved or even thwarted the objectives of the owners of the resources (Omolaye 2015). Financial accountability is a form of accountability for public institutions to use public funds economically, efficiently and effectively, there is no waste and leakage of funds, as well as corruption (Dewia, Azama, & Yusoff, 2019). Brinkerhoff (2001) maintains that financial accountability is concerned with the allocation, utilization, tracking and reporting of financial resources. This is done by using auditing, budgeting and accounting tools. This type of financial accountability is used to ensure that government officials comply with laws, rules and regulations promoting financial management and control.

Theoretical Review

This study has its theoretical base in the institutional theory and stakeholder theory. Institutional theory presuppose that it is possible to predict practices within organizations from perceptions of legitimate behaviour derived from cultural values, industry, tradition, history, popular management, folklore, and the like. The institutional theory is concerned with the development of some systems of organisation which emphasize the significance of social and cultural aspects of organisational environments rather than the task and technical elements given prominence under contingency theory and resource dependency theory (Agu, 2008). The theory, according to Meyer & Rowan (1977) in Zucker (1987) holds that organisations are the way they are for no other reason than that the way they are, is the legitimate way to organise. The key idea behind institutionalization is that much organisational actions reflect a pattern of doing things that evolved overtime and became legitimated within an organisation and an environment (Pfeffer,1982) in Zucker 1987. The Local Government system is a formal institution that has its laws and bye-laws. Effective application of the theory will improve performance and enhance efficient and effective service delivery in the Local Governments. The stakeholder theory requires management of various institutions to know the various stakeholders of such institutions. The perceptions surrounding stakeholder theory mean that managers of entities (LGAs) should be aware of the various user needs of the LGAs' financial statements to the extent that shareholders need to make a decision on whether to keep providing finances to government without complaints or cease to support government operations. The stakeholder theory is to the effect that the entity (for this case LGAs) satisfies all the needs of stakeholders and this can be done through provision of quality financial statements and being fiscally compliant (Abor, 2015; Christopher, 2010; Donaldson & Preston, 1995).

The stakeholder theory suggests that all stakeholders should be planned for by the organization especially in terms of consideration for information availability on how the entity is performing. The improvement of financial accountability demands strong institutional arrangement to enable apparent working environment in local government dealings. Thus, all internal stakeholders of local governments have strong contributions to the success of financial accountability.

Local Government and The Autonomy Question in Nigeria

One of the nagging problems of Nigeria's federalism is the persistent failure to grant fiscal autonomy to local government as the third tier of government. Under a true federal structure, the autonomy of local government is adequately guaranteed. The questions of local government effectiveness and joint account have been in the front burner for a long time. Many people and institutions such as ALGON (2012) and Momoh (2013) in Omolaye (2015) are of the view that anything short of granting administrative and fiscal autonomy to the local government will not be acceptable. Under the 1999 constitution of Nigeria, allocations from federation account are channeled to the local government through the state government. This scenario created a dependency situation than independent one between the local and state governments (Tella, Doho & Bapeto, 2014). The introduction and the subsequent implementation of the state joint Local Government account system in Nigeria following the restoration of civil rule in 1999 had largely constituted and generated a lot of controversies in the polity such as the allegation of indiscriminate deductions from the statutory allocation of the Local Government by the State Government and its concomitant effect on Local Councils productivity (Ojugbeli & James, 2014). Thus, the provision for "Joint Account" between the state and local government councils is a huge impediment on financial autonomy of local government councils.

The former Deputy Senate President, Ike Ekweremadu, justified the demand for local government autonomy this way: "in 2002, the state governments brought a suit against the Federal government for deducting first line charges for joint venture investment in oil sector, Nigerian National Petroleum Corporation priority project and external debt service" (Eme & Okeke, 2013) in Ojugbeli & James (2014). Ekweremadu noted that, while the Supreme Court judgment favoured the state governments, it appears that most states are guilty of the same act as the local governments in many instances have continued to suffer fiscal emasculation in the hands of state governments. In all these unwholesome abuses, Sections 7 and 162 of the 1999 Constitution among others have been an escape route for many State Governments to manipulate the Local government and reduce same to a mere department in the Governors' office. State joint local government account (SJLGA) has been the anti-development instrument used to frustrate every progressive and patriotic action to make the Local Government work since the return of the Country to democracy in 1999.

Financial Control and Accountability in Local Government

According to Kushlak (2015), financial control is among the significant roles of the local government as a mechanism of enforcing implementation of financial policies and ensures effective use of public financial resource. Tommasi (2010) in Kushlak (2015) argued that strong efficient and effective internal controls in local government determine financial accountability since they guarantee independent task execution, objective assurance and consulting activity designed to add and improve operations. Furthermore, it helps an organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate, and improve the effectiveness of risk management, control, and governance processes. Over the years, the scope of financial accountability has expanded rapidly and significantly, reflecting changing tasks, expectations and an emphasis on 'prudent macroeconomic management which requires governments across the Globe to be accountable for ensuring adequate systems to secure and improve results to maintain the financial condition of the state (fiscal sustainability, flexibility in the use of resources, and reduced financial vulnerability) (Fellonicah, 2009). Furthermore, governments have established laws regarding financial accountability based of fiscal transparency, adherence to budget, its contents, and the overall financial system to induce sound financial accountability in the local governments (Okoh, 2010).

Effective implementation of financial accountability improves service delivery in local councils which bolster their functional independence, a virtue that is very important for institutions such as the revenue administrations and procurement agencies (Kloot,2009) in Boquist (2010). According to Schedler & Andreas (2010) in Kushlak (2015), financial accountability is a relationship based on obligations to demonstrate, review, and take responsibility for performance, both the results achieved in light of agreed expectations and the means used. Nalband (2010) in Kushlak (2015) argued that, roles for local governments managers are to foresee a future in which citizens are fully engaged in local governance through engaging them (citizens) at implementation level, following the set priorities to determine financial accountability and service delivery. Langlois, Beschel & Stapenhurst (1998) expound that strong financial management systems are very efficient instruments for averting, discovering and facilitating the punishment for misusing public resources and corruption. In general, funds of the subnational governments are managed by the key officers of respective councils (Ojo, 2009) in Ojugbeli& James (2014). In this respective power of local officials, financial management is required to institute strong mechanism of accountability to enforcing local official to abide with stipulated financial rules and regulations. Moreover, in order to enable local governments to work efficiently and effectively, there should be a proper financial management and accountability for all available resources (Asuquo, 2014). Also, it should be noted that control mechanisms have positive significant impact on the effectiveness of financial management (Wikiriba, Ngahu & Wagoki, 2014). Drucker (2011) argued that inadequate funding of local government sector hamper effective and efficient financial accountability. Charles (2007) argued that inadequate funding in public sector disrupts the sector's budgets which hamper financial accountability. Boquist (2010) postulated that selfish individual interests on allocation of funds in public sector like local governments in developing countries adversely affect the financial accountability. Selfish interests lead to greed and scramble for resources amongst officers in charge. Millan (2011) argued that corruption among local officials is the primary inception of financial greed which leads to selfish interests on allocation and misuse of funds. This has hampered financial accountability in local government. Similarly, Okello (2011) argued that the turnover rate of accounting officers in local governments adversely affect financial accountability. Welhet (2009) in Fatile et.al (2017) argued that fraudulent process in the appointment of Accounting Officers in local government led to poor financial accountability.

Ogunna (2007) in Fatile et.al (2017) posited that local government officials do not comply with the stipulations of the financial memorandum. In the local government system in Nigeria, there is widespread falsification of the accounts of the local government, sometimes payments are made without the services being rendered, local government officials usually collude with contractors to defraud the council through inflation of contract sums and as a result, these forms of negative work ethics are responsible for a very wide margin between expenditure and the provision of real services to the public. Ezeani (2004) however noted that corruption in the form of fraud and embezzlement of funds have been responsible for the failure of some local government councils and has made the needed development of grassroots a tall dream by rendering the local government financially incapable to discharge their constitutionally assigned responsibility (Arowolo, 2006). Ogunna (2007) in Fatile et.al (2017) laments that one of the major problems confronting local government internally generated revenue is that market officials and motor park officials always print fake receipts or sometimes collect money from individuals without issuing receipts, and that such money so collected are diverted into the personal pocket of such official.

Challenges facing Financial Accountability of Local Government Performance in Nigeria

Local Governments as the third tier of government in Nigeria, is expected to promote the democratic ideals of the society and to co-ordinate other socio-economic development programs at the local level in line with the overall national development plan (Onah & Amujiri, 2011). Indeed, the reconstitution of Nigeria into 301, 449, 589 and 774 local government areas in 1984, 1989, 1991 and 1996 respectively was ostensibly meant to bring government closer to the people and speed up grassroots development (Ezeani, 2004). Local government has been perceived as a panacea for the diverse problems of the diverse people with diverse culture. As important as this tier of government has been, there seems to be some impediments that have been infringing on its performance and functions in recent time. Over the years, however, most studies and research findings like Ezeani (2004), Ugwu (2010), Ade (2012), Ani et al (2013) have showed that on local government in Nigeria have not been significantly performing the development roles that underscore their institutionalization in Nigeria. Several factors have been identified to account for the poor performance of the local government. These factors are discussed below:

The ability of local governments to perform development functions, particularly in federal systems like Nigeria revolves around the nature of the relationship between the federal, state and local government as to enable them operate as true units of self (autonomous) government (John and Rupak, 2008). Usually, the problem in this respect revolves around the extent to which the local governments are regarded truly as the third order of the political structure or as mere parts of the state governments and the nature of distribution of powers and resources among the three tiers of government. The relationship between state and local government is more of domination and hijacking of local government functions by state governments rather than serving as moderator/mediator, despite the fact that local governments were created in order to bring governance closer to the people, yet state-local government joint account does not enable this (Fatile, Fajonyomi & Adejuwon, 2017; Ahmad, Abubakar & Ahmad, 2013).

In Nigeria, the relevant constitutional provisions in respect of these relationships appear inadequate and unfavourable to the local government. The 1999 Constitution of the Federal Republic of Nigeria did not provide adequately for the political autonomy of the local governments. The resultant effects of these inadequacies are that the state governments have the discretion to determine the nature, content and direction of local government elections and political activities. Although the constitution enjoined states to pay 10 percent of the statutory revenues to local government councils (LGCs), in Nigeria very few states honoured the provision. The failure of the constitution to articulate a clear line of authorities to both the state and local authorities and the continuing debate over the involvement of state governments in distributing local government allocation from the Federation Account has affected the capacity of local governments to provide essential services at the grassroots (Fatile, Fajonyomi & Adejuwon, 2017). The interference in the local government statutory allocations by the state governments reasonably accounts for the inability of the local governments to initiate and execute development programs or projects. The resultant effect of this is the inadequate financial base of most local governments in Nigeria, which makes it practically difficult to carry out their constitutional functions effectively (Okoli, 1999). The Nigerian Local Government system, like those of most African countries, are characterized by political instability, scarcity of resources, lack of accountability, poor planning, lack of political leadership, and poor grassroots participation (Adebayo 2004; Wunsch & Olowu 1996).

The effective performance of the assigned functions of the local government requires the availability of fund. For this, adequate funding of the local government becomes critical and imperative. The financial resources of most local governments in the country, when compared to their expenditure responsibilities, is grossly insufficient. This situation has remained as such over the years even though the local governments have several sources of income that basically include statutory allocations from the federation account, share from state generated revenue and revenue internally generated. Okolie & Eze (2006), Ofoeze (2002) observed that the internally generated revenue by the local governments has been very low due partly to lack of creativity by the local governments to identify and explore new and reliable sources of revenue and partly to high incidence of tax evasion and avoidance by the citizens. Also, it has been observed that allocations from the federation account are, most times and in reasonable measures, siphoned by the state governments through the instrumentality of the State Local Government Joint Account into which allocation from the federation account is paid (Nchuchuwe & Adejuwon, 2015).
Moreso, Halidu (2012) and Anikeze (2012) in Nchuchuwe & Adejuwon (2015) found that the high level of corruption in the local government makes it difficult for them to channel even the available scarce resources towards development projects and programs. Specifically, corruption in the local government system in Nigeria, manifests, for instance, in the award of inflated and fictitious contracts, inflation of staff salary, fraudulent sale of government property, outright embezzlement of local government fund and payment of huge sums of money to political godfathers.

Local Government Financial Autonomy and Accountability: Lagos State in Perspective

Functioning local government is pivotal to the development of communities, especially when the central and state governments are in effect absent. Lagos State's 20 local government areas (LGAs) were supplemented in 2003 with the establishment of 37 local council development areas (LCDAs), entities not statutorily approved by the National Assembly but with the same function as LGAs. A Supreme Court judgement ruled the creation of the LCDAs as "valid but inchoate". For the 57 local authorities to perform their constitutional role, adequate financing is essential. Without it, the provision of social services and infrastructure is impossible. The Lagos State government continues to hold the purse strings, only disbursing funds to cover the running costs of each local government body despite the constitutional requirement that 20.6% of the Federation Account must be allocated to this tier of government. Also in contravention of the constitution, the state has failed to hold any local government elections since 2011 (Akinyemi, 2017). The celebrated case between Lagos state one hand and the federal government on the hand. In that case, the Supreme Court had ruled that the central government lacked the constitutional power to bypass the regions and to appropriate fund directly to the local government. Comparing local governments status in Nigeria and the USA, Osakede & Ijimakinwa (2014) asserted that even though there more degrees of local fiscal independence, in none of the two countries is there a complete autonomy: because local governments in both countries derive their major revenue source(s) from the regions and the centre.

In Lagos State all manner of gazettes, policies and laws are being produced on daily basis. If it is not to take over the collection of revenue and other statutory functions from Local Governments, it will be to deploy some cadres to State Government Boards or Commissions, all in the brazen and rapacious desire to exercise their excruciating control on the Local Government.

Repositioning the Local Government for Enhanced Performance: A Road Map

The nearness of local governments to the people places them in a position where they can easily articulate and aggregate the demands of the people. A government operating at the grassroots level is indeed, more likely to be attached to the needs of the people.
More importantly, the state governments‟ involvement in local government affairs should be acknowledged and appropriate institutional arrangements made to regularize this involvement. Based on this a National local government commission should be established among other things coordinate the Inter-governmental aspects of local government affairs on a continuous and permanent basis. Osuebi et.al (2019) posits that there is need for the scrapping of the state independent electoral commission, their function and power should be transferred to the independent national electoral commission because they remain an appendage to every incumbent governor and perceived as the root cause of the problem of local government.

There is need for constitutional reforms to ensure that the local government has direct and unfettered access to the statutory allocations from the Federation account and their share of the internally generated revenue. The 1999 constitution of the Federal Republic of Nigeria needs to be amended so as to grant financial autonomy to states. That the provision for the State Local Government Joint Account is expunged from the constitution. To ensure the financial accountability of the local government, an independent and effective internal control system must be put in place in all local governments in

Nigeria as this will greatly enhance the task of the director of local government audits in the state. Strong internal control measures should be instituted in all local governments on the following principles-segregation of duties, authorization procedure, documentation procedure, accounting records, physical control, and independent internal verification; for proper control and monitoring of local government finances, while strict penalty should be put in place to punish any officer of the local government who fails to demonstrate transparency and integrity in the discharge of his or her duties. Campo (2010) argued that strengthening the internal controls system, processes and infrastructure for public financial management in local government induce financial accountability through inaction of other effective accountability laws. A proper accountability framework would require the government to put in place guidelines for preparing and approving work plans, methods of monitoring plans, reporting performance, accumulation of portfolio of evidence on performance reporting, systems 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. Lorain (2015) found out that effective budget management through joint participation of all stakeholders together with the evaluation function provides senior management with an analysis tool that allows effective financial accountability. Ramkumar (2009) argues that improvement on recruitment; promotion and placement in the local government to set optimum required skills needed to fulfill the basic job requirements to induce financial accountability. Financial accountability requires knowledge competence which needs to be accelerated through on job training of accounting officers in local governments on modern accountability techniques especially this digital era.

Conclusions

The expediency for the creation of local government in a governmental system anywhere in the world stems from the need to facilitate grassroots or local development and by extension national development. The basic rationale behind the creation of local government is to meet the peculiar needs of the people at the grassroots (Nwankwo, 2001). However, it is pathetic to note that the local governments have demonstrated incompetence in regards to its revenue utilization. The local government as the third tier of government in Nigeria and as enshrined in the constitution is ostensibly meant to serve as are an institutional framework for effective service delivery to the grassroots and the overall national development. However, local governments in Nigeria has been performing poorly in provision of essential services to the people due to absence of autonomy. Rather than function as a tier of government, local government has been operating as an appendage of the state government in Nigeria. The State Joint Local Government Account has placed the local government councils in a political bondage. The local governments in Nigeria need to be saved from the clutches of the state authorities. The running of joint accounts between state governments and local councils has messed up the much-needed pace of development which it was expected to hasten at the rural level.

The study considered significant contribution of financial accountability in facilitating smooth provision of public social services in local governments. Repositioning them to perform the development roles optimally and hence contribute more meaningfully to local and national development requires putting in place the recommended measures for controlling corruption and enhancing both the financial and political autonomy of the local governments. It has been observed that transparency and integrity in financial accountability of local governments have a significant relationship with local government performance. In most developing countries, local governments can only be assumed to be performing if projects and services delivered meets the local demands of its citizens. This study shows that transparency and integrity enhance the effective performance of local government in Lagos state.

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