

Transparency and Accountability in Nigeria's Public Sector: Local Government Fiscal Autonomy in Focus

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Abstract

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The study examines how local government fiscal autonomy can promote transparency and accountability in Nigeria's public sector. Personal interview and survey research methods were adopted in the study and structured questionnaires were distributed to a sample of 132 local council administrators comprising Treasurers, Heads of Accounts, Budgets and Audit of the local government councils in the eleven states in the South-South and South-East Nigeria. A semi-structured interview was employed to guide the interview section. The study finds that there is a semblance of accountability in the management of local government council funds, but the transparency of the local councils is in doubt because fiscal information is not readily available. Most of the local councils do not have a functional website. A major limitation of this study is the unwillingness of respondents to divulge information on local council funds. To overcome this challenge, the research instrument was designed to make respondents give an estimate of the amount received. The study result shows that the fiscal autonomy of local councils is important for the development of the country and reinforces the need to grant local government councils fiscal autonomy to ensure effective development and bring governance closer to the people. The study findings show that granting autonomy to local councils in Nigeria will enhance the council area's development for the citizens' overall benefit. Based on the findings, the study recommends that federal and state governments in Nigeria should rethink the fiscal autonomy of local government councils and take necessary steps to restore the fiscal autonomy of the third tier of government to address the problems of developmental deficits ravaging the nation

Keywords: Accountability, transparency, fiscal autonomy, development, local government.

1.0 Introduction

The Local Government Council (LGC) is Nigeria's third tier of government. Section 7(1) of the 1999 constitution guarantees the existence of local government councils by requiring the state governments "to enact laws for the establishment, structure, composition, finance and functions of the councils which are authorized to participate in economic planning and development of the area over which the local government may exercise authority". The fourth schedule of the constitution of the Federal Republic of Nigeria specifies that "the main functions of an LGC are the consideration and making of recommendations to a state commission on economic planning or any similar body on the economic development of the state,

Transparency and Accountability in Nigeria's Public Sector: Local Government Fiscal Autonomy in Focus particularly in so far as the area of authority of the council and the state are affected". The functions also include "the provision and maintenance of primary, adult and vocational education, development of agriculture and natural resources, other than the exploitation of minerals; provision and maintenance of health services and other functions that may be prescribed by the state Houses of Assembly". Local government autonomy became a contentious issue after Nigeria exited military rule in 1999 leading to the withdrawal of direct allocation of resources to local government councils from the Federation account. There has been a hue and cry over state governors' utilization of local government funds. There have also been calls (especially by the Nigerian Union of Local Government Employees, NULGE) for the National Assembly to amend the constitution to restore the fiscal autonomy of local governments. Other arguments are that allocations to local councils are not used for the intended purpose together with the secrecy surrounding state governments' management of local council finances.

Transparency advocates maintain that greater access to government information is the sine qua non of greater accountability and better quality of governance in the long term and evidence of fiscal responsibility (Mihaela et al., 2020; Lathrop & Ruma, 2010; IMF, 2007; Kim et al., 2005). Transparency promotes accountability and provides information for citizens about what their Government is doing (Kopits & Craig, 1998). Transparency and accountability reinforce each other (Gruening et al., 2011). While transparency enhances accountability through the process of monitoring, accountability enhances transparency by providing incentives for agents to enable them to disseminate their actions properly to aid understanding (IMF, 2018; Diane, 2011; Lathrop & Ruma, 2010). The belief that greater accountability can be a tool for plugging the leaky pipes of corruption and inefficiency and channelling public spending to more effective developmental initiatives with visible results led to the emergence of transparency and accountability advocacy to address the twin problems of developmental failures and democratic deficits (IMF, 2018;2007; Diane, 2011).

Although the functions of the local government councils are recognized by the constitution, the state government exercises considerable influence over the local government councils. This is because the constitution of the Federal Republic of Nigeria did not grant local government council fiscal autonomy. This situation has created a dilemma as it remains unclear how the local councils can take part in the planning and development of the area over which they may exercise authority when they do not have fiscal autonomy. Section 7(6) sub-section(a) and section

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162(5) provide for the allocation of funds to the local government from the federation account, unfortunately, the same statute books state that it is “the duty of sub-national governments to distribute local council funds among the different local councils in the state by the laws enacted by the state Legislature”. This is an aberration as the legislation robs local governments of financial autonomy. Furthermore, while section 163(3) stipulates that “local governments are to be funded by both the federal and sub-national governments”, section 162 provides that “such funds are to be placed in a State Joint Local Government Account (SJLGA) managed by the state government on behalf of the Local Government Councils (LGCs)” (Eme & Izueke, 2013). Sub-sections 5, 6, 7 and 8 state that “the amount standing to the credit of local government councils in the federation account shall also be allocated to the states for the benefits of their LGCs on such terms and in such manner as may be prescribed by the national assembly”. Moreover, each state is required to maintain a specific account to be called “SJLGA” to which shall be paid all allocations to the local councils within the state from the federation pool of resources and the internally generated revenue of the state government”. It added that “each state shall pay to the LGCs in its area of jurisdiction such proportion of its total revenue on such terms and in such manner as may be prescribed by the national assembly. The amount standing to the credit of LGCs of a state shall be distributed among the LGCs of the state on such terms and in such manner as may be prescribed by the House of Assembly of the state”.

According to Amah (2018), “the Nigerian Supreme Court in affirming the dependency status of the local governments on the state government emphasized the fact that the federal government of Nigeria has no jurisdiction over the establishment, structure, composition, finance and functions of local government councils, rather it is the states’ governments that are bestowed with such powers under the Constitution”. The Court added that “the intendment of sections 3 and 7 of the Constitution was to enumerate the federating units and their geographical areas as well as to identify the federal capital territory and nothing more”. In *Attorney General of Lagos State v. Attorney General of the Federation*, the Supreme Court of Nigeria held that the national and the sub-national governments have no power to withhold allocation meant for local government councils unless such local councils are not recognized by the constitution. The apex court also stated that “the right and title of a state government to the amount payable to it under section 162(5) of the Constitution is indisputable”. Thus, conferring the legal title to local government council funds on the state government to hold in trust for their LGCs. This situation has created a dilemma as it remains unclear

Transparency and Accountability in Nigeria's Public Sector: Local Government Fiscal Autonomy in Focus how the LGCs can take part in the planning and development of the area over which they may exercise authority when they are not fiscally autonomous. Consequently, there have been clamours for the restoration of local government fiscal autonomy and arguments that doing so will lead to a greater impact of democracy dividends on the grassroots. Similarly, there have been concerns about the non-disclosure of how local council funds are utilized by state governments. This study sought to find out how much has been allocated to local councils in the eleven states in South-south and South-east geopolitical zones in Nigeria from the federation account since the return to democratic governance in 1999 and how much of these allocations have been used for infrastructural development of the local councils.

Given the general belief that local government council officials are imprudent in the management of council resources, the following questions were formulated to guide the study:

1. What is the local government councils' accountability and transparency level?
2. How did the local government councils utilize the funds allocated to the benefit of the citizens?
3. What is the amount of budgetary allocation to local government in Nigeria from the Federation Account between 1999 and 2018?
4. Out of the amount allocated, how much was received by the local governments between 1999 and 2018?

After the introduction section, section two deals with literature review and hypotheses development. Methodology of the study is contained in section three, results and discussions of findings are in section four. Finally conclusion and recommendations are in section five.

2.0 Literature Review and Hypotheses Development

The modern practice of open government in which government transparently conducts its business to allow for public scrutiny and public participation is regarded as both a key feature and a necessary condition of a contemporary democratic state. This is based on the conviction that the people can exercise their constitutional role as overseers of government action only when their unfettered rights of access to information and documents about government operations are guaranteed (Lathrop & Ruma, 2010; Diane, 2011). According to Kim et al.(2005), "Transparent governance signifies 'openness of the governance system through

Transparency and Accountability in Nigeria's Public Sector: Local Government Fiscal Autonomy in Focus clear processes and procedures and easy access to public information for citizens. It stimulates ethical awareness in public service through information sharing, which ultimately ensures accountability for the performance of the individuals and organizations' handling resources or holding public office”.

Transparency refers to making information on existing conditions, decisions, and actions accessible, visible and understandable to all market participants (IMF, 2007). According to Kopits and Craig (1998), fiscal transparency refers to openness about government structure and functions and involves access to timely, comprehensive, reliable, understandable, and internationally comparable information on government activities. Accountability refers to the need for market participants including the relevant authorities, to justify their actions and policies and to accept responsibility for both decisions and results (Keping, 2018; Bovens, 2007; Joint Inspection Unit, 1995). Accountability is the obligation to present an account of an answer for the execution of responsibilities to those who entrusted those responsibilities (Bovens, 2010; Mulgan, 2003; Gray & Jenkins, 1993).

Accountability essentially means responsibility to someone for actions taken by one so that programmes can produce maximum results and benefits. While accountability is primarily concerned with effective performance and results, it has also been observed to include systematic efforts to strengthen organizations in at least four different dimensions: (a) compliance accountability – the narrowest aspect, involving enforcement of standards of performance or procedure; (b) negotiated accountability – improvement of management and governance in response to changed conditions and demands from those to whom the organization is accountable; (c) professional/discretionary accountability – voluntary initiatives taken to enhance the professional standards, management systems and technologies, and services of the organization; and (d) anticipatory accountability – helping shape and prepare for new accountability standards (Joint Inspection Unit, 1995; Kearns, 1994; Samuel, 1991; Jabbra & Dwivedi, 1989). Transparency and accountability together exact discipline that helps to improve the quality of decision-making in the public sector (Gruening *et al.*, 2011). Given the foregoing, the study hypothesizes as follows:

H₁: Local government councils in Nigeria are neither transparent nor accountable in the use of allocated funds

3.0 Methodology

The study adopted the mixed method involving interview and survey research methods. The semi-structured interview which is not restrictive was employed to

Transparency and Accountability in Nigeria's Public Sector: Local Government Fiscal Autonomy in Focus guide the interview section. The study covered all the local government council areas in the South-South and South-East geopolitical zones of the country. The survey was conducted between the last quarter of 2020 and the first quarter of 2021. However, given the difficulty in reaching all members of the population of interest or sampling frame as a result of paucity of funds, purposive sampling was used to determine the sample size to give all the local councils an equal chance of being selected. In recognition of the potential bias in purposive sampling, we ensured that the lottery was performed by an independent researcher who was not part of the present study. There are about 165 local councils, out of which one local council was selected from each of the 33 senatorial zones using the lottery method, and the research instrument was administered to treasurers, heads of account, heads of audit and heads of the budget thus giving a sample size of 132. In line with research ethics standards, we sought the consent of relevant authorities and ensured respondent was duly informed of the nature of the study and their involvement and assured them of the anonymity of their participation and confidentiality of the information provided.

3.1 Research Instrument Validity and Reliability

To determine the content validity and reliability of the research instrument, we carried out a pilot study which involved the distribution of thirty copies of the questionnaire to the respondents in two states in the South-East and South-South region. The result of the test of the reliability displayed in Table 1 reveals that all the scales passed the reliability test at the Cronbach alpha between 0.68 and 0.82 {Hair *et al* (2010) recommend 0.6 and above}, thus, confirming the reliability of the research instruments and giving the impetus for the administration of the questionnaire on the respondents in the actual study.

Table 1: Reliability coefficients

Construct	Mean	Std. Dev	Cronbach's alpha (α)	Obs.
Transparency	30.5	7.95	0.818	9
Accountability	53.71	7.89	0.679	14

Researcher's compilation, 2022

4.0 Data Analysis and Discussion

In this section, we present the demographic characteristics of the respondents, analysis of the study data and discussion of the result of the data analysis. One hundred and thirty-two questionnaires were distributed, out of which 88

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4.1 Demography of Respondents

Table 2 shows the demographic characteristics of respondents which include gender, age, educational qualification, years of service and official status.

Table 2: Demographic Characteristics of Respondents

S/N	Item	Total	Per centage
1	Gender		
	Male	56	64
	Female	32	36
	<i>Grand Total</i>	88	100
2	Age		
	30 – 40 years	13	15
	41 – 50 years	30	34
	46 – 55 years	25	29
	56 years and above	20	22
	<i>Grand Total</i>	88	100
3	Educational Qualification		
	HND/BSc	50	57
	Others	38	43
	<i>Grand Total</i>	88	100
4	Years of service		
	10 – 15 years	13	15
	16 – 25 years	28	32
	26 – 30 years	27	30
	31 years and above	20	23
	<i>Grand Total</i>	88	100
5	Official Status		
	Senior	50	57
	Management	20	23
	Principal Officer	18	20
	<i>Grand Total</i>	88	100
6	Interviewees	8	

Researchers compilation, 2022

4.2 Assessment of respondent's perception of transparency and accountability

In this section, we report the result of the analysis of respondents' perception of transparency and accountability at the local councils in line with research questions one and two. The results are presented in Tables 3a and b.

4.2.1 Respondent's perception of local government councils' transparency

Section one, sub-section A of the research instruments addressed the issue of transparency at the local councils. The result in Table 3a revealed that 56(64%) of the respondents strongly agreed that sufficient information on the revenue and expenditure of the local government to allow a consolidated financial position is always presented by the local government councils, 25(28%) agreed, while 7(8%) strongly disagreed with the statement. Similarly, on full disclosure in published statements, 31(35%) of the respondents strongly agreed that financial statements are published with the annual budget describing the nature and fiscal significance of contingent liabilities, tax expenditures, and quasi-fiscal activities, 28(32%) agreed, 9(10%) were undecided, 6(7%) disagreed while 14(16%) strongly disagreed. On the regularity of publishing information on debt and financial assets, 27(31%) of the respondents strongly agreed that local government councils in Nigeria publish information on the composition and level of their debt and financial assets regularly, and 19(22%) agreed, 9(10%) were neutral; 15(17%) disagreed whereas 18(20%) strongly disagreed with the statement. Thus, on average, 71 per cent of the respondents agreed that local government councils should provide the public with full information on the past, current, and projected fiscal activity of the councils, 23 per cent disagreed, while 6 per cent were undecided.

Concerning procedures for executing and monitoring approved expenditures, we find that on average, (61%) of the respondents agreed that it should be specified, 9 per cent were undecided, and 30 per cent disagreed. The breakdown of the foregoing summary revealed that 31(35%) of the respondents strongly agreed that a comprehensive, integrated accounting system is in existence and provides a reliable basis for assessing payment arrears, 31(35%) agreed, 13(15%) were undecided, 6(7%) disagreed while 7(8%) strongly disagreed with the statement. On the existence of a standardized procedure for procurement and employment, 22(25%) strongly agreed such procedures are in existence, 13(14%) agreed, 6(7%) were undecided, 6(7%) disagreed, while 41(46%) strongly disagreed with

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the statement. Concerning the statement 'Budget execution are internally audited, and audit procedures are open to review', 22 respondents translating to 25 per cent strongly agreed, forty per cent (35 respondents) agreed, 7 per cent were undecided, 3 disagreed, while 22(25%) strongly disagreed.

The respondents' views on whether the integrity of financial information should be subject to public and independent scrutiny revealed that 50 per cent agreed, 15 per cent were undecided, and 35 per cent disagreed with the statement. Specifically, 35 (40%) of the respondents strongly agreed that federal and state audit bodies are appointed by the legislature and those bodies have the responsibility to provide timely reports to the legislature and public on the financial integrity of the local government accounts. Similarly, 35(40%) of the respondents also agreed with the statement. About 7 cents each were either undecided or disagreed and strongly disagreed with the statement. On the matter of openness of macroeconomic forecasts and their underlying assumptions to scrutiny by independent experts, 3 per cent of the respondents strongly agreed with the statement, 25 per cent agreed 25 and 28 per cent disagreed and strongly disagreed respectively, while 19 per cent were undecided. 9(10%) of the respondents strongly agreed that the independence of the National Bureau of Statistics office enhances the integrity of fiscal statistics, 28(32%) agreed, 16 respondents were undecided, 19(22%) disagreed and 16(18%) strongly disagreed. Overall, the analysis of the research instrument revealed that the respondents believe that there is fiscal openness in the local government councils, but the researchers were unable to verify the assertion especially as fiscal information is not available on the website of the local councils. Most of the local government councils visited do not have a functional website. Moreover, the percentage of respondents who agreed with the statement on the openness of macroeconomic forecasts to the scrutiny of independent experts strongly supports our position.

4.2.2 Respondent's perception of local government councils' accountability

Section one, sub-section B of the research instruments addressed the issue of accountability at the local councils. The result in Table 3b revealed that 79(90%) of the respondents think that local councils should make specific commitments to regularly publish fiscal information in the budget law and other legislations, but 6(7%) are undecided, while 3 per cent strongly disagreed with the statement. On the advance announcement of calendar dates for the communication of financial reports to the public, 34(39%) of the respondents strongly agreed with the statement, 19(22%) agreed, 6(7%) were undecided, 13(14%) disagreed, while 16(18%) strongly disagreed. Fifty-three (i.e. 60%) of the respondents strongly

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agreed that local government councils provide a statement on the assessment of sustainable fiscal policy and fiscal policy objectives are provided in the framework for yearly budgets. 10(12%) agreed, 13(15%) were undecided; 9(10%) disagreed and (3%) strongly disagreed with the statement. Concerning the clear specification of the fiscal rules that have been adopted (e.g., a balanced budget requirement or borrowing limits for the local government), 37(42%) of the respondents strongly agreed that fiscal rules adopted are specified, 22 per cent (9 respondents) agreed, 9(10%) were undecided, while 17(19%) per cent disagreed and 7 per cent strongly disagreed. On the question of presenting the annual budget and the provision of the economic assumptions and key parameters (such as effective tax rates) underlying budget estimates within a consistent and comprehensive quantitative macroeconomic framework, 12(13%) of the respondents were undecided, 6(7%) disagreed, while 35(40%) both strongly agreed and agreed with the statement. Concerning distinguishing existing commitments from new policies and including the distinctions in the annual budget, 18 per cent strongly agreed that the practice is in existence at local government councils, 31(35%) agreed, but 15 per cent disagreed, 10 per cent strongly disagreed, while 19(22) were not sure. Thus, on average, 67 per cent of the respondents agreed that budget documents should specify fiscal policy objectives, the macroeconomic framework, major financial risks faced by local councils, and the policy basis for the budget, 18 per cent disagreed with the statement, while 15 per cent were undecided. On the question of presentation of budget data and enhancement of accountability, 74 per cent of respondents agreed that budget data should be categorised and presented in a way that promotes accountability and facilitates policy analysis; 19 per cent disagreed, while 7 per cent were undecided. The breakdown of responses on the presentation of budget data revealed that 60(69%) of the respondents strongly agreed that local government transaction reports are presented on a gross basis, separating revenue, expenditure and financing, and expenditures are classified on economic, functional, and administrative basis; 25 per cent agreed, but 3(3%) of the respondent disagreed and 3(3%) were undecided. Analysis of respondents' opinions on whether data on extra-budgetary activities are classified by economic, functional, and administrative categories and budget data are presented in a way that allows comparisons with other local councils revealed that 18 per cent of the respondents (that is 16) strongly agreed with the statement, 38(43%) agreed; 6(7%) were undecided, while 19(22%) disagreed and 9(10%) strongly disagreed. Concerning the provision of a statement of objectives to be achieved by major budget programs (e.g., improvement in relevant social indicators), 44(50%) of the

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respondents strongly agreed that this is in existence at the local government councils, 13(15%) agreed, but 19(22%) disagreed, 9(10%) strongly disagreed, while 3(3%) were undecided. Responding to the question of the balance of the local council representing a summary picture of the local council's finances and that there are supplementary fiscal indicators (such as operational balance, structural balance, or primary balance) supporting such balances when economic circumstances make it inappropriate to make judgements about fiscal policies on the total balance alone, 54(62%) of the respondent asserted that this is so, 10 per cent were undecided, but 25(28%) did not agree with the statement. Confirming that a statement of the cash or accrual accounting basis usually accompanies the yearly budget and financial statements including the basis for the preparation and presentation of budget data, 60 per cent (53 respondents) strongly agreed; 28 per cent agreed, while 10(12%) are unsure. Lastly, 75 per cent of respondents agreed that financial reporting should be presented on time, comprehensively and reliably, 19 per cent did not think so; while 6 per cent of the respondents were undecided. Specifically, 32 per cent of the respondents strongly agreed that regular, timely reporting of budget and extra-budgetary outturns, which are compared with original estimates is usually done during the year; 39(44%) agreed, 6(7%) were undecided and disagreed respectively, while 9(10%) strongly disagreed with the statement. Responding to the question of whether audited final budget accounts, together with full information on extra-budgetary activities are presented to the legislature on time and a comprehensive basis, 35 respondents representing 40% each strongly agreed and agreed with the statement; 3 per cent, 14 per cent respectively disagreed and strongly disagreed, while 3(3%) were not sure. Concerning reporting results achieved relative to the objectives of major budget programs to the legislature, 38(43%) of the respondents strongly agreed with the statement, 22(25%) agreed; 6(7%) were undecided, 3 per cent disagreed, while 19(22%) strongly disagreed with the statement. Overall, the analysis of the research instrument revealed that the respondents believe that local government councils are accountable. The researchers agree with the assertion of the respondents because of the existence of various statutory provisions on the fiscal accountability of all tiers of government in Nigeria.

Table 3a: Analysis of responses on transparency of local government councils

S/N	TEST ITEM	SA	A	U	DA	SD	Total
A	TRANSPARENCY	(%)*	(%)*	(%)*	(%)*	(%)*	(%)*
1	<i>Provision of full information</i>						

a	Provision of sufficient information on revenue and expenditure	56(64)	25(28)			7(8)	88(100)
b	Full disclosure in the published statement	31(35)	28(32)	9(10)	6(7)	14(16)	88(100)
c	Regularity of publishing information on debt and financial assets	27(31)	19(22)	9(10)	15(17)	18(20)	88(100)
2	<i>Procedure for execution and monitoring of approved expenditure</i>						
a	Existence of a comprehensive, integrated accounting system	31(35)	31(35)	13(15)	6(7)	7(8)	88(100)
b	Existence of standardized procedures for procurement and employment	22(25)	13(14)	6(7)	6(7)	41(46)	88(100)
c	The openness of budget execution and internal audit procedure	22(25)	35(40)	6(7)	3(3)	22(25)	88(100)
3	<i>The integrity of fiscal information is subject to public and independent scrutiny</i>						
a	Federal and state	35(40)	35(40)	6(7)	6(7)	6(6)	88(100)

	audits of local government accounts						
b	The openness of macroeconomic forecasts to the scrutiny of independent experts	3(3)	22(25)	16(19)	22(25)	25(28)	88(100)
c	Enhancement of integrity of fiscal statistics by according National Bureau of Statistics institutional independence	9(10)	28(32)	16(18)	19(22)	16(18)	88(100)

*Researcher's compilation, 2022. *Percentage in parenthesis*

Table 3b: Analysis of responses on accountability of local government councils

S/N	TEST ITEM	SA	A	U	DA	SD	Total
B	<i>ACCOUNTABILITY</i>	(%)*	(%)*	(%)*	(%)*	(%)*	(%)*
1	<i>Public commitment to the publication of fiscal information</i>						
a	Commitment to budget laws	57(65)	22(25)	6(7)		3(3)	88(100)
b	Timely announcement of calendars for fiscal reporting	34(39)	19(22)	6(7)	13(14)	16(18)	88(100)
2	<i>Disclosure of fiscal policy objectives, macroeconomic framework and basis of identification of fiscal risks</i>						
a	Existence of a	53(60)	10(12)	13(15)	9(10)	3(3)	88(100)

	framework for fiscal policy objectives and assessment of sustainable fiscal policy							
b	Existence of clear fiscal rules	37(42)	19(22)	9(10)	17(19)	6(7)		88(100)
c	Presentation of annual budget within a comprehensive and consistent macroeconomic framework	35(40)	35(40)	12(13)	6(7)			88(100)
4	A clear distinction between existing commitments and new policies is made in the annual budget	16(18)	31(35)	19(22)	13(15)	9(10)		88(100)
3	<i>Presentation of budget data promotes accountability</i>							
a	Transactions are reported on a gross basis with a distinction between revenue, expenditure and financing	60(69)	22(25)	3(3)	3(3)			88(100)
b	Extra budgetary activities are classified and presented to allow comparison with other local councils	16(18)	38(43)	6(7)	9(10)	19(22)		88(100)
c	Existence of a clear statement of objectives to be	44(50)	13(15)	3(3)	19(22)	9(10)		88(100)

	achieved by the budget programme						
d	Overall balances represent a summary of the council's position	22(25)	32(37)	9(10)	9(10)	16(18)	88(100)

Researcher's compilation, 2022. *Percentage in parenthesis

Table 3b: Analysis of responses on accountability of local government councils (Cont.)

S/ N	TEST ITEM	SA	A	U	DA	SD	Total
	ACCOUNTABILITY(Contd .)	(%)*	(%)*	(%)*	(%)*	(%)*	(%)*
3	Presentation of budget data promotes accountability						
e	Accompanying annual budget and final accounts with the statement of accounting basis and standards used in preparation and presentation of budget data	53(60)	25(28)	10(12)			88(100)
4	Fiscal reporting is timely, comprehensive and reliable						
a	Regular and timely reporting of budget and extra budgeting are compared with original estimates	28(32)	39(44)	6(7)	6(7)	9(10)	88(100)
b	Presentation of timely, comprehensive and audited final budget account to the legislature	35(40)	35(40)	3(3)	3(3)	12(14)	88(100)
c	Actual results vis-à-vis objectives of budget programmes are reported to	38(43)	22(25)	6(7)	3(3)	19(22)	88(100)

*Researcher's compilation, 2022. *Percentage in parenthesis.*

4.3 Result of the interview with past and present Principal Officer

The semi-structured interview addressed research questions three and four.

4.3.1 Result of the personal interview carried out to ascertain the level of transparency of local government councils and the quantum of funds received by the LGCs.

The researchers interviewed six local government treasurers to ascertain the level of fiscal openness of the local councils. The interviewees are labelled A, B, C, D, E and F to maintain the anonymity and confidentiality of the respondents. The questions designed to elicit information in this regard together with interviewees' responses are presented below:

Do you think that publishing information on local government finances can bring governance closer to citizens?

Interviewees B, C, D and F agree that if local government councils publish their fiscal information, it will allow citizens to better appreciate local council budgets and the challenges of governance. However, interviewees A and E also agreed that publishing fiscal information can bring governance closer to citizens, but fear that it might increase the cost of governance. The cost of hosting a database for information dissemination will no doubt increase the cost of governance, but transparency can help local councils attract more funding from international partners.

Do you think citizens should be allowed to take part in budgeting at all levels of government?

All the interviewees agreed that to promote fiscal openness government at all levels should encourage the public to participate in the budgeting process and intensify the use of budget information.

Do you require any assistance from the national and sub-national governments to improve the local government council's transparency?

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All the respondents affirmed that the LGCs cannot do anything about fiscal transparency as funds allocated to local councils are not currently under the control of the LGCs.

Will autonomy or fiscal decentralization improve local government performance?
When asked to comment on whether fiscal autonomy will enhance the performance of the local councils, all the interviewees were positive in their responses. This confirms the researchers' earlier assertion that the local government councils cannot take part in the planning and development of the area over which they may exercise authority when they are not fiscally autonomous.

Concerning the quantum of funds allocated to LGCs and the actual amount released to them by the state government, the local councils visited were not willing to divulge information about their finances prompting the study to design the research instrument to obtain an estimate of releases from the state government thus:

In your opinion and all honesty, what is your estimate of the amount released to your local council by the state government between 1999 and 2018? [A] 100% [B] 90% [C] 80% [D] 70% [E] 50% [F] 40% [G] 30% [H] below 30%
The result of the analysis of the responses shows that none of the LGCs visited received up to 50 per cent of the federally allocated funds.

Lastly, we engaged the interviewees on the functionality of their councils' websites. We posed the following question:

Does your local council have a functional website?

While interviewees A, C, D, E and F reported they are not sure about the functionality of their websites, interviewee B asserted that they have a functional website, but fiscal information is not hosted on the website. Thus, the study was unable to ascertain the openness of financial transactions of the local councils under study.

4.3.2 Result of the personal interview carried out to ascertain how funds have been utilized to the benefit of the citizens of the local government councils

Recognizing that at the dawn of the current democratic experience in Nigeria which began in 1999, local government councils enjoyed fiscal autonomy, we set out to interview some persons who served as Executive Chairmen of local councils between 1999 and 2003. We were privileged to interact with two of

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them. The two respondents are designated as **Respondent A** and **Respondent B** to protect their identity and maintain anonymity. We present below the two questions posed and their responses thereon:

- (a) *At the dawn of the current democratic experience in Nigeria, allocations from the Federation Account were made directly to the local councils. As the chairman of your local council then, can you share with us some of the achievements of your administration?*

Respondent A: I recall with nostalgia my days as executive chairman of my local council when Nigeria returned to democratic governance in 1999. Yes, allocations were made to local councils direct from the federation account by the Federation Account Allocation Committee (FAAC). I think local government share then was 20 per cent or so. My administration did its best to impact our citizens positively. We constructed lock-up stores in some markets to enable traders to keep their goods overnight instead of having to take them home at the close of business each day. We renovated some existing markets, and primary health care centres and built some roads. I recall that we had to take a loan from a bank to enable us to construct some roads and we repaid that loan within 12 months. One thing we could not do was to provide boreholes for citizens. That was because of the topography or do I say the geological configuration of our area? The water level was very deep and it was quite expensive to embark on such projects.

Respondent B: I will begin by thanking God for making me executive chairman of my local council in 1999. My council was particularly lucky because our council was located within the state capital. Our focus was the renovation of existing primary healthcare facilities and markets. We also constructed new health care facilities and markets for some areas. You mentioned direct allocation from the federation account. That is true but we were answerable to the state government. For example, local government budgets are usually presented to State Government through the Ministry of Local Government Affairs. We renovated about three primary schools whose roofs were damaged by a rainstorm.

- (b) *Do you subscribe to the fiscal autonomy of local councils?*

Respondent A: Absolutely yes. If we did not have fiscal autonomy, we would not have been able to record the modest achievement we made. For example, after the state governors fought against local council fiscal autonomy and won, the best any local council could do was pay salaries. You will recall that some local

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Respondent B: We cannot overemphasize the need for fiscal autonomy for local government councils. You are aware that there is a persistent clamour for the restructuring of the federation, some even want us to return to the regional thing, why is it so? People have realized that when Nigeria operated the regional structure, there was more development than at any other time in our history. Fiscal autonomy for local government councils will bring more development to our country.

5.0 Summary of findings, conclusion and recommendations

5.1 Summary of Findings

The findings of this research show that granting autonomy to local government councils can bring governance closer to citizens and fast-track the much-needed development in Nigeria.

Firstly, the analysis of the research instrument revealed that there is accountability in Nigeria's third tier of government. We are not surprised at this result because of the preponderance of legislation, rules and regulations on fiscal responsibility. These pieces of legislation and rules include the 1999 Constitution (as amended), the Finance (Control and Management) Act, 1990 as amended in 2004, the Audit Act, of 1956, the Fiscal Responsibility Act, of 2007, the Public Procurement Act, of 2007, Financial Regulations, 2009 and Budgetary Controls.

Secondly, the analysis of responses to the research instrument revealed that there is transparency in the local government councils in Nigeria. However, there are concerns about this particular issue as none of the respondents was prepared to disclose the amount of funds released to their local council by the sub-national government.

Moreover, most of the local councils have no functional website where the public can visit and access information, thus the transparency of local government councils in Nigeria is in doubt as fiscal information is not available.

Thirdly, the result of our study shows that fiscal autonomy will enhance local government council performance. Autonomy will promote the effective development of more rural areas than presently obtained. A peep into history will corroborate this position. When Nigeria was governed on a regional basis, the

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5.2 Conclusion

The LGC as the arm of government closest to the people was created to fast-track development and bring governance nearer to the people. Section 7 (1) of the 1999 constitution of the Federal Republic of Nigeria requires state governments to ensure the existence of democratically elected officials at the local councils under a law which will provide for “the establishment, structure, composition, finance and functions of such Councils”. Participation in the economic planning and development of the area over which a local government exercises authority is guaranteed in sub-Section 3. The statutory functions of local councils include the collection of revenue, provision and maintenance of infrastructures such as roads, and public conveniences, provision and maintenance of primary, adult and vocational education; development of agriculture and natural resources; provision and maintenance of health services, and formulation of economic planning and development of its area of authority. Fiscal autonomy is imperative if the local governments must perform these duties effectively, therefore, both the federal and state governments must ensure fiscal autonomy is returned to the third tier of government to fast-track track development of the country. The restriction of the study to two geopolitical zones may impair the generalization of the results, however, we believe this is not a serious concern since the six geopolitical zones in Nigeria operate under the same constitution and political environment. Therefore, there may be no difference in the experience of the LGCs.

5.3 Recommendations

Based on the findings of this research, we make the following recommendations:

1. The federal and state governments in Nigeria should rethink the fiscal autonomy of local government councils and take necessary steps to restore the fiscal autonomy of the third tier of government to address the problems of developmental deficits ravaging the nation.
2. The first and second tiers of government should assist local government councils in building a website for the dissemination of information to the public and compel (through legislative provisions) local councils to ensure they host fiscal information on the site. This will enable citizens to have easy access to fiscal information and promote accountability and openness in the local government councils.

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