

Full Length Research Paper

Problems and prospects of budgeting and budget implementation in Local Government System in Nigeria

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Local Government has historically provided services of importance to its citizens in rural and urban areas in Nigeria. These services include provision of basic amenities like water, roads, health facilities, education, etc. Of late, the role of local government in providing these services has attracted public concern. Furthermore, it has generated national crisis as a result of increasing rate of poverty among the rural people. Some scholars view this development to poor budgeting and implementation while others associate it to the federal and state government's interference. In this work, we are focused on budgeting as it relates to the local government in Nigeria. The paper therefore, examines the sources of finance of the local government and its autonomy considering the nature of fiscal federalism in the country. It also tries to investigate the difficulties in budget process and implementation in Nigeria with emphasis on the local government.

Key words: Budget, budgeting, local government, implementation.

INTRODUCTION

The invaluable role of the local government with the attendant development nearer to the people has become a relevant discourse of our time. Rural development is a matter of inner emotion. It integrates the people into the plans and policies of government. In fact, it is the one that demands outward visible and tangible manifestations of human well being on the part of members of community. In Nigeria, Local Government has historically provided services of importance to its citizens in rural and urban areas which include provision of basic services like water, roads, health facilities, education, etc. Of late, the role of local government in providing these services has attracted public concern. Furthermore, it has generated national crisis as a result of increasing rate of poverty among the rural people. Some scholars view this development to poor budgeting and implementation while others associate it to the federal and state governments

interference. Whatever may be the reason, there is considerable emphasis, possibly an over-emphasis on budgeting in the federal government against the under-emphasis on budgeting practices and procedures in state and local governments in Nigeria.

In this work, we are focused on budgeting as it relates to the local government. The paper therefore, examines the sources of finance of the local government and its autonomy considering the nature of fiscal federalism in the country. The work also tries to investigate the difficulties in budget process and implementation in Nigeria with emphasis on the local government. The extent to whether the local government should overcome its problems of interference from both the federal and state governments is another concern of this paper. The paper is divided into four parts. The first is devoted to introduction while part two is the theoretical perspective. Budgeting process and its implementation is examined in part three. The author has given prominence here because of the conviction that the way in which revenue and expenditure are grouped for decision-making is the most important aspect of budgeting. The last part of the paper deals with specific

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budgeting problems and prospects.

MEANING OF LOCAL GOVERNMENT

In the simplest language, local government means management of the local affairs by the people of a locality. Locality stands for a restricted area like a village, a group of villages, a town or a city. A town or city, a village or a district are allowed by law to administer their local services through own direct efforts or their local authority in a manner suiting local needs peculiarities and wishes. In essence, it enjoys an autonomous status which entitles it to take certain legislative, administrative and financial decisions including Budgeting though under the conditions and within the limits of law.

Agbakoba and Ogbonna (2004:2) define local government from legal perspective. They see it as: a political administrative unit that is empowered by law to administer a specific locality. The UN Division of public administration observes that local government is a political sub unit of a nation (or in a federal system, a state) which is control of local affairs, including the powers to impose taxes or to exact labour for prescribed purposes. The governing body of such an entity is elected or otherwise locally selected (Awofeso, 2005:98). Akpan (1967:50) says a local government implies the breaking down of a country into small units or localities for the purpose of administration in which the inhabitants of the different units or localities concerned play a direct and full part through their elected representatives.

The most essential attribute of local government is its representative and responsible nature. It means execution of local administrative powers must be controlled by elected or otherwise locally selected representatives who are responsible to the local community.

Irrespective of the perspective, the following are certain. First, local government is a level of government with assigned legislative and executive powers to executes and make policies covering a particular local government area; second, the constitution provides for its establishment, defines its structures, functions, power and sources of revenue; Third, the relationship between the local government and central or state government is clearly stated in the constitution; Fourth, in a federal state like USA or Nigeria, local government is constitutionally recognized as the third tier government while in the unitary state like Britain, local government is an extension of central government.

MEANING AND DEVELOPMENT OF BUDGET

The word 'Budget' means the money bag or the public purse which serve as a receptacle for the revenue and expenditure of the state (Adams, 1998:104). In Britain for example, the term was used to describe the leather bag

in which the Chancellor of the Exchequer carried to parliament the statement of the government's need and resources. In a simple meaning, it is the documents which are contained in the bag-plans for government finances submitted for the approval of the legislature. Thus, a budget is a comprehensive document that outlines what economic and non-economic activities a government wants to undertake with special focus on policies, objectives and strategies for accomplishments that are substantiated with revenue and expenditure projections.

The roots of the budget system are linked to the emergence of parliamentary control over the crown in Britain. Earlier, the kings especially Charles II used to impose taxes for the prosecution of wars and not for any other thing. Following the revolution of 1688 and the Bill of Rights in 1689, came the provision that no man shall be compelled to make any gift, loan or benevolence or tax without common consent by Act of Parliament (Burkhead, 1956). In order to enforce this, the parliament reserved the right to authorize all expenditures made by the crown. The extension of parliamentary control over government finance also came to embrace the supervision of the king's personal outlays. The civil list was established to separate the expenditures of the crown from the expenditures of the state. As a result, the annual specified grant control of the crown revenues and other modifications made by successive parliaments gave the complete financial control of the crown to the parliament. This became the foundation of the budget system.

THEORETICAL PERSPECTIVE

The study adopts the functional approach to justify or advance its arguments. The approach is necessary because local government exist to promote democratic ideals which involve giving fair consideration to minority views while allowing majority views to prevail. Also, it gives the citizens the opportunity to fully participate in the affairs of the local council. Indeed, political participation through representatives are discussed in the council and to get feedback are all visible in this approach.

Most theoretical debates on local government administration have been in the area of development. Mackenzie (1964:8) notes that there is no normative general theory from which we can device testable hypothesis about what local government is..." Whitaker Jr. (1970:77) appears to have agreed on this view. He suggested that "... no obstacle to analysis would arise where there are universally accepted functions and purposes of modern democratic local government but of course, there are none". In another argument, Wralth (1964:27) argues that it is useful to think of the formative stages of local government in these terms; First, that local government is an 'organism' that is, something that

cannot be contained for ever or even for very long in a particular set of statutes, rules and regulations but which is constantly adapting itself to new circumstances; Second, that it is related to habits, mode of life and surrounding. What this scholar means here is that local government differs from one country to another or even within one country. Oyediran (1988:45) shares the same view. According to him, the concept of local government means different things to different people.

Gboyega (1987:14) says that, there are two basic classes of local government; the first class attempts to justify the existence or need for local government on the basis of its being essential to a democratic regime or for practical administrative purpose like responsiveness, accountability and control. The other class of theory see local government system as contradicting the purpose of democratic regime.

Mill (1975) justifies the establishment of local government on three groups. First, he maintains that certain functions of government are characteristically local and as such, should be locally administered and controlled; second, he believes that local government gives a valuable opportunity for democratic grassroots decision-making; Thirdly, Mill argues that local councils are more easily held accountable to the local groups than central government and its agencies. He therefore, claimed that the very object of having local representation is in order that those who have an interest in common which they do not share with the general body of their country men may manage that point interests by themselves. He attempted to distinguish between local and general functions of government, even though it is difficult because almost all services can have national implications. In the most recent time, the argument of Mill has been reapplied by many writers. Prominent among them are Bentham, Mackenzie, Laski etc who argue that participation in local government gives first-hand knowledge and makes administration concrete and relevant to a locality.

Thus, local government is effective weapon for channeling local pressures, anticipating and aggregate of local interest, which may not necessarily coincide with the ideas of the central government. According to Mbiti (1975), the local government has a direct role to play in the induction of social change in its area. In Nigeria for example, the local government councils have had long connections with the provision of support services such as roads, pipe-borne water, health institutions and educational and agricultural activities. Such tolerable good road networks have in no small measure succeeded in breaking the isolation of many communities from wider society through affording accessibility both to markets and farmlands.

The direct perspective participating of community development is one that sees the process as a means of meaningful life for people in the communities. Onyeachi (1995) is of the opinion that the community must be able to search out its way, drive its mind deep into the area of

the sources of its being and then proceed through its own environment to the point of its own expression and fulfillment. These are virtues which can promote direct participation and lead to self-help. In pursuing these roles for rural improvement, the local government helps its rural population to identify desirable ends. The real need for rural development in the case of Nigeria is to enable the people achieve desirable socio-economic and political changes without disrupting their culture. In physical terms, the rural areas are poorly developed and such neglect has attracted attention of many writers. The poor quality of life and low amenity are at the alarming rate. Even though, the food resources that support the urban centres are from rural areas yet the relation between the two has been exploitative in nature. Thus, multiplicity of programmes and diverse agencies for rural development demands that orderliness and sanity be restored.

BUDGETING AND BUDGET IMPLEMENTATION IN LOCAL GOVERNMENT

The modern budget system has accompanied the growth of representative government and governmental activities. In most countries, the budget system was established first at the federal level and then spread to state and local governments. As earlier mentioned, the present study is concerned with the Budgeting process at the local government level.

Before the 1976 local government reforms, the federal government had no direct involvement in the local affairs. The local affairs were the exclusive preserve of state government. However, for harmonization purposes, the federal government decided to reform the local government. Federal government did not only create local government but also provided guidelines for its establishment. Section 7(1) of the 1979 constitution recognized the power of the state to establish local government. The 1999 Constitution, section 7(1) also recognizes this power. However, the constitution, under section 8(5) demands that the National Assembly must ratify any new local government created by a state government other wise the process of creating such local body would remain incipient (Constitution, 1999). This constitutional clause has been criticized and called for removal in order to streamline the contradictions in sections 7(1) and 8(5).

In fact, the clause has been the basis of a recent debate between the National Assembly and the State Houses of Assembly. For instance, some states have wanted to terminate the tenure of local government council officials in April, 2002 after putting in three years. The National Assembly which intervened was of the opinion that the tenure should be extended by one year as to equal the tenure of other elected officials at the higher tiers of governments. The case was taken to the Supreme Court which ruled in favour of the States. As a result, the local government councils were dissolved and

fresh election conducted at the mercy of the States. The contradictory clause also account for the non-release of the Lagos State Council funds by the federal government during President Obasanjo administration in spite of the Supreme Court's ruling in favour of the State (Akinboye, 2006: 234).

SOURCES OF REVENUE

There was no financial backing for local government to take off when the 1976 reforms came on board. What the federal government did was a deliberate effort to fund the body and as such, there was frustration in the allocation of fund in the wake of the reforms.

At present, local government derives its revenue from two sources:

1. Internal source.
2. External source.

The internal source of revenue comprises several miscellaneous items aggregated together to provide the required fund to finance the enormous functions ascribed to local government. These include rates, taxes, fines and fees, etc. Truly, the internal revenue is meant to be the most viable for any local body to discharge its constitutional functions. However, this is not the case in Nigeria. What we are saying here is that most local governments depend on the allocation grants from the federation account for survival.

Thus, the external source of revenue is made up of federal and state governments' allocations. It may be stated here that 20% allocation from the federation account and 10% from the internally generated revenue of the state go to the local government. The prevailing allocation formula from the federation account of the country is:

- i. Federal government 48.5%.
- ii. State government 24.0%.
- iii. Local government 20.0%.
- iv. Special fund 7.5%.

In sharing the federal grants, the state governments receive the grants directly from the centre and passes them on to the local government. In essence, allocations to the local government are paid into the state joint local government account. The state government rather than releasing the funds as appropriate, often diverted it to other uses. The federal government did not like the action and as a result, enacted a new act to regulate revenue allocation to the local government. The act provides for the establishment of the Joint Local Government Allocation Committee to monitor and ensure that all allocations made to the local government are promptly paid in the state joint local government account (Akinboye, 2006).

Having examined the various sources for revenue open to local government, it is now germane to probe into how these resources are managed. Financial management in government generally consists of three major components (i) budgeting, that is, the process of resource generation, allocation and managements; (ii) accountability which aims at honesty and judicious use of public funds and, (iii) control which provides organizational structures for effective implementation. Financial management is that managerial activity which is concerned with planning and control of financial resources. Usually, local government councils translate their services through budget as it has to do with financial plan or estimate of proposed income and expenditure for a particular period normally a year. It is the translation in financial terms of government policies; a fiscal estimation of what government plans to spend, where it plans to spend it on and how it intends to source the funds (Agbakoba and Ogbonna, 2004: 65).

JUSTIFICATION OF BUDGET

The essence of having governments in all the countries is to provide for the security and welfare of their citizenry. However, this objective is possible when the government ensures that various policies and projects aimed at fulfilling its economic and social obligations are fulfilled. The fulfilled obligations could be seen in the areas of education, food, security, housing, healthcare, job creation and the provision of social amenities. In other words, the success or failure of any government is always measured on the basis of the provision or neglect of the welfare of the people. The pertinent question is how can the government fulfill these obligations to the citizens? What are the instruments or mechanisms available to the government for the attainment of these obligations? Answers to these questions find expression in the budget as may be seen later in this work.

PRINCIPLES OF BUDGETING

There are certain fundamental principles that accompany the budgeting process. This is because of its importance in the overall development of a country. These principles aimed at making the entire process transparent and participatory. They include:

- i. **Comprehensiveness:** Budget should be able to contain all financial estimates that government intends to work with. There is need to ensure that no other funds or extra budgetary expenditure is entertained.
- ii. **Clarity:** The documents called budget should be very clear for the people to understand and be able to make input.
- iii. **Regularity:** Regularity should be maintained in the budget process. It means to present budget at a time suitable to tally with the beginning of every fiscal year and

also to last for a specified period.

iv. **Publicity:** Budget should be given an open publicity. The reason is that it affects the lives of the people and how their wealth is distributed and expended.

v. **Exclusiveness:** Budgeting should be seen as an exclusive financial process and nothing else.

vi. **Accuracy:** There is need to ensure that the revenue and expenditure in a budget is correctly estimated. In essence, the estimates should be close enough to reality.

vii. **Adequacy:** Budget estimates should represent the needs of the government and the citizens. Budget also should be able to identify altogether the aspirations and problems of the government and the economy.

Budget also is an important tool in governance and most relevant to the economic policy. It is the second most important document after the constitution in any nation. It signifies that the budget is an expression of the constitution and statutes of a government which endow the executive and legislature with designated financial and managerial responsibilities. Budgeting has been classified into different types. They are:

i. **Surplus budget:** It refers to as a situation where the expected revenue surpasses the expenditure. It has been the dream of every government.

ii. **Balanced budget:** It occurs the moment the proposed expenditure is equalled to the expected revenue. This situation, however, is always difficult to attain. In fact, it requires a high financial prudence and acumen to accomplish.

iii. **Deficit budget:** The expenditure is higher than the projected revenue in this type of budget. This is where government spent more than it earned. It came with the need to finance government projects despite the non-availability of funds.

iv. **Supplementary budget:** From its name, it means the budget made or initiated after the main budget is passed. This type of budget is necessary if it is discovered that the earlier amount appropriated by the Appropriation Act for any purpose is insufficient; or there is need for expenditure on a purpose for which no amount has been earlier appropriated.

v. **Development budget:** It refers to a budget plan over a long period of time. It is usually incorporated as part of development plan.

BUDGETING PROCESS

Budget undergoes some processes before it becomes both a law and an economic tool. Budgetary process involves all centres, programmes and administrative units of an entity in the development of periodic budget. It refers to the totality of the processes a budget passes through before it finally becomes a document. It involves all the executive and legislative processes, that is, collection of estimates from the various government

departments to the defense before the various committees of the legislature and debates in the floor of the Houses, the passage into law and the final implementation and monitoring.

Preparation of budget primarily involves identification and setting of developmental goals. That is, it involves setting budgetary thrusts and policies based on the development plan. In the federal government, the responsibility of the president for the preparation and submission of budget is well established. At the state level, it is the statutory responsibility of the governor to prepare and submit the budget. In the local government, the chairman form the government and invariably has complete control over budget preparation but assisted by the Finance Committee and other department heads.

The process varies from state to state and is largely dependent on the amount of autonomy enjoyed by the council from the state government. Nevertheless, there is a standard that runs across most local governments in the country. The budget process commences with a call circular from the Executive Committee consisting the Chairman, the Supervisory Councilors and other officials (Secretary, Treasurer, Head of Personnel and Legal Advisers). They call on all relevant departmental heads to prepare estimates for the coming fiscal year. Subsequently, the Heads of Departments prepare estimates of expenditure in line with the goals and the estimates of revenue expected as well as the sources expected. As soon as this process is concluded, each department hands its own estimate to the local treasurer or finance officer.

The executive having gone through the budget estimates present it to legislature for approval. The method of approval also varies from one council to the other, that is, while some require a simple majority, others would require two-thirds majority for the approval. In every democratic government, the legislature may approve or reject the proposals of the executive and in some cases, may modify the executive proposals. In this case, the legislature holds the executive accountable. The power of the purse came to reside in the legislature in order to prevent the executive from imposing willful and arbitrary tax payments on its people. It is an expression of ultimate legislative authority.

Having approved by the legislature, the budget is forwarded to the state office for local government committee for a review. This practice varies from one state to another. In some states, the budget estimate is reviewed before it is sent to the legislative council while in some others, it is the approved Budget that is sent to the committee for approval. The essence of the review is to ensure that the council budget estimate meets with the laid down procedure and practice. Also, it ensures that the budget is in conformity with the developmental plans of both the local and state governments. This is another indication that shows the state has an input in the running of local government council.

The next level is that of budget implementation. It is a

Table 1. Lagos State Government, Ejigbo Local Council development area approved 2008 budget, consolidated Financial statement.

Estimated revenue 2008		Values	
i.	Internal generated revenue	18,500,000	
ii.	Statutory allocation from federal account	542,640,000	
iii.	Statutory allocation from state account	60,000,000	
iv.	Value added tax	278,880,000	
Total		900,020,000	
Estimated recurrent expenditure		190,020,000	
i.	Personnel cost (council staff)	181,750,000	
ii.	Teacher's salary	278,250,000	
iii.	Overhead cost		
Total		650,020,000	
Estimated recurrent surplus			
	Estimated capital expenditure	250,000,000	250,000,000
	Budget surplus		

crucial stage for both local and state governments. This is because money at this point is disbursed to the various departments for expenditure on overhead costs. Suffice it to say that the budget proceeds are spent on either capital or recurrent expenditure. Capital expenditure means the fund spent on developmental projects within the fiscal year while recurrent expenditure refers to fund spent on overhead cost like wages, rent, etc. Tables 1, 2, 3, 4 and 5 illustrate a typical budgetary process of Ejigbo Local Council Development Area in Lagos State.

The significance of the implementation level in the budgetary process is underscored by the fact that it is the stage when the council will give flesh to its developmental goals and strategies. Thus, any government that effectively manages this level that such government could be said to have achieved its set goals for the fiscal year. Evidently, most local governments have failed to excel at this stage due to poor implementation of the budgets.

The budget control refers to the stage when the Budget is brought under external control to its performance and effectiveness. The Bureau of Local Government Committee usually does the budget monitoring. It is also the period of auditing council accounts by the Local Government Audit Department. It may be pertinent to note here that this department is attached to the state government perhaps to guarantee its independence. However, the extent to this autonomy is everybody's gaze. The role of the state government at this level is doubtful. This stage, no doubt, should involve the civil society within the local government. The involvement of the civil society goes a long way to ensure that budget funds are spent on areas of priorities.

PROBLEMS OF LOCAL GOVERNMENT BUDGETING

Many problems have bedevils the local government Budgeting in Nigeria. As such, they have not been able to meet with their statutory obligations of bringing the gains of democracy closer to the citizens. Some of these problems include:

Corruption and mismanagement

Corruption is one of the major problems facing the local government. In fact, a mere mention of the local government exudes corruption. The popular myth propagated by the council officials is that the councils are always short of funds. No doubt, the heavy funding that runs into billions of Naira as seen from the tables may not be enough because of the high level of corruption in the councils. It has also been observed that most local government councils do not accord adequate regard to the budget process. The fall out of this situation is the indiscriminate and unplanned execution of projects. The state governments which would have served as a check are not free from this cankerworm. Evidently, there is contract scams in all local government councils in Nigeria. These contracts are inflated and worse still, the projects are not executed and thereby defeating the essence of budgets.

Skilled manpower

Majority of local governments today are manned by officials

Table 2. Lagos State Government, Ejigbo Local Council development area approved 2008 budget: Details of revenue.

Head	Sub-head	Details of revenue	Approved 2008 estimate	Approved 2007 estimate	Actual JAN. - DEC. 2007	Approved 2006 estimate	Actual JAN. - DEC. 2006
001		Taxes	-				
		Sub-total	-				
		Rates	-				
002	1	Tenement Rates	6,200.000	6,000,000	3,273,275.55	6,000,000	2,640,176.75
	2	Land use Charge	-	-	-	-	-
	1	Towing of vehicles	-	-	-	-	-
	2	Liquor License fees	400.000	400.000	221.100	400.000	215.100
	3	Eating/Food Regulation Fees	2,140.000	2,140.000	1,449.200	2,140.000	1,621.350
	4	Marriage Registration Fees	200.000	200.000	198.500	200.000	160.800
	5	Naming of Street	100.000	100.000	56.000	100.000	35.000
	6.	Radio/Television License Fees	500.000	500.000	316.650	500.000	250.000
	7	Public toilet * Waste Disposal	-	-	-	-	-
	8	Pest Control and Disinfectant	-	-	-	-	-
	9	New Cemetery	-	-	-	-	-
	10	Burial/Vault Fees	-	-	-	-	-
	11	Health Users Charges	-	-	-	-	-
	12	Earning From Environmental Sanitation Services	170.000	170.000	144,000	170.000	85.000
	13	Vaccine/Yellow Cards	-	-	-	-	-
	14	General Contractor Reg/Tentacles	-	-	-	-	-
	15	Trade License Fees	2,700.000	2,700,000	1,447.300	2,700,000	1,760,300

who do not possess the requisite leadership and managerial skills to deliver the gains of democracy to the people. Section 7(4) of the 1999 constitution makes provision that the qualification for election into the offices of the Chairman and Councilors shall be the same as that of the election into the Houses of Assembly of a state. The constitution puts the minimum educational qualification for the election into the House of Assembly of a state as school certificate. However, this principle have not been followed and as such, made the councils the dumping ground for illiterates or a starting point for political

toddlers.

Lack of civil society participation

The level of participation by the people is highly limited especially the local governments located at the rural areas. The reason is attributed to high illiteracy level and the poverty rate. Thus, the psyche of the people is very low. In addition, there is no law that encourages civil society participation in governance and also no access to information and participation. In the absence of this, the civil

society, no matter how vibrant and enlightened, cannot achieve anything.

Central/State governments interference

The 1999 Constitution confers powers that relegate the local governments to both the federal and state governments. Evidently, this has created friction leading to the neglect of local bodies. The council is not given the necessary independence as practice in a true federal structure. In addition, elections into the councils in most states have not

Table 3. Lagos State Government, Jibo Local Council Development Area approved 2008 budget: Details of revenue.

Head	Sub-head	Details of revenue	Approved 2008 estimate	Approved 2007 estimate	Actual JAN. - DEC. 2007	Approved 2006 estimate	Actual JAN. - DEC. 2006
1006		INTEREST RECEIVED AND DIVIDEND					
	1	Interest on accounts	-	-	-	-	-
	2	Dividend from investments	-	-	-	-	-
		Sub-total	-	-	-	-	-
1007		REIMBURSEMENT/GRANTS					
	1	Grants from Federal government	-	-	-	-	-
	2	Grants from State government	-	-	-	-	-
	3	Others grants	-	-	-	-	-
		Sub-total					
1008		MISCELLANEOUS					
	1	Identification letters	40.000	-	-	-	-
	2	Expenditure recovery	-	-	-	-	-
	3	Others	400.000	-	-	-	-
		Sub-total	440.000	-	13.141.504.70	-	-
1009		STATUTORY ALLOCATIONS					
	1	Federal allocation	542,640,000	626,000,000	160,884,492.74	408,000,000	542,640,000
	2	State allocation	60,000,000	64,000,000	8,590,802.99	64,600,000	-
	3	VAT allocation	278,880,000	197,000,000	-	178,000,000	-
	4	Special allocation	-	173,950,000	91,182,150.60	-	-
		Sub-total	881,520,000	887,000,000	273,798,951.03	173,950,000	-
		Grand total	900,020,000	1,060,950,000	273,798,951.033	-	-

taken place more than a year after they were dissolved. It shows that democracy in Nigeria today is not practiced at the local government level.

Finance

Finance is another area of concern. Most of the local councils sources of revenue have been taken over by the state government. Some of

these councils also are too small in size and thus, have little or no resources from which to generate revenue internally. The internally generated revenue of these councils is too small to pay the wages and salaries of their junior staff not to talk of embarking on any meaningful projects. Moreover, the 10% of the internally generated revenue of the state that is supposed to be given to local council is not forthcoming. Worse still, the federal government statutory allocation does not usually

come to the local councils regularly and the state governments at times divert the allocation to satisfy other areas. In fact, it is in line with this situation that the 774 local governments under the aegis of the National Union of Local Government Employees (NULGE) demanded for succour during President Olusegun Obasanjo's administration. The union was assured for an existing constitutional backing in its quest for fiscal and administrative autonomy.

Table 4. Lagos State Government, Ejigbo Local Council development area approved 2008 budget: Budget overhead cost.

Head	Sub-head	Details of expenditure	Approved 2008 estimate	Approved 2007 estimate	Actual JAN – DEC 2007	Approved 2006 estimate	Actual JAN – DEC 2006
2001		OFFICE OF THE CHAIRMAN					
	02	General services	8,000.000	10,500,000	4,333,615	16,900,000	12,329,450
	03	Provision of security	1,700.000	5,000,00	4,475.00	3,500.00	1,500,000
	04	Consultancy/Committee	1,000.000	-	-	-	-
	05	Conference/Seminars	2,500.000	-	-	-	-
	06	Executive statutory allowance	1,500.000	-	-	-	-
		Sub-total	14,700.000	15,500.000	8,808.615	20,400,000	13,829,450
					672,500	10,000,000	3,644,000
2001^A		OFFICE OF THE VICE CHAIRMAN					
	02	General services	2,500.000	8,500.000			
	03	Ad hoc committee	500.000	-			
		Sub-total	3,000.000	8,500.000	672,500	10,000,000	3,644,000
2001^B		INTERNAL AUDIT	2,000,000	2,500,000	755,000	2,000,000	2,382,500
	02	General services					
		Sub-total	2,000,000	2,500,000	755,000	2,000,000	2,382,500
2001^C		INFORMATION UNIT	1,000,000	720,000	631,000	2,500,000	3,895.00
	02	General services	6,000,000	2,880,000	3,288,920	1,000,000	260,000
	03	Publicity	800.000	-	-	-	-
	04	Purchase of newspaper					
		Sub-total	7,800,000	3,600,000	3,919,920	3,500,000	4,155,000
2001^D		ENVIRONMENTAL	800,000	5000,000	20,000	-	-
	02	General services	8,000,000	4,700,000	3,545,000	-	-
	03	Environmental services	1,000.000	1,800,000	790,00	1,000.000	1,560,000
	04	Refuse disposal	5,500.000	1,500,000	1,923.000	-	-
	05	Cleaning of drains/wastes	10E	3,000,000	-	3,000.000	-
	06	Contribution to LAW/MA	200,000	-	-	-	-
	07	Maintenance of public toilet	15,500,000	11,500,000	6,278.000	4,000,000	1,560,000
		Sub-total	-	-	-	-	-

PROSPECTS

Evidently, local government cannot overcome its

problems without the supports of both federal and state governments. However, the local government should be allowed to discharge some of its

responsibilities without direct intervention by these higher tiers of governments. In the area of budgeting, the whole process should be the responsibility

Table 5. Lagos State Government, Ejigbo Local Council development area approved 2008 budget: Details of capital expenditure.

HeadSub-head	Details of expenditure	Approved 2008 estimate	Approved 2007 estimate	Actual JAN. – DEC. 2007	Approved 2006 estimate	Actual JAN. – DEC. 2006
4001	AGRIC/RURAL AND SOCIAL DEVELOPMENT					
01	Agric project	3,000,000	2,000,000	2,000,000	2,000,000	-
	Sub total	3,000,000	2,000,000	2,000,000	2,000,000	-
4002	WORKS, HOUSING AND INFRASTRUCTURE	6,000,000	33,000,000	-	34,000,000	-
01	Provision of street light	5,000,000	-	-	-	-
02	Construction of new roads	70,000,000	84,200,000	80,535,493.88	78,000,000	49,668,878.51
03	Rehabilitation/surfacing of roads provision of water	6,000,000	11,500,000	720,000.00	20,500,000	-
04	Construction/maintenance of drains	38,000,000	80,500,000	31,103,582.80	80,000,000	80,139,399.00
05	Construction culverts	20,000,000	-	-	-	-
06	Upgrading of cemetery	10E	-	-	-	-
07	Construction of public toilet	1,500,000	5,500,000	-	10,760,000	-
08	Regeneration of parks/roundabout	10,100,000	3,000,000	-	-	-
09	General administration	45,000,000	37,000,000	-	-	-
	Sub total	201,600,000	251,700,000	112,359,076.68	223,260,000	129,808,255.30
4003	COMMERCE FINANCE SUPPLY AND COP	2,000,000	1,500,00	-	1,000,000	-
01	Rehabilitation of Markets					
	Sub total	2,000,000	1,500,000	-	1,000,000	-

responsibility of the local Chairman and assisted by the local Supervisory councilors as well as others like the Secretary and Finance officer. The period for budget preparation should be fixed. It may be between July 15 and October 15 of the current year. The document should be transmitted to the local council not later than October 16. The document also must consists of the estimates of income and details of the total appropriations to cover current operating expenditures and capital outlays. Also, in preparing the budget, certain requirements must be followed. These requirements which are like a form of expenditure control include:

- i. General limitations that influence the total expenditures.
- ii. Specific limitations which mandate local governments to fund particular expenditure items.

The legislative discussion of the budget estimate should be able to commence between October 16 and November 17. This would enable the chairman to issue an ordinance on or before the current fiscal year. The budget review should commence immediately after the authorization of the document. The document should be submitted within two weeks, for review by the reviewing Office which is the Department of Budget and

Management. The essence is to ensure compliance with budgetary requirement and consistency with the local development plan. The review should not last more than 90 days. Once the budget passes review, it goes to the imple-mentation. It involves the release and actual disbursement for funds for the specified functions and projects. The programming of fund disbursement should be the duty of work and financial plan and request of allotment. At this level, emphasis is placed on prudent disbursement of funds. Notably, it is always better that no cash overdraft is incurred at the end of the fiscal year and due process should be adopted in disbursing fund (that is, appropriate certificate of

the local budget officer, local accountant and treasurer required).

The next level is the budget accountability. It involves recording and reporting of actual income and expenditure as well as the evaluation of the performance.

Accountability should be shared among the department heads who participated in the use of the fund, the local treasurer, local accountant and budget officer.

There is also the need to carry the people along during budget preparation and implementation. It could be in form of people's organizations and non-governmental organizations within the local councils. The organizations should be accredited by the local council and among them either select or elect who will represent the group in the special committees comprising the chairman, members of the council and heads of concerned local departments. This is mainly to bring home the government priorities to the people.

Conclusion

No matter the system adopted, the basic issue is that the governing body adopts sound accounting, procedures, maintain an adequate and effective system of accounts for safeguarding assets as well as devise a good system of internal control. The public officials should spend fund lawfully or for purposes provided by law otherwise they face impeachment or dismissal.

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