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Fiscal Policy and Local Government Administration in Nigeria

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Abstract

Opinions have varied on the utility of local government administration in promoting sustainable grassroots development. Scholars are apprehensive of the prevalence of high degree of corruption and systemic inefficiency at the local government. This paper evaluates the system of financial regulations put in place to curtail the degree of corruption at the local government level with a view to ascertaining the efficiency of its operation. A critical analysis of the inbuilt financial control mechanisms reveals that they are sidetracked by state and local government officials for selfish ends. The paper is analytical in nature and used the theory of revenue exaction to examine the dynamics of fiscal policy at the local government level. The paper frowned at the existence of municipal area councils and recommends the abolition of metropolitan councils, the creation of more rural based local government councils and the strict

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enforcement of fiscal laws as means of promoting fiscal efficiency and sustainable development at the grassroots.

Key words: Fiscal Policy; Fiscal Discipline; Local Government; Human Resources; Sustainable Development; Tax Liability; Tax Eligibility

Introduction

The utility of the local government as an agent of development cannot be over emphasised. Local government councils are created to extend the contour of governance and development to areas considered too remote to the state and federal governments influence. Statutory means for harnessing the human and material resources have been put in place to facilitate sustainable grassroots development. The achievement of this fundamental goal is dependent on the amount of resources at the disposal of the local government and the prudency with which it is used. Ethical codes for promoting fiscal discipline are put in place but this has not prevented undue financial infractions on local government finances by the significant parties. The introduction of the State-Joint Local Government account has weakened the structure of fiscal discipline and the financial strength of the local government to promote sustainable grass root development. The paper frown at the creation of metropolitan area councils when the need for the creation of more rural based local government council is germane to rural development.

Theoretical foundation

The theory of revenue exaction is used to explain the mode of revenue generation and utilisation by government. The theory which came into limelight after the subjectivist revolution of the 1870s relied on general economic assumptions to examine the tax regime of government in a market economy. Gunning (1999) used the state equilibrium model to explain the relationship between taxation, producers and consumers' behaviour and government and established the nexus between product market, factor market and entrepreneurship development. In this paper, the theory is used to assess the various means through which local government councils generate revenue for efficient public administration. Contextual relation is placed on the financial allocation by the federal and state government to the local government and the efficiency of local government administration. The emphasis on taxation in this theory justified the utility of taxes to rural development and the need to enhance tax compliance to enhance the revenue base of the local government. The payment of taxes makes available adequate revenue for the provision of social amenities like water, roads, electricity, primary healthcare and schools for rural dwellers. Such congenial exchange relations promote state-community relations, good governance and sustainable development. This underscored the fact that fiscal efficiency and fiscal discipline is the fountain of good governance.

Modalities for promoting fiscal efficiency are provided for in the Second Schedule Part 2 Section 4 (1a and b) and the Fourth Schedule Section 7 (1 and 2) of the 1999 Nigerian Constitution (Constitution, 1999) and Fiscal Responsibility Act 2007. The Constitution creates a public treasury (the Federation Account), the modalities for revenue sharing among the tiers of government and creates distinct tax heads for each tier of government. Tertiary, secondary and primary tax revenue heads are allocated to the federal, state and local governments respectively. The adoption of an acceptable revenue sharing formula creates mutually compatible inter-governmental fiscal relations in Nigeria. However, there is a crisis in the management of fiscal resources between the state and local governments with the creation of the State Joint Local Government Account. The efficient management of local government finance is constrained by the political impunity of state governors and this has undermined grassroots development. Generally, the efficiency with which each tier of government manages its financial resources depends on the enforcement of statutory financial rules and regulations and ethical political orientation. These are antidotes to fiscal due process and fiscal discipline.

An understanding of the mode of grass root development requires an inquest into the dynamics of fiscal governance at the local government. This provokes a common sense argument about how local government councils generate revenue, how transparent and how accountable public officials manage it and the legal infrastructure put in place to promote fiscal discipline. Other logical issues to reason out are the nature of local tax system, tax eligibility and liability management, the quality of the budgetary and financial management, the efficiency of the modalities for revenue mobilisation and utilisation as well as the ethical tradition associated with fiscal management. These issues are critical to understanding the dynamics of fiscal efficiency at the local government level, the fiscal relationship between the federal, state and local government and its implications on grass root development. Macro economic assumptions recognised the use of fiscal policy instruments to generate revenue for grass root development.

Fiscal policy defines the tax regime, the borrowing and lending pattern as well as the interest rate regime of government. It defines and regulates the pattern of public expenditure and as Jhingan (2007) argued the use of taxation, public borrowing and expenditure by government for the purposes of stabilisation and development. These are used to stimulate aggregate economic development in line with the needs of the populace (Salawu, 2005). In his submission Chigbu (2003) argued that fiscal policy reflects the dependence of government on changes in sizes and content of taxation, public expenditure and debt to influence spending and economic activities in an economy in order to achieve the objectives of resources allocation, distribution and stabilisation. The Keynesian philosophy of economic management advocated the use of fiscal policy to promote economic stability and capital formation across levels of government. Tax incentives, budgetary measures, tariff measures and public debt management are fiscal policy measures put in place to bring about economic stability at all tiers of government. In Nigeria, fiscal federalism provided the basis for revenue generation and distribution among tiers of government.

The marginal propensity of each tier of government to generate and utilise revenue is determined by a country's fiscal policy. In Nigeria, tertiary sources of revenue are allocated to the federal government, secondary to the state government and primary to the local government. These sources of revenue have varied financial outcomes. The efficient distribution and utilisation of the accrued revenue by tiers of government could promote economic development and reduce illiteracy, unemployment, poverty and inequality especially when guided by fiscal responsibility codes. Fiscal responsibility code defines the standard mode of financial management and enhances local government administration.

Discuss on local government administration

The Post World War II era was associated with significant changes in local government administration. At the end of the Second World War in 1945, the colonial government made attempt to democratize the system of local administration in Nigeria by transforming it from a law and order maintenance agency to an agency for socio-economic development. In a bid to promote sustainable grassroots development, the Native Authority Law in Northern region (1954), the Local Government Laws in the Eastern region (1955) and the Local Government Law in the Western region (1957) were reviewed for functional efficiency. In a similar vein, the Udoji Commission Report (1974), the 1976 Local Government Reforms, the Report of the Political Bureau which metamorphosed into the Dasuki Reform of 1988 (FRN, 1986), the 1979 and 1999 Constitutions among others introduced significant changes in local government administration. Significant degree of autonomy was presumably granted to the local government council to enhance its functionality and fiscal responsibility but this was challenged by executive impunity over the management of local government finances.

Under the neo-liberal ideology of development, the local government system is a primary agent of macro-economic development via the Millennium Development Goals (MDGs) and the National Economic Empowerment and Development Strategy (NEEDS) policy frameworks. The extension of the market and investment opportunities to rural communities is facilitated by the provision of rural infrastructure of development. This agenda of development is undermined by political impunity, the master-servant relationship between tiers of government, the fluidity in the tenure of local government Chairmen (reduced to one year in Adamawa state) and the preference for care-taker committees system over elected councils against democratic principles. The flagrant abuse of democratic principles has made symbolic the autonomy of local government. To build consensus around the views of Bello-Imam (1996), the local government has been reduced to that unit of administration with defined territory and relative administrative powers to define development agenda for the rural people. Further still, the Nigerian local government system represents legitimate political decentralisation and administrative centralisation recognised by Akpan (1967) as:

> the breaking down of a country into small units or localities for the purpose of administration in which the local inhabitants of different units or localities concerned play a direct and full part through their elected representatives who exercise power or undertake functions under the general authority of the national government.

This ideology found rationalisation in the Udoji Commission Report (1971) that conceptualised the local government as that unit of administration geared towards bringing government closer to the people at the grass root through the sustainable mobilisation and efficient utilisation of human and material resources for grass root development. Ubam (2010*)* quoting the United Nations office for Public Administration defines local government as:

> a political subdivision of a nation or (in a federal system) state, which is constituted by law and has substantial control of local affairs including the powers to impose taxes or exact labour for prescribed purpose. The governing body of such an entity is elected.

The guidelines for the 1976 local government reforms in Nigeria define the local government as government at the local level exercised through representative council established by law to exercise specific powers within defined areas (Ubam, 2010). The local government is created to bridge the gap in lines of political communication and development between the centre (federal and state government) and the periphery (rural communities). The central theme that runs through the above definitions is that the principle of administrative autonomy is subsumed under the supremacy of federal and state powers. This has undermined the operational feasibility imperatives of local government autonomy and good governance. This systemic lapse has created a political culture that is antithetical to sustainable grass root development in Nigeria. The lapses extend to the predominance of metropolitan area councils against the growing need for rural development. The utility of metropolitan councils in a developing country like Nigeria is questionably unnecessary. The existence of metropolitan area councils has fuelled ethno-religious conflicts between indigenes-settlers in Delta and Plateau states and undermined the nation building project.

Fiscal policy and local government administration in Nigeria

Federalism creates dependable fiscal relations between the federal, state and local government. The federal government controls high yielding revenue heads and allocate the average and low yielding revenue heads to the state and local government respectively. Among the low yield sources of revenue to the local governments as identified by the report of the Political Bureau (1987) are taxes and rates, licenses and fees, revenue from commercial ventures and miscellaneous sources. Miscellaneous sources of revenue like bicycle and radio licenses are not viable sources of revenue for local government council in Nigeria in this modern era. Efficient rural development strategy is associated with huge financial cost which is beyond the financial flow of local government. The weak financial base of the local government is made worse by fiscal indiscipline and financial infractions on the local government finance by the state government. In 1957, the Beazley, Ennis and Cameron Committee recommended the reduction in the functional responsibilities of Local government. Consequent upon this, the primary and post-primary education and water supply functions of the local government were taken over by the state government ostensibly for lack of financial and executive capacities (FRN, 1974) and with it some revenue heads of the local government.

One of the imperative of good governance is inter-governmental fiscal co-operation. Identifiable sources of revenue heads ranging from statutory allocation to grants are periodically allocated to the local government. Statutorily, 20% and 10% of federal and state revenue (internally generated for the later) is allocated to the local governments. The revenue is shared among the three tiers of government on the basis identified by Aja-Nwachukwu (2009) as equity (40%), population (30%), land mass/terrain (10%), internal revenue effort (10%) and social development factors (10%). However, the operation of the State Joint Local Government Account System has constrained the fiscal independence of the local government. The allocation from the Federation Account into the State Joint Local Government Account is disbursed by state governors on a master-servant basis. This has weakened the development efforts of local government councils in Nigeria. Indeed, a cursory look at the financial profile of Karu Local Government Council in Nasarawa State from 2004-2007 might enable residents to draw a line of distinction between what was allocated by the federal government and what Karu local government council actually got between the period under review.

It is noted from table 1 that there is fluctuation in federal allocation to Karu local government council within the periods under review. But what is not clearly established here is if the above amount is the actual releases from the federation account to the council. I will hide under the general allegation against financial impropriety of state governors to say no. It is also interesting to have a look at the internally generated revenue of Karu local government with a view to evaluating its adequacy value.

Table 1: Federal Statuary Allocation to Karu Local Government 2004 -2007

Month	**2004**	**2005**	**2006**	**2007**
January	14,279,651.13	15,786,265.14	17,205,478.20	15,145,021.02
February	16,841,896.57	18,099,558.27	20,802,147.73	28,793,754.17
March	13,739,487.18	14,672,853.82	15,879,438.42	13,128,444.25
April	12,370,305.35	14,240,463.87	21,365,721.99	12,813,717.59
May	15,951,330.89	15,082,463.87	19,671,784.13	9,700,502.67
June	13,419,547.67	17,396,899.84	31,401,911.59	9,276,942.02
July	15,961,877.99	14,098,363.50	35,814,928.30	14,104,021.81
August	14,098,363.80	14,098,363.80	15,343,342.11	11,254,527.62
September	11,536,570.13	17,290,911.51	38,192,304.03	11,793,262.75
October	11,110,750.30	20,543,346.87	14,943,745.19	11,245,326.39
November	13,492,385,44	21,621,488.58	16,287,342.51	11,793,262.75
December	13,360,514.92	19,126,976.77	12,852,734.05	11,793,262.25
Total ₦	162,269,195.59	202,058,345.79	259,760,887.25	160,842,045.29

Source: Financial Report Karu Local Government (informal source)

Table 2: Internally Generated Revenue of Karu Local Government 2004-2007

Month	2004	2005	2006	2007
January	598, 725.00	771, 312.00	340, 650.00	1, 265, 560.00
February	226, 200.00	503,020.00	601, 381.00	2, 319, 310.00
March	1,344, 545.00	435, 050.00	1,928, 820.00	1, 618, 640.00
April	1, 050, 675.00	576, 955.00	1, 305, 745.00	2, 241, 500.00

May	859,660.00	1, 440, 740.00	1, 115, 670.00	3, 300, 945.40
June	814, 700.00	24, 000.00	1, 049,285.00	2, 739, 121.00
July	921, 276.00	1, 262, 000.00	1, 739, 340.00	3, 136, 200.00
August	478, 400.00	148, 900.00	500, 000.00	1, 025, 855.00
September	477, 635.00	469, 500.00	2, 384, 470.00	2, 109, 985.00
October	667, 600.00	1, 288, 210.00	1, 313, 000.00	1, 619, 975.00
November	413, 400.00	1, 581, 650.00	882, 880.00	1, 680, 375.00
December	1, 213, 355.00	579, 750.00	1, 200, 800.00	2, 558, 959.00
Total	9, 066, 171.00	9, 081, 087.00	14, 362, 041.00	25, 616, 425.40

Source: *Financial Report, Karu L. G. Council (informal source).*

The progressive increase in the internally generated revenue for Karu local government is as a result of the increasing urbanisation around the Mararaba- Masaka axis of the local government and its proximity to the Federal Capital Territory, Abuja. In spite of this development, Karu Local Government council is yet to fully exploit the revenue potentials in the area. Many taxable artisans, craft men and petty traders are not under any tax eligibility consideration due to paucity of data. The over dependent on monthly allocation from the federal government have beclouded internally generated revenue motive. A summary of local government revenue between 1998 and 2005 is presented in tables 3 and 4 below for emphasis.

Data from table 3 shows the varied sources of revenue from the federation account to the local government. In the same vein, table 4 below present the amount of revenue allocated by the federal government to the 744 local government councils in Nigeria between June 1999-May 2007 and January 2012.

Table 3: Summary of Local Revenue in Million of Naira 1998-2005

Revenue heads	1998	1999	2000	2001	2002	2003	2004	2005
Current revenue	44,952.7	60,800.6	151,877.3	171,523.1	172,151.1	370,170.90	468,295.15	608,341.43
Internal revenue	4,448.6	4,683.8	7,152.9	6,020.4	10,420.9	20,175.50	22,407.75	24,318.49
Tax revenue	698.4	1,209.1	1,758.9	1,612.9	3,262.9	3,471.30	4,852.91	5,473.08
Non tax revenue	3,750.2	3,474.7	5,394.0	4,407.4	7,158.1	16,704.20	17,554.84	18,845.41
Fed. Account	30,199.3	43,870.3	118,589.4	128,500.5	128,896.7	291,406.90	375,656.30	492,000.26
Value added tax	9,187.3	9,559.8	13,908.7	20,102.7	18,727.2	39,648.40	45,985.20	62,173.60
Stabilization/ ecological funds	---	1,056.3	5,398.5	12,980.2	9,897.0	4,610.30	6,082.70	13,297.30
State allocations	1,097.8	419.8	1,923.1	1,598.6	1,672.3	2,119.80	3,625.70	3,926.92
Grants / others	9.7	1,210.6	4,904.7	2,320.7	2,537.1	12,210.00	14,537.50	12,624.86

Source: CBN Annual Report/ Statement of Account 2002 and 2005

Table 4: Revenue Allocation to Local Government Councils by Federation Allocation from June 1999 to May 2007 and January 2012

No	State	Amount 2012	June1999- May2007
1	Abia state	7,485,873,220.67	66,957,033,320.83
2	Adamawa	3,172,168,134.51	88,385,118,660.50
3	Akwa Ibom	4,206,354,131.80	110,896,366,303.24
4	Anambra	3,193523180.97	85,847,453,591.19
5	Bauchi	3,583,529,111.24	98,833,751,081.01
6	Bayelsa	1,356,695,247.15	38,101,830,075.82
7	Benue	3,713,364,292.12	100,676,342,004.41
8	Borno	4,229,882,163.36	114,329,322,081.28
9	Cross River	2, 660, 076,766.60	74,990,493,054.80
10	Delta	1, 696,169,971.19	97,961,571,804.08
11	Ebonyi	1,906,610,604.99	51,780,333,382.06
12	Edo	2,687,636,093.18	77,565,785,400.62
13	Ekiti	2,184,765,812.75	60,134,219,325.71
14	Enugu	2,575,651,178.27	68,964,491,966.13
15	Gombe	1,855,825,711.84	49,916,381,357.36
16	Imo	3,702,139,104.12	99,280,101,362.71
17	Jigawa	1,892,345,429.02	108,615,763,243.89
18	Kaduna	4,186,424,562.34	117,182,125,094.69
19	Kano	6,316,212,006.36	370,935,172,516.81
20	Katsina	5,017,303,690.17	139,822,729,992.43
21	Kebbi	3,104,490,118.64	86,787,009,340.22
22++	Kogi	3,206,753,240.66	86,187,515,182.33
23	Kwara	2,463,135,269.63	66,011,107,696.79
24	Lagos	6,506,652,880.69	149,392,517,393.59
25	Nasarawa	1,964,151,382.59	54,487,876,090.81
26	**Niger**	**3,967,208,019.36**	**111,114,801,956.06**
27	Ogun	2,999,906,124.15	81,197,512,355.95

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28	Ondo	2,734,388,802.17	74,082,244,267.18
29	Osun	3,776,600,018.74	102,574,611,292.67
30	Oyo	4,796,723,645.24	127,369,093,326.38
31	Plateau	2,735,320,489.71	73,434,508,057.07
32	Rivers	1,690,769,566.65	104,313,280,579.65
33	Sokoto	3,438,048,292.60	96,232,809,149.69
34	Taraba	2,678,352,904.05	72,869,810,839.60
35	Yobe	2, 619,962,444.80	72,326,009,351.84
36	Zamfara	2,466,991,228.08	70,091,324,490.36
37	FCT, Abuja	1,653,712,729.13	43,324,238,682.88
38	Grand Total	122,079,797,310.59	3,313,534,856,541.80

Source: Daily Trust, April 16, 2012; Federal Ministry of Finance; Elekwa and Okechukwu in Wuam and Talla (2010) and Otinche (2013).

The federal government provides financial reliefs to local government councils in Nigeria in recognition of the challenges facing them. The indecent control over local government funds by state governments predate the present era. In the first Republic, the East-Central state ordered the transfer of 50% of the tax revenue of the local government to the state government.

Beside this challenge is the corruption by local government officials. Tax revenue is embezzled by tax officials at the local government. The land tenure system that recognises the right of communities to land has negative implication on tenement rate assessment and payment. The land sold by traditional rulers is not valued for tenement rate payment especially in villages. Little wonder, many local government councils cannot survive without federal allocation. In spite of these challenges, public expenditure at the local government level is guided by fiscal rules and regulations.

Financial regulations and local government administration in Nigeria

In the field of development administration, sustainable development is a function of fiscal responsibility. The veins of fiscal responsibility are reinforced by many ethical codes embedded in the Fiscal Responsibility Act 2007 (FRA 2007), the Money Laundering Act 2011 (MLA, 2011) and the Middle Term Expenditure Framework. As noted by Olakanmi (2009), this is to ensure that fiscal relations are conducted in a transparent and accountable manner. This has made financial disclosures a core value in development administration.

At the local government level, the co-ordinating office for financial discipline is the Office of the State Auditor-General (OSAG) who exercises oversight functions over the management of local government finance. The establishment of the office of the OSAG recognise the Aristotelian view that:

> Several of the offices of a state, if not all, handle large amount of public money. There must accordingly be a separate office for finance...which receives and audits the accounts of other offices, and is only concerned with this one function...Aristotle in Schuman and Oluf III, 1988).

However, such oversight functions have become a political tool for promoting financial indiscipline, corruption and grass root underdevelopment. Many democratically elected local government chairmen like Precious Oforji in Oyigbo Local government in Rivers state were removed from office for alleged mismanagement of local government funds (Azuatalam, 2010). The removal from office of elected council chairmen by state governors is undemocratic but connected with the mode of election of council chairmen into offices. The cost of the election of local government chairmen is borne by state governors who eventually turned local government councils into an appendage of the governor's office. Many governors prefer to work with Caretaker Committees whose expenditure ceiling is very low.

The need to exercise control over local government finances informed the advocacy for the retention of the State Joint Local Government Account in the 1999 Constitution by state governors. Probably, there should also be a Federal-State Joint Account where the federal government controls the finances of the state government to enable state governors feel the impact of fiscal centralism.

Ordinarily, the local government like any tier of government works within a framework of fiscal discipline. A periodic post-payment audit check is carried out on local government account from the Office of the Governor. Contracts awarded by local government council are scrutinised by the respective State Auditor General for Local Government. As noted by Eze (2003), the Auditor-General have unrestricted access to all books of account of the local government. This enables the office of the Auditor –General to monitor the financial transactions of the local government. State Houses of Assemblies and local government councillors exercise oversight functions over the expenditure profile of local government councils. This mechanism has not reduced the degree of corruption at the local government level due to executive complacency. Cases of corruption are treated with kid glove especially where it involves political godsons.

Departmental control is exercised on the finances of local government councils. An internal audit unit is established in each local government council. The audit unit is headed by an accounting officer who gives periodic and progressive audit report of financial transactions undertaken by the local government to the State Auditor-General for Local Governments. He draws the attention of the state Auditor-General to incidences of financial irregularity in the local government. The function of the internal audit is facilitated by the Audit Alarm Committee which comprises all Heads of Department, Treasurer to the Local Government and the Head of Internal Audit. The committee alert the head of internal audit of alleged financial irregularity and an audit query is issued such officer. Any proposed payment that is queried is suspended until an audit clearance certificate is issued by the internal auditor or the State Auditor-General for Local Government as the case may be to show that the prepayment audit alarm query has been resolved.

Fiscal discipline is ensured through a system of store stock verification. But where it does not exist, the internal auditor controls and the direct stock verification exercise. Many internal auditors are said to be complacent in the discharge of their duty. The act of corruption in the public service in Nigeria is perpetuated through stock purchases or procurement. The financial regulation for the local government requires all revenue collected to be promptly remitted into the local government treasury by revenue collectors. The revenue officers are mandated to render periodic account of income and expenditure to the legislative arm of the local government and the State Auditor-General for Local Government within three weeks of receipt or expenditure of such funds. However, revenue collection at the local government level is associated with subversive activities in spite of the financial regulations put in place. The financial regulations are derivatives of the 1971 Local Government Edit and as Olakanmi (2007) noted in consonance with Part 1 Subsection 2 (b and c) of the Fiscal Responsibility Act 2007. Under the FRA 2007, the account of the local government is audited by a team of auditors appointed by the Auditor-General of the State. Any item of expenditure which contravenes the provisions of the Fiscal Responsibility Act or financial memoranda is sanctioned by law.

Such sanctions may demand the issuing of audit query and or dismissal of the affected employee. Abdullahi (2005) noted that cases of inflation of contract sum, unauthorised variation of contract, inflation of prices of items procured, payment for job not executed and issuing of false certificate of job completion by an accounting officer attracts sanction on the affected officer after on the advice of the governor, the pubic account committee and the councillors. Same is applicable to payment for poor quality of job done. In reality, these regulations are blatantly abused by scheduled officers at the local government and state levels. In addition, storekeepers and cashiers who suffer indefensible cash losses are sanctioned. Sanctions are also placed on cases of non-payment of fee for use of local government property, premature scraping of fixed assets and selling of same at ridiculously low prices as well as poor cash management. The penalties range from recovery of the amount, demotion in rank to surcharge.

Due process mechanism also applies in the procurement process at the local government level. The non-recovery of advance payment for contract not executed, splitting of contract to side track tender procedure, award of contract against tender procedure, non-posting of ledger and cash in transit for too long (3 months) are criminal offences that attract severe sanction. Nonetheless, failure to prepare bank reconciliation statement, non-rendering of statement in support of authority to incur supplementary expenditure and failure to retire unspent funds are all punishable by law after giving the affected officer fair-hearing. There are indications that cases of non-rendering of monthly returns and failure of a departmental head, treasurer or internal auditor to raise alarm or promptly report offences may arise and is punishable by law.

This shows that the management of local government finance is subjected to mechanisms of financial control with a view to curbing corruption. Unfortunately, these control mechanisms has failed to promote fiscal discipline. There is general apathy in the fight against corruption in Nigeria. Syndicated staff is used by superior officers to perpetuate corruption. The degree of corruption at the local government level is a reflection of the values upheld by members of the larger society. The enabling law to fight corruption is in place but the right attitude and political will to enforce the laws is lacking.

Concluding remarks

The local government plays pivotal roles in grassroots development. It is necessary to enhance the fiscal capacity of the local government to stimulate grass root development. More revenue yielding heads should be allocated to local government councils due to increasing irrelevance of television, radio, and bicycles licenses as a source of revenue. A review of the percentage allocation from the federal and state government and the land tenure system in favour of the local government for tenement rate assessment is advocated.

The existence of metropolitan local government councils in Nigeria is not justifiable given the high level of rural underdevelopment. More rural based local government councils should be created and metropolitan area councils abolished to stem the tides of rural underdevelopment and rural-urban migration.

The State Joint Local Government Account (SJLGA) has placed the local government councils in a political bondage. Fiscal autonomy is the fountain of political autonomy. The paper advocates the abolition of the State Joint Local Government Account in order put an end to the political slavery associated with it. The regular auditing of local government account as well as the strict enforcement of the rules and regulations governing fiscal policy at the local government by independent auditors is recommended to promote fiscal discipline.

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