

BUDGET AND BUDGETARY CONTROL FOR EFFECTIVE CONTAINMENT OF CORRUPTION IN THE LOCAL GOVERNMENT IN NIGERIA.

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Abstract

The main thrust of this paper is an appraisal of the role of budget and budgetary control for the effective containment of corruption in the Local Government in Nigeria, with Dekina Local Government as the case study. The importance of budget and budgetary control as a tool for efficient and effective management of public organizations cannot be overemphasized. However, due to persistent cases of fiscal indiscipline, corruption and deviation from goals and priorities, budget in the local government is now seen as a mere routine exercise. One of the major problems affecting the local government is the pervasiveness of fraudulent practices of the officials, which makes budgetary control ineffective. With all these problems, the ability of the government to achieve its developmental objectives becomes difficult if not impossible. In addition, year after year, budget is being proposed and money appropriated yet, there is no meaning projects executed. In this work, we adopted a descriptive survey research design which involved the use of questionnaire. The research instrument used was a structured questionnaire. 150 questionnaires were randomly distributed to the staff of the various departments in the Local government out of which 120 were completed and returned. The questionnaire was subjected to expertise opinion and scrutiny from both the academic and selected professionals. The study used the stratified random sampling technique. For the purpose of this research work, the statistical tools employed for analyzing data is chi-square (X^2) method of analysis. From findings, some problems militating against an effective control of budgeting were identified. These include persistent cases of fiscal indiscipline and misplacement of priorities an indication, which shows that budgeting, is a mere routine exercise in the third world countries. The effect of over growing government expenditures as a result of unbudgeted expenditure is responsible for the high level of corruption. The paper recommended among other things, that qualified personnel be employed, while Control measures are employed for proper monitoring to avoid a deviation from budget priorities during implementations. Subsequently, the need for timely preparation and early approval of budget is also recommended. This will enable the local government meets its goals and objectives before the end of the financial year. Finally, the Internal and External Audit should exercises their independent power to effectively perform their duties as a means of controlling and correcting anomalies that may arise from mismanagement of public funds.

Keywords: *Budget, Corruption, Local Government, Control Mechanism.*

Background to the Study

Some form of Local Government exists in every country of the world. Although, there may be differences in the essential features of local government constitutional status, historical structure, level of autonomy, et cetera. Local Government is generally seen as veritable agent of development and grass root participation in the democratic process. Since there exist various forms of local government the world over, in Nigeria for instance, Local Government is a product of decentralization, (Ezeani, 2004:1). The principal objective of having local government, therefore, is to provide a means of running services of all kinds, which are directed, to the needs of the particular community. These forms of service became imperative because a local authority has the knowledge and time to concern itself with details of this nature. Realizing further that in a

developing country like Nigeria, the vast majority of the population lives in the rural areas where communication problems make it difficult, if not impossible, for the central government to reach many people. The significance of local government cannot be overemphasized, (Orewa, et al (1983:96). In addition, the aim of the Local government is to co-ordinate and stimulate development at the local level by involving in the planning process not only government officials but also the people through their representatives. Of late, the role of local government in providing service has attracted public concern. Furthermore, it has generated national crises because of increasing rate of poverty among the rural people. Some school of thought view this development to poor budget and budgetary control while others associate it to the federal and state government's interference, (Ugoh & Ekpere, 2009:1). 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 procedure in the local government in Nigeria. This development give room to those responsible for budget and budgetary control to undermined the practices and procedures of budget implementation at the local government level in Nigeria. This practice therefore, creates avenues for all forms of corrupt practices leading to high level of under development and most of the necessities for lives are virtually lacking in the Local government areas in Nigeria. The paper therefore, attempt to address most of the problems identified, and to find out the efforts the local government officials are making to address these enormous problem through effective and efficient management of budget and budgetary control mechanism.

Theoretical Framework and Literature Review

The earliest inspiration in the study of the democratic theory of the state came mostly from the political doctrines of scholars like Jeremy Bentham, John Stuart Mills, Alexis Tocqueville and Montesquieu. The common theme among these scholars was "democracy and survival of democratic institutions." For example, whereas the doctrines of Bentham and De Tocqueville examined in different ways the relationship between the state and society, Montesquieu directed his attention to the three aspects of the state apparatus performing the legislative, executive and judicial functions. This is to be seen in his theory of separation of power. These then were how the foundations of democratic studies were laid and political philosopher set the tone, (Okoli, 1998).

The central theme in democratic theory of the state according to Mass (1959) and Hills (1974) is first, an "ideal" Local Government is a complete form of decentralization of powers to the local government level to achieve political and developmental objectives. Laski (1943) in his contribution to the justification for the existence of Local Government said: Local government is still the only form of decentralization despite local of local government in its pure form. Based on this, the following theoretical framework emerged to justify the existence of local government which scholars like Lask described as aims of decentralization.

Democratic-Participation Theory: These scholars of this theory are saying that the aim of decentralizing power to the local level is to give the people at the local level the right to determine their own affairs in terms of governance. In addition, it allow the local populace to democratically participate in the running of their local needs and condition since it is the only means through which they can express their feelings (Laski, 1943)

The Efficiency-Service Theory Explained that the existence of local government is not necessarily, because it allows the local populace to democratically participate in the realization of their needs and condition per se, but that local government exists in order to provide efficient services to the local people in accordance to the local condition of the people. Local government exists because it makes available appropriate services actually responsive to the wishes and need of the local population in the right quality, quantity and at the right time (Laski, 1943)

Development Theory - This school of thought are of the view that the reason for decentralizing power to local government or for the existence of local government is that it is an agent of social development. This theory explains that local government exists because it is an instrument of the central government to transform and improve the living standard of the rural people (Laski, 1943)

Manpower Resource Mobilization Theory The argument of this school of thought is that local government exists because it has the manpower and resources to back the central government in policy formulation and implementation. Apart from the above, local government serves as “micro” power development and utilization. For instance, local government promotes the acquisition of political skill (political training ground) which lead to the emergence of effective national leaders (Laski, 1943)

The scholarly work of Hill and Maas was re-enforced and upheld by Alex de Tocqueville and Hugh Whalen in the form of three major values of local self government as shown in the table below.

The Three Major Values of Local Self-Government

| Participation etc (Democratic life | Effective Services | Liberty (Autonomy) |
|--|---|---|
| Training in corporate responsibility and democratic leadership at local and higher Llevels of government | Decongest general government Business | check on arbitrary demands of central government |
| Enhances popular involvement and necessary popular support for leadership | Detailed knowledge required for certain services | Ensures that the egalitarian demands ff democracy does not destr0Y individual and community differences |
| Opens formal means of] communication between ruler and ruled | Proximity to decision making bodies improves service, responsiveness, and efficiency. | Financial autonomy correlates positively with political autonomy thereby increasing individual liberty. |

Source: Alexis de Tocqueville, Democracy in America (1835) and Hugh Whalen (1969) “Ideology, Democracy and the foundation of Local-Self Government.

The National Guidelines for Local Government Reform (1976:1), unequivocally defines local government as:

Government at the local level exercised through representative councils established by law to exercise specific powers within defined areas.

These power should give the council some substantial control over local affairs as well as the staff and institution and financial power to initiate and direct the provision of services and determine and implement projects so as to complement the activities of the state and federal government in their areas, and to ensure, through Devolution of functions to these councils and through active participation of the people and their traditional institutions, that local initiative and response to local needs are maximized.

From the national guidelines on local government Reforms (1976:1), the basic principles are derived from concept of Local Government. First, local government is designed based on democratic principle and second, it emphasizes on the principle of participatory democracy and development. This agrees with the theories of Tocqueville and Montesquieu, which emphasized on “democracy and survival of democratic institution, and the relationship between the state and society. Montesquieu is of the opinion that for an effective democratic system, there should separation of powers between the legislative, executive and judiciary in their respective functions. Local government does not imply a sovereign polity or, in the words of Oladosu (1981:13), “local self-government,” that is, an empire within an empire. As it were, it is to simply consider as the third tier of government in Nigeria. From Oladosu's view, it also means that there are levels of authority above the local government such as state and the federal governments. This implies legal decentralization of power and authority, from the central government for the purpose of administrative convenience of the constitutive part of the country. In line with the Local Government Guidelines, local government relates directly to the activities of that level of government at the grassroots.

Concept of Budget

The word budget means moneybag or the public purse which serve as a 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 government need and resources. In a simple meaning, it is the documents, which contained in the bag plans for government finances submitted for the approval of the legislature. Thus, budget is a comprehensive document that outlines what economic and non-economic activities of government want to undertake with special focus on policies, objectives and strategies for accomplishment that are sustained with revenue and expenditure projections. (Ugoh and Ukpere, 2009:1)

The origin of budget can be linked to the emergence of parliamentary control over the crown in Britain. At the earlier stage, 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 expenditure 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 which is adopted the world over, including Nigeria.

In his own definition of Budget, Bhiata (2008:13) defines budget as a financial statement which shows the financial accounts of the previous year, the budget and revised estimates of the current year, and the budget estimates for the forthcoming year.” It has been argued by some scholars that no government can afford to take taxation, borrowings, and expenditure and fiscal decisions at random. The whole approach has to be quite systematic if chaos and wastages are to be avoided.

Discussing on forms of budget, (Ndah, 2009) stated that “budget are branded in different forms depending on the choice of political office holder. He described the line or traditional budgeting which relies heavily on opinion, judgment and historical precedent. It emphasized on inputs and de-emphasized on an outputs. Put in another way, line or traditional budgeting are prepared without emphasizing on goals. This form of budget was practiced mostly during the colonial era in Africa. Another form of budgeting is the Performance Budget (PB). This form of budget is an attempt to correct the anomalies of the line or traditional budget. According to Ndah (2009), the Performance Budget (PB) is goal oriented and focused on the purposes and objectives for which funds are requested, and the quantitative data for measuring the accomplishment of the objectives. Performance Budget is being adopted in most of the third world particularly Nigeria in the recent times. Oshisami and Dean (1985) described another form of budgeting as Planning, Programming and Budgeting System (PPBS). This form of budgeting is the latest budgeting system whose objectives is directed toward the identification of the goals. The Planning, Programming and Budgeting System (PPBS) emphasized on the overall goals, which are classified into constituent sub-goals, and the activities that contribute to the attainment of these goals are entitled into sub-programmes. This type of budgeting is being practiced in the modern world today.

The final one is the Zero Based Budgeting (ZBB). It is a budgeting system, which normally starts from the scratch during the budget year. Its feature is instrumentalism, and it focuses on changes in costs between the current and next year budget. The Zero Base (ZBB) form of budgeting is a common practice among the Local Government System in Nigeria. It is used as means of correcting some anomalies particularly in non-profit organizations like government (Oshisami and Dean, 1985). Budget is seen as a mechanism, which is used to attain developmental objectives. Secondly, budget enables the government to have purposeful programme of action, which it intends to accomplish within a given period, (normally one year). Budget therefore, is a financial statement specifying what government want to do, where, how, and when to do it directed towards achieving identified goals. These goals cannot be achieved unless a control measure is ensured so that money appropriated for specific projects is used judiciously in the interest of the public. Hence, effective control leads to the containment of corruption. In our next topic, we shall discuss briefly the meaning of corruption.

Concept of Corruption

The concept of corruption varies depending on the perspective from which it is studied (Caiden, 2001). For that reason, and in an effort to simplify the case, the World Bank defines public corruption (i.e. corruption in the public sector) as the exercise of public power for private gain (World Bank, 2006). Certainly, this definition involves all activities in which public officials use their power not for public

Benefit but for their own gain. In defining corruption thus, it is pertinent to state that the concept of corruption as earlier mentioned depends on the typology where it takes place. While we agreed that corruption is the misuse of public power for private gains, even when it is clear that there is a distinction between public and private role. Yet such distinction between public and private role does not necessarily matter when decisions are taken by those saddled with the control of public expenditures due to their individual interest or gain. Although, the focus of this unit is on public corruption, which manifests in various forms, which includes: nepotism, conflict of interest, embezzlement, and bribery, theft of state asset and abuse of office. Many of these kinds of corrupt practices have been prohibited and criminalized in Nigeria (Caiden, 2001).

From the various definitions given above, it is pertinent to opine that corruption, as a concept is an illegal act. Corruption is an enemy to development usually practiced by officials. It is a hindrance to development, which is a general phenomenon in most of our public organizations. This behaviour may be found either in a private or public sector organizations. However, as observed by some scholars, corruption in its context may take a different forms and interpretations, depending on its nature and where it takes place. In other word, corruption is an act of public official using powers to acquire ill-gotten wealth for their own gains. In Nigeria, for example corruption is seen as an abomination and crime. In fact, corruption has crippled socio-economic development in Nigerian Local Governments. Because of its consequences on the economy of a nation, it has been prohibited and criminalized in Nigeria. In Nigeria, government has established some agencies such as Independent Corrupt Practices Commission (ICPC), Economic and Financial Crime Commission (EFCC) etc. These agencies are responsible to investigate and prosecute any offender who is involved in a case of financial misappropriation. The Nigerian Local Governments are not left out of this scheme of thing. Although, many Local Government officials are guilty of this misdemeanors and have even gone unpunished in the face of these agencies, this is due to political interference and godfathers that pervade in our political system in Nigeria today.

Sources of Local Government Revenue

There are too traditional sources of Local Government Revenue in every country of the world: external and internal. The external sources include statutory allocation, grant in-aid by the government and loans. The Internal source comprises taxes, rates, licenses, fees and fines; earnings from commercial undertaking; interest on investment, et cetera. Nigeria is among the very few countries in the world where local governments are legally and constitutionally allocated a share of the total nationally derived revenue. The constitutional recognition of local governments as the third tier of government, occasioned by the 1976 nation-wide local government reforms, brought the country's local government into the mainstream of inter-governmental fiscals relations in the federation (See Local Government Yearbook, 1998:11). Therefore, starting with the implementation of the Report of the Aboyade Committee on Revenue Allocation during the 1977/78 financial year, local governments have been allocated a specific share of the Federation Account, like the other two levels of government viz: the state and the federal.

The statutory allocation to local governments was 10 per cent initially (1977/78), but this was raised to 15 per cent in 1990, and 20 per cent since 1992 to date (Ezeani, 2004:101). In addition, apart from the statutory allocation, local governments are also to be allocated 10 per cent of their respective states' internally generated revenues. This provision initially specified 10 per cent of total revenue, but was later restricted to internally generated revenue. State allocation to local government was initially to be paid into a state local government account; however, because most state governors started mismanaging local government funds, direct disbursement of local governments share of the Federation Account was initiated during the regime of General Sani Abacha (Ezeani, 2004:101).

The Structure and Organization Of Local Government Budget: The Nigerian Experience

Fundamentally, budgeting procedure is a different matter entirely at the local government level in Nigeria (Abdullahi, 2008). This is in view of the fact that the local government councils are more or less like appendage to their respective state governments. Furthermore, the local councils are guided in the preparation of the budget by the financial memoranda following these steps:

1. Every department of the local government should in each year prepare defended estimate of its revenue and expenditure for ensuring financial year on behalf of the executive committee.
2. Submit the estimate to the executive committee, which shall consider it in order that, is not inconsistent with the general budgeting measures adopted by the local government and the state for the succeeding financial year.
3. The executive committee shall submit the estimate to the local government council, which shall consider and approve.

On the other hand, the procedure for the preparation of the annual local government budget estimate in Nigeria is exposed in chapter 3 of the financial memoranda. Especially, 3.2 provide that the local government executive committee is to issue a circular calling for the preparation by local government departments estimates for the coming financial year. The financial memoranda also states that the call circular for the preparation of budgetary estimates be issued out by the June 1st of every year, so as to reach each local government department in good time for the commencement of the budgetary process. The treasurer, as provided by section 3.4 of the financial memoranda, upon the receipt of the circular supported by full explanation notes and shall be forwarded to the treasurer by July 10th. The treasurer will then consolidate everything and submit to the executive committee through the secretary. The treasurer shall also prepare a report on general financial applications of the estimates proposals and the effect they have on the financial position of the local government to accompany the estimate proposals.

The estimate is usually based on a standard pattern of classification of revenue and expenditure. Local government estimates are usually prepared on a Programme Budgeting basis under which homogeneous activities are grouped together into programme. The revenue of local governments are of two parts: recurrent expenditure and capital expenditure. The recurrent expenditure includes the expenditure needed to maintain the services at their existing level. However, allowances must be made for (a) foreseeable salary increments; (b) the full annual recurrent cost of improvement or extensions to services which were operative for a part of the previous year; (c) the additional recurrent expenses generated by new developments; and (d) loan charges on monies borrowed to pay for capital projects; et cetera (Model Financial Memoranda, 1991, Section 2:10).

The capital expenditure comprises of only the expenditure on projects in the plan, which can reasonably be expected to be started in the year of the estimates, or uncompleted projects of the previous years.

Below are the Statement of Financial Estimates of Revenue and Expenditure for 2013 Fiscal Year of Dekina Local Government, Kogi State as a study area.

Table 1: Kogi State of Nigeria Dekina Local Government Area's Estimates Recurrent and Capital Expenditure Summary of Estimate of Recurrent Revenue 2013

| Head | Details | Estimate2013 | Approved2012 | Revised 2012 | Actual 2011 |
|------|--|---------------|---------------|---------------|---------------|
| 1001 | Taxes | 1,000,000 | 95,000 | 98,000 | 95,000 |
| 1002 | RatesLocal | 1,100,000 | 1,330,000 | 1,330,000 | 1,330,000 |
| 1003 | Licenses,Fees, and fines , | 4,150,000 | 9,728,740 | 6,780,300 | 6,540,300 |
| 1004 | Earnings from CommercialUndertakings | 1,068,500 | 4,700,000 | 5,240,000 | 4,520,000 |
| 100 | Rents on LocalGovernment PropertyInterest, | 1,481,500 | 78,000 | 80,000 | 78,000 |
| 5 | Payment,and DividendsGrants | 10t | 10t | 10t | 10t |
| 100 | Miscellaneous | 10t | 10t | 10t | 10t |
| 6 | | 1,200,000 | 1,100,000 | 1,200,000 | 1,100,000 |
| 100 | | | | | |
| 7 | | | | | |
| 100 | | | | | |
| 8 | | | | | |
| | Total Internal Revenue | 10,000,000 | 17,029,000 | 14,733,300 | 13,663,400 |
| 009 | StatutoryAllocations | 2,220,979,090 | 2,753,651,250 | 1,869,463,060 | 1,748,989,250 |
| | Grand Total | 2,120,979,090 | 2,770,880,990 | 1,884,196,360 | 1,762,652,650 |

Source: Budget, Planning, Research and Statistics, Dekina L.G.C. Office.

Table 2: Kogi State of Nigeria. Dekina Local Government Council, 2013 Approved Recurrent Revenue. (Earnings from Commercial Undertakings)

| Sub-head | Details of revenue | Estimates 2013 | Approved 2012 | Revised 2012 | Actual 2011 |
|----------|--|----------------|---------------|--------------|-------------|
| 1. | Marketing earning | 200,000,000 | 1,750,000 | 1,750,000 | 1,700,000 |
| 2. | Motor Park | 140,000,000 | 280,000 | 280,000 | 170,000 |
| 3. | Shop and shopping centre | 200,000,000 | 920,000 | 980,000 | 900,000 |
| 4. | Cattle market | - | - | - | - |
| 5. | Earning from integrity communication | - | - | - | - |
| 6. | Proceeds from sales of consumer goods(Agric) | 228,600,000 | 280,000 | 290,000 | 280,000 |
| 7. | Earning from other comm.undertakings | 200,000,000 | 1,100,000 | 1,200,000 | 1,000,000 |
| 8. | Training from industrial undertaking | - | - | - | - |
| 9. | Transport service earning | 99,900 | 3,700,000 | 4,000,000 | 4,520,000 |
| | TOTAL | 1,068,500 | 4,700,000 | 4,900,000 | 4,520,000 |

Source: Office of the Budget, Planning, Research and Statistics, Dekina L.G.C.

Head-1005-Rent on Local Government Properties

| Sub-head | Details of revenue | Estimates 2013 | Approved 2012 | Revised 2012 | Actual 2011 |
|----------|--|------------------|---------------|---------------|---------------|
| 1. | Rent of local government quarters | 900,000 | 78,000 | 79,000 | 78,000 |
| 2. | Rent on local government building | - | - | - | - |
| 3. | Rent on local government landed property | 581,500 | - | - | - |
| | Total | 1,481,500 | 78,000 | 79,000 | 78,000 |

Head: 1006- Interest Payments and Dividends

| Sub-head | Details of revenue | Estimates 2013 | Approved 2012 | Revised 2012 | Actual 2011 |
|----------|--|----------------|---------------|--------------|-------------|
| 1 | Interest on vehicles/bicycle Loans | - | - | - | - |
| 2 | Interest on loan from other govt para status | - | - | - | - |
| 3 | Interest on staff housing and other interest | - | - | - | - |
| | Total | - | - | - | - |

Head: 1007- Grants

| Sub-head | Details of revenue | Estimates 2013 | Approved 2012 | Revised 2012 | Actual 2011 |
|----------|--------------------------------------|----------------|---------------|--------------|-------------|
| 1 | Grants from federal Government | - | - | - | - |
| 2 | Grant from State Government | - | - | - | - |
| 3 | Other Grants: pension, reimbursement | - | - | - | - |
| | Total | - | - | - | - |

Head: 1008- Miscellaneous

| Sub-head | Details of revenue | Estimates 2013 | Approved 2012 | Revised 2012 | Actual 2011 |
|----------|------------------------------------|------------------|------------------|------------------|------------------|
| 1 | Mortuary fees and General Earnings | - | - | - | - |
| 2 | Recovery of loses and payments | 1,200,000 | 1,100,000 | 1,100,000 | 1,100,000 |
| 3 | Payment in lieu of deposit | - | - | - | - |
| 4 | Unclaimed deposits | - | - | - | - |
| | Total | 1,200,000 | 1,100,000 | 1,100,000 | 1,100,000 |

HEAD: 1009-STATUTORY ALLOCATIONS

| Sub-head | Details of revenue | Estimates 2013 | Approved 2012 | Revised 2012 | Actual 2011 |
|----------|----------------------------------|----------------------|----------------------|----------------------|----------------------|
| 1 | Allocation from Federation | 7,702,229,770 | 2,343,430,850 | 1,502,403,510 | 1,401,204,650 |
| 2 | Allocation from State Government | 9,245,690 | 9,245,690 | 9,245,690 | 9,245,690 |
| 3. | Value Added Tax (VAT) | 399,453,630 | 401,174,710 | 357,608,950 | 338,538,910 |
| 4 | Stabilization | - | - | - | - |
| | Total | 2,110,979,090 | 2,753,851,250 | 1,869,463,060 | 1,748,989,250 |

Source: Office of the Budgets, Planning, Research and Statistic, Dekina L.G. Council.

Table 3: Kogi State Nigeria, Dekina Local Government Area, Summary of 2013 of Over Head Cost.

| Sub-head | Details of revenue | Estimates 2013 | Approved 2012 | Revised 2012 | Actual 2011 |
|----------|---|----------------|---------------|--------------|-------------|
| 2001 | Chairman's Office | 24,205,200 | 33,506,400 | 50,110,500 | 43,406,400 |
| 2002 | Secretary to the Local Govt. | 3,200,000 | 6,100,000 | 4,300,000 | 8,700,000 |
| 2003 | The Council | 32,500,000 | 50,100,000 | 44,600,000 | 53,100,000 |
| 2004 | General Services & Admin. | 42,110,000 | 45,900,000 | 83,250,000 | 75,900,000 |
| 2005 | Finance | 42,800,000 | 42,500,000 | 74,070,000 | 73,400,000 |
| 2006 | Education | 5,100,000 | 15,300,000 | 44,930,000 | 40,100,000 |
| 2007 | Medical and Health Services | 7,500,000 | 17,200,000 | 40,410,000 | 38,600,000 |
| 2008 | Agriculture and Natural Res. | 4,320,100 | 5,900,000 | 27,900,000 | 12,300,000 |
| 2009 | Works, Housing, Land & Survey | 4,676,340 | 10,200,000 | 20,300,000 | 15,900,000 |
| 2010 | Budgets, Planning, Research And Statistics. | 5,670,000 | 5,000,000 | 3,100,000 | 2,000,000 |
| 2011 | Traditional Council | 2,000,000 | 3,000,000 | 3,000,000 | 2,000,000 |
| 2011 | Miscellaneous | 651,215,980 | 735,226,780 | 600,251,000 | 546,989,070 |
| 2013 | Loan Fund | -- | -- | -- | -- |
| 2013 | Transfer to reserve fund | 100,000,000 | 627,004,750 | -- | 150,652,740 |

Source: Office of the Budgets, Planning, Research and Statistics, Dekina L.G.Council.

Kogi State Nigeria, Dekina Local Government Area, Budget at a Glance 2013.

| Disursable Budget 2013 | Estimate of Recurrent Revenue 2013 | Estimate of Recurrent Expenditure 2013 | Annual Recurrent Surplus 2013 | Capital Receipts 2013 | Estimate Of Capital Expenditure 2013 | Budget Surplus/ Deficit 2013 |
|------------------------|------------------------------------|--|-------------------------------|-----------------------|--------------------------------------|------------------------------|
| 2,120,979,090 | 2,120,979,090 | 2,120,979,090 | 100,000,000 | 487,577,380 | 487,577,380 | |

Source; Office of the Budget, Planning, Research and Statistics, Dekina L.G.C.

From table 1- 3 and the summary of the 2013 financial Estimates of Revenue and Expenditure of Dekina Local Government Area, Kogi State, shown above, it clear that budgeting is an annual activities of the Local Government system in Nigeria. Despite that, the figures shown for the recurrent and capital revenue and expenditure would convince any reader that budget is a mere exercise in the local government system. This is true because virtually most of the annual budgets of the local government does not perform according to it specifications. A close observation of the three year budgets appropriation of the local government shows that in the year 2012, the sum of N1, 154,058,120 billion was approved for capital expenditure. Out of this sum the total sun N205, 996,290 was expended on projects, but suffice it to say that there is no meaningful development in the local government during this fiscal year period. In the same way, the sum of N2,770,880,990 was approved for the fiscal year 2012, of this amount, a total sum of N1,623,233,238,750 was spent on recurrent expenditures. Regrettably, workers are being own salary arrears and in some case half salaries is paid for lack of sufficient funds. For the 2013 budget estimate, the total sum of N2, 120,979,090 was for recurrent expenditure, while the total sum of N487, 577,30 was for the capital expenditure. What it means here is that both the estimates for recurrent and capital expenditures are based on what the local governments intends to spend for the fiscal year. But the surprising thing is that when this amount is finally appropriated by the council, it becomes difficult for the local government to meet its desired objectives due to due some spending outside the approved budget estimate.

It is pertinent to mention that the local government is consistently embarking on revenue derive, and the statutory allocations are received as at when due, yet there are outcry of lack of funds, despite the budgets which does not show any element of deficit. For period under review, there was no external loan as shown on

sub-head 3002 of the estimate. This is an indication that the budgets were balanced budget. Another reason why local government budget is seen as a mere exercises is in the area of unprofessional and unqualified staff in both office of the budget and planning as well as other departments of the local governments that are involved in budget preparation and control. Majority of the council members lack the knowledge of budget contents talk less on how to go about assessing and effective appropriation of the proposed budget. Hence, approvals are given on mere window dressing and party patronages. This inconsistencies and adherence to the procedural processes of budgeting and budgetary control mechanism give room for spending money on unbudgeted expenditure. From the records above, what used to sustain the local government finance are the statutory allocations from the federation accounts. Otherwise, left for the Internal Revenue Generation, it would be difficult if not impossible for the local governments to meet some of its objectives. It is also noted that the excessive interference of the state in the affairs of the local government, especially in the area of finance constitute another problems which at times incapacitate local government to meet the needs of the people. There are cases of over deductions from the statutory allocations through the Joint Local Government Accounts, as specified in Head 2011 under miscellaneous. This situation also affect the performance of the Local Government hence the need for full autonomy so as to enable the local government have full control of their resources. Thus, the electorate would be able to monitor the role of the executive in the management of the local government affairs.

Control Mechanism of Local Government Budget

A budget as a policy statement and a financial plan has an in-built mechanism that serves as a control device to circumscribe the operation officers who are the administrators in charge of the various department of the local government. Since budget is usually taken as a policy document, that facts remains that policy is a definite course of action selected from among alternatives to guide and determine present and future decisions. The budget serves as control mechanism because the financial plan clearly indicates the necessary direction to which all the government operations are tailored.

The principle of budgetary control involves the process of comparing actual results on the ground with the planned results of the budget and reporting on the variations. Budget itself is a quantitative expression of plan of action and it aids co-ordination and implementation. From the perspective of internal control, within which budgetary control is being hereby discussed, budgetary control serves the function of evaluating performance, co-coordinating activities, implementing the plan, communicating, monitoring and authorizing action. Therefore, with the control system of budgets as discussed above, the budgeting system of the local government will help the Chief Executive and Accounting Officer of the local government in controlling the derived revenues and estimated expenditures of the council, (Ozor, 2000:138).

External Control

Also, a number of external control measures have been evolved into the local government system in Nigeria in order to make it efficient and effective. Such measures include the supervisory and advisory roles of such institutions as the State Local Government Service Commission, the state Auditor-General of Local Government, the Inspectorate Unit of the Bureau of Local Government Affairs in the Deputy Governor's office etc. Other include statutory provisions in the constitution, various state's local government laws, rules, regulations, policy statements, etc contained in various official circulars and government gazette. All these are designed to make the local government, and therefore the Chief Executive and Accounting Officer

comply statutorily with the public accountability demands of his office, (Ozor, 2000:139). While accepting these measures, despite the existence of the outlined control put in place by law, local governments have not performed effectively, since there are cases of misappropriation of public funds by both the professionals and politicians thus makes most of the essential things needed in the local government to be absent. The electorate should be given the opportunity to monitor their officials at the local government level, and this can only be achieved through full autonomy granted to the local governments in Nigeria.

Problems Of Budget Control In Nigerian Local Government System

Budgeting in the local government system, especially, in developing countries such as Nigeria faces some problems. The first is dearth of qualified staff to carry out efficient work. As a result, people who do not possess the requisite experience and knowledge to face the challenges of the work do budgeting in most local governments. Second, there is no proper monitoring procedure to budget implementation leading to non-adherence to budget approved for a specific project. Third, there are cases of late preparation and approval of budget, which hinders budget control in the Nigeria Local Government. Fourth, state government interference to budget in terms of control also affects the local government system in budget implementation. Sometimes, however, the state government apparatus over-interferes on the pretext of checking irregularities that may arise from the management of the finances of the local government. Fifth, another serious problem is the fraudulent intents and acts of most officials of the local governments. Sixth, there is also the problem of the spending behaviours of the local government officials. For instance, the types and sizes of contracts awarded in most cases conflict with the federal government rules and regulations on the type of the contract they can award in order to obviate a situation of awarding contracts beyond their financial capabilities.

Finally, the Internal Auditors lack independence required for effective performance of their duties. In most cases, Audit Alarm is not usually adhered to in most local governments for fear of victimization, and worst of all is that the implementation of audit reports are not usually given the sense of pungency that they require. Hence, the officials of the Local Government misappropriate funds meant for public goods.

Conclusion

Given the circumstances mentioned above, since budget is an indispensable tool in the efficient and effective management of public organizations. Therefore, control measures put in place in line with the Model Financial Memoranda are to make budget control in the local government more effective in Nigeria. This becomes imperative because budget and budgetary control has contributed to the overall performance of the public organizations. In order to avoid corruptions and misappropriation of public funds, there should be proper monitoring and implementation of budget, in addition, there should be proper adherence to budget proposal and timely preparation and approval of budget will bring about an accelerated development in the local government in Nigeria. Given this as it may, the need for the local government to intensify more on revenue generation to supplement the statutory allocations becomes imperative. In addition, the local government should be given free hand to fully control their resources, especially in the areas of finance rather than remaining as an appendage under the state government.

Subsequently, professionals i.e. qualified personnel should always be employed to manage the area of finance in the local government council, rather than using what you have as it is the case with some the local government administration. There should be check and balances between the executive and the legislature to ensure that money appropriated for specific projects is directed towards the same project, to avoid deviation of money for project not budgeted for.

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ANALYSIS OF DETERMINANTS OF SMEs' GROWTH: A CASE OF PRINTING ENTERPRISES IN KADUNA METROPOLIS.

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Abstract

The study, 'analysis of determinants of SMEs' growth: A case of printing enterprises in Kaduna Metropolis was carried to assess the factors for SMEs' growth which include; collective efficiency (clustering), space, place (location), physical infrastructure and access to credit. A total of 35 owners/managers of printing enterprises were randomly selected (out of 218 printing enterprises) from five clusters (old districts) in Kaduna metropolitan area of Nigeria. Data was collected using the structured questionnaire, observation schedule and explicit records. The data were analyzed using the descriptive statistics (frequency distribution, mean and grand mean scores); and presented in tables and text. The study revealed that collective efficiency and place were effective with grand mean scores of 2.65 and 3.66 respectively; while physical infrastructure and access to credits were revealed to be defective with grand mean scores of 1.93 and 2.23 respectively. The analysis of space occupied by the enterprises revealed a grand total deficiency of 5880m². The paper recommended that there should be the provision of adequate and functional infrastructural facilities, government should strengthen its policies to facilitate access to bank credits by SMEs operators, SMEDAN should create awareness to the operators of SMEs in the country to form Cooperatives, the clustering of SMEs should be encouraged, ensuring that affordable and the right space be made assessable to SMEs and integration of SMEs in formal planning practices.

Key words: *Collective efficiency (clustering), space, place (location), infrastructure and credit*

Background to the study

The importance of Small and Medium Enterprises (SMEs) to any nation cannot be over emphasized. This is because they contribute to a large extent to the various economies. According to Ngugi (2010) the contribution of SMEs range from employment creation, to large proportion of the Gross Domestic Product (GDP) thereby leading to poverty reduction etc. Historically, the genesis of the printing profession in Nigeria can be traced to the 19th Century when the Christian Missionaries led by Mr. Hope Waddel and Mr. Samuel Eagerly at Calabar, South East of Nigeria established the Hope Waddel Press in 1846 for mass reproduction of religious tracts, booklets etc. This spread to the Western part of the country with the establishment in 1854 by Rev. Henry Townsend Press in Abeokuta. Consequently, the printing profession in Nigeria continued to grow due to its viability, which accounted for well over 30 prints houses in 1930. And by 1933, the Federal Government came in by establishing her own printing press.

Having noticed the viability of the printing business in Nigeria, foreigners (largely made up of manufacturers of printing of equipment and consumables) started coming into the printing business. They explored the great potentials available in the country by appointing local representatives to sell, install and maintain printing machines. The first of such companies; RT Briscoe was established in 1957 primarily to sell Heidelberg's range of printing equipment manufacturer's representatives like Spicers Nig. Ltd., Monotype, WTN, Vitra, Civiletis, Heptagon, IPP (Ferrostaal) etc. followed suit in later years.

With more distributors on board, the Nigeria Print and Graphics Industry witnessed an unprecedented growth, which was also propelled by the oil boom of the seventies and the early eighties, and then press houses started springing up in every nooks and crannies of Nigeria. But before that time, print shops like Tika Tore Press, Handy press both in Lagos State and Ilesanmi and Omolayo Presses in Osun State were noticed in the late sixties.

It should be noted that the printing operations that time were manually done. Initially, printers used to set types and put it on machines for printing; it eventually advanced to printing equipment like an Arab, Golden Jobber, Jadimberg and Heidelberg's Platen (letterpress). This made the printing profession of the 60s and 70s energy sapping and time consuming. But with the oil boom noted earlier likewise the glaring development in the printing world, large and sophisticated printing presses made inroad into the printing profession as print shops like Academy, Smurfit, Star Paper Mill, NSPMC, Jerome Elaiho, Print Specialty, Heritage, Minaj, Wordsmiths, Royal, Planet, Modern Design, Clear Impression, Tulip Regent etc were established in subsequent years.

The development was backed by the Federal Government with the establishment of training institutions to adequately provide manpower to support the industry. Institutions such as Yaba College of Technology, IMT Enugu, Kaduna Polytechnic etc were set up to produce competent personnel in all areas of printing that is, from prepress, press to post press. Again, printing association such as Association of Nigeria Printers (APN), Association of Professional Printers of Nigeria (ASSPPON) and Institute of Printing Nigeria (IOPN) were inaugurated by printers who felt the need to properly reposition the Print and Graphics Industry in Nigeria, likewise contributing to the development of their members' welfare and business concerns. It is on the realization of the importance of SMEs to economic development that the Federal Government of Nigeria established Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) by an Act of the National Assembly to coordinate, promote and facilitate the development of the, Small and Medium Enterprises in the Country. This paper therefore analyzed collective efficiency, space, place, physical infrastructure and access to credit as determinants of SMEs growth with emphasis on printing enterprises in Kaduna Metropolis.

Statement of Problem

Studies have revealed that in Nigeria, there has been gross under performance of the SMEs sub-sector and this has undermined its contribution to economic growth and development. (FSS 2020 SME Sector Report, 2007 cited in Federal Republic of Nigeria, 2011). This assertion is supported by Onugu (2005), who opined that Small and Medium Enterprises (SMEs) in Nigeria have not performed creditably well and hence have not played the expected vital and vibrant role in the economic growth and development of Nigeria.

The main factors affecting the growth of SMEs in Nigeria according to FSS 2020 SME Sector Report (2007) cited in Federal Republic of Nigeria (2011) can be grouped into four namely: unfriendly business environment, poor funding, low managerial skills and lack of access to modern technology. Similarly the study by Umebali (2010) on the problems and prospects of Small and Medium Enterprises in Enugu East Senatorial Zone considered the main problems facing the SMEs are inadequate capital, lack of managerial skills, lack of business ideas, high cost of operational facilities, and poor environmental and sanitation.