

An Appraisal of Public Expenditure Management at Local Government Level in Katsina State, Nigeria

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Abstract

This study assessed the level of public expenditure management at the Local Government Level in Katsina State, Nigeria. The population of the study was made up of all the 34 Local Governments in Katsina State. A Stratified Sampling Techniques was used to select six Local Governments from the population. Two Local Governments were selected each from the three senatorial zones of the State. One hundred and twenty (120) copies of questionnaire were distributed to the respondents, twenty (20) copies of questionnaire for each of the sampled Local Government. The secondary data was obtained from the approved budget of the local governments (2009-2014) and the reports from the office of the Auditor General of the local government, Katsina State. Descriptive statistics, Chi-Square (X^2) Test and Paired Samples T-test were used as the techniques for data analysis. It was found out that Local governments in Katsina State do not make effective utilization of financial resources. This means that they provide little service on the key drivers of economic growth neglecting most important sectors like agriculture, which is the mainstay of Katsina State economy. The paper recommended that the Local Governments in Katsina State should give more priority to agricultural sector which is the mainstay of Katsina State economy. This can aid industrialization as well as the growth and development of the state. Also, the Finance and General Purpose Committee (FGPC) of the Local Governments of Katsina State should devise means of controlling expenditures more effectively by enforcing strict adherence to budgets.

Keywords

Public, Expenditure, Management, Local Government, Nigeria

1. Introduction

Local Governments are part of the government of a nation or states, concern mainly with the administration of people of a particular district or place and are governed by Local Authorities that are directly under the states. The Local Governments have been described as government at local level exercised through representatives' council, established by law to exercise specific powers within defined areas (Federal Republic of Nigeria Guidelines, 1976). The powers and functions of Local Government are assigned by law. This makes them the third tier of government in the Federal Republic of Nigeria. Federal Consolidated Revenue Account

is established into which major taxes revenue and other receipts are paid and the revenues are shared among the three tiers of government using a statutory allocation formula. There are also independent revenues of states and local government generated internally as part of the primary sources of local government revenue. Despite the revenue from the statutory allocation and the internally generated revenue, expenditures of the local governments in Nigeria do not contribute to economic growth and development of the country (Ma'aruf, 2005). Public expenditure at the Local Government level is the expenses which the Local Government incurs for the maintenance of the government and for initiating and attracting developmental projects to the people such as provision of access roads, water supply, rural

electrification and primary health care among others. Local Government expenditure is classified into capital and recurrent expenditures.

Public expenditure management is an instrument of government policy used in distributing resources productively, effectively and efficiently. However, the expenditure pattern exhibited at any level of government plays a vital role in accelerating the socio-economic performance of the society. This pattern involves the manner of fund allocation between capital and recurrent expenditure of the Local Government. The expenditure pattern of local governments is not assisting the economic growth and development at the grassroots. According to Bashir (2008), there has been almost total neglects of functions at Local Governments because the Local Government have not been pursuing the policy of public expenditure management and this resulted into minimum overall impact of fiscal federalism on economic development at the grassroots.

Most studies on local government's financial management do not consider the concept of public expenditure management. For example, Ma'aruf (2005) in his study on financial management of Local Governments in Kaduna State discovered that there was poor financial management as actual expenditure always exceeded the estimated expenditure with a wide margin. Similarly Bashir (2007) discovered that Government spending at all levels of Government in Nigeria was dominated by recurrent or consumption expenditure to the detriment of capital or investment expenditure. Ma'aruf (2005) study focused on the financial management of local governments, while Bashir (2007) dwelled on growth pattern of local government expenditure. Their studies failed to examine public expenditure management of local governments. In view of the absence of conducted studies on the public expenditure management in Katsina State local Governments, this study therefore, strive to assess the quality of public expenditure management at the Local Government level in Katsina State.

This study is structured in to five sections: section one is the introduction, section two takes up the literature review, section three presents the methodology, section four deals with results and discussions and section five concludes the study.

2. Literature Review

2.1. Development of Public Expenditure Management

Public expenditure management approach was put into practice in the early 1980s by the World Bank and this approach has been improved to a large extent so far (Rajaram & Krishnamurthy, 2001). It has been observed that the expenditure evaluations, provisions, financial management and evaluations which form the significant units of public expenditure management approach have been followed by the developed countries at increasing ratio. However, another face of this development is the struggling by the World Bank

(WB) and International Monetary Fund (IMF) towards this direction in particular has facilitated collection of revenue for them. The economical programs of member states by the World Bank and the IMF for public expenditure management approach have begun as Public Investment Review (PIRs) and investment projects have taken priorities. Public expenditure Reviews (PERs) took the place of Public Investment Review (PIRs) owing to increasingly broadening budgets in 1980s. In West Africa alone, a total of 27 PIR/PERs were undertaken over the first half of the 1980s (Rajaram & Krishnamurthy, 2001). Particularly during this period it was seen that public expenditure review were heavily focused on budget allocation. In order to provide a better balance among various expenditure categories, it has been focused on capital expenditures instead of recurrent expenditures, repairs and maintenance instead of prices, subvention (or monetary aid) instead of investment expenditures (Rajaram & Krishnamurthy, 2001). Nowadays, institutional arrangements such as budget management are less important. The narrowing of budgets by central government is of greater significance. These approaches are suggesting for the lessening of central government expenditure have met a great reaction in many societies. By institutional arrangement approach in 1980s, public management understanding has become more wide spread. The 1983 World Development Report was entitled Management in Development, and this report lead to the establishment of a unit in the Bank focusing on the issues of Public Sector Management (PSM). Public Sector Management has developed basic experiences and literature of public expenditure approach. This experience was summarized in the 1987 World Development Report by the management.

Examining the World Bank's studies, it is possible to see "Medium-term expenditure system" which forms the most important step of public expenditure management and budget rules. It is seen in the World Bank Public Expenditure Management Handbook that substantial amount of the handbook (1998 version) which is one of the basic sources of this study, has been covered by institutional arrangements and medium-term expenditure system. This approach shapes the state budget and stresses the understanding "rules of the game" in practice. Today, these institutional approaches provide the definition of public expenditure management as public expenditure and institutional reviews (PEIRs) approach (Rajaram & Krishnamurthy, 2001). These approaches made on weak institutional arrangements and public management has given an opportunity to recollect the revenues given by the World Bank and International Monetary Fund in particular (World Bank Development Report, 1987). The World Bank has supported many countries both technically and financially in terms of their harmony with medium-term approaches in public expenditures. Today many countries have been able to develop their institutional capacities for conducting budget allocations and budget plans better through public expenditure management (Rajaram & Krishnamurthy, 2001).

In the next years as well, it can be told that public expenditure management is going to maintain its feature of being an important means and basic guide in this sense.

Public expenditure management has been taken into consideration not only by World Bank and IMF but also the Organization for Economic Cooperation and Development (OECD) and European Union (EU) has supported this approach. As a result of both institutions cooperation, better management is achieved in public. Support for improvement in Governance and Eastern European Countries (SIGMA) has been constructed. The Transition Economies Public Expenditure Management Handbook placed by this program in 2001 has provided the development and widening of public expenditure management approach.

From the above, it is therefore deduced that public expenditure management is a new concept /approach put into practice in 1980 and it is developed by World Organizations like World Bank, IMF, EU and Organization for Economic Cooperation and Development.

2.2. Expenditure Control in Local Government

The importance of having a sound, effective and control mechanism of the finances of Local Government cannot be over emphasized, if meaningful progress is to be achieved at the grassroots level. Without effective expenditure control, most of the policies and programmes of Local Governments may not be achieved. But where proper expenditure control measures are installed and followed, value for money may be achieved. Ejisun (1995) posits that if value is to be obtained for money expended, the control mechanisms must be capable of measuring efficiency and effectiveness. This in effect means that money should be judiciously and prudently disbursed on programs and services, which cater for the needs and yearning of the people dwelling in the Local Government areas. The mechanism of expenditure control refers to the institutionalization of administrative and statutory measures to ensure that appropriated funds are spent according to set down rules and regulations; minimizing wastes, checking dishonesty and extravagance and the promotion of economy and effectiveness in the conduct of the financial activities of government (Abubakar, 1995). Thus, it can be stated that the *raison d'être* of expenditure revolves around: appropriate lands to be spent according to set rules and regulations; minimizing wastes, checking dishonesty and extravagance and the promotion of economy and effectiveness.

2.3. Classification of Local Government Expenditure

The expenditures of Local Governments are classified into capital and recurrent expenditure. The recurrent expenditure is meant for servicing sustenance and maintenance of the existing human and material resources of the Local Government, while capital expenditure deals with the acquisition of new assets (Bello, 2004). In addition Hassan

(2001) views expenditure as consisting of the following categories:

a. Recurrent Expenditure

Recurrent is the day to day financial commitment of the government. It caters for transient cost like personnel cost, which consist of personnel emoluments of those employed by the government (basic salaries, rent and transport allowance, leave Bonus etc) and overhead costs used for day to day expenses of general nature, which include general repairs and maintenance activities, the special expenditure are capital items incurred for the long-term used of the government in order to attain its set goals e.g. purchase of motor vehicles, furniture and equipment, heavy plants and generators etc. They specifically represent fixed assets of the government.

b. Capital Expenditure:

This consists of expenditure which is not fully consumed in one period, but spread over several periods. It includes assets acquired for the purpose of earning income, or increasing the earning capacity of the business. Examples are: land and buildings, plant and machinery, road maintenance and other projects of capital nature. It also includes payments for items that have more permanent features which are beneficial not only to the government, but also the populace e.g. road constructions, housing schemes, schools and hospital construction.

2.4. Dimensions of Expenditure Control

Ejisu (1995) opines that expenditure control has three time-frame dimension: before, during and after the disposal of resources.

2.4.1. Control Before the Disposal of Resources

a. Budgetary Control: - This is also known as variance analysis. It entails monitoring expenditure with reference to the amounts in the annual budget (Hassan, 2001). The Financial Memoranda (FM) provides for the regulation and management of Local Government finances, and also mandates the council to prepare for approval of their Annual and Supplementary Estimates. Among other things, the FM provides a detailed guideline to be followed as regards to accounting and other instructions for the preparation of the Annual and Supplementary Estimates. Thus, all Local Governments are required to send their Annual Estimate to the Legislative Arm of the Local Government for approval. The Treasurer however, is empowered by the FM 3.3.5 to ensure that the Local Governments conforms to the directives of budgetary control measures. Consequently, lack of strict adherence to the annual budget by most Local Governments has rendered the Local Government estimates meaningless and a mere conjectures on paper. This according to Ejisu (1995), is mostly caused by extra budgetary expenditures.

i. Treasury Control - This is the control exercised by the treasury through insistence on written approval before any disbursement, and continuous timely extraction of financial statements to determine the extent of probity and accountability.

ii. Legal Control - This involves the control of expenditures based on the provision of the existing legal provisions.

2.4.2. Control During the Disposal of Resources

Control through the vetting of payment vouchers by the Officer Controlling Vote (OCV) as well as the internal auditor. The former is to ensure that there is fund in the Heads and Subheads quoted on the voucher. While the later ensures that necessary accounting rules and regulations have been followed by doing pre-payment audit. Contact by the policy makers and concern members in form of inspection of project being carried out to enhance the stages of execution. The auditor general for local government is also empowered to carryout pre-payment inspection of on-going projects in the local government.

2.4.3. Control After Disposal of Resources

In line with the spirit of the 1988 civil service reforms, there exist in each state of the federation, the office of the Auditor-General for Local Government; who shall be appointed by the Governor of a State. Among his duties is that he shall have power to carry out on regular basis the auditing of local government account and the sanction and surcharge any officer as in FM39.3. Even though this is a post payment audit exercise, it serves as discouragement for the re-occurrence of irregular payments in future if the exercise is conducted seriously. Also serious audit queries and surcharges can make council official concerned to face disciplinary actions resulting in demotion in ranks, removal from schedule and in some cases, police prosecution, depending on the magnitude of the offence committed (Ejisun, 1995).

2.5. Problems of Expenditure Control in Local Governments

From the above, it can be seen that elaborate arrangements, have been made and put in place to ensure prudent expenditure control and local government level. Despite all these arrangements however, expenditure control has been ineffective. Some of the reasons observed for lack of effective and efficient expenditure control are:

i. Mismanagement and Misappropriation of Scarce Financial Resources

In Nigeria today, reports from probe panel at three tiers of government have revealed that corruption is increasingly becoming the Nigerian's way of life, especially by people or officials entrusted with public funds meant for development purpose. In fact it is often said the higher the tier of government the higher the level of corruption exhibited and perpetrated. This according to Bello (2004) has continuously undermined meaningful development in the public sector. The corruption acts are inter alia perpetrated through the following: Over inflated and unimplemented contract and supplies, inclusion or existence of ghost workers in the wages bill (payroll), fictitious expenses by senior officers and some

chief executives (Such expenses included hotel bills, repairs of vehicles, hospitality to august visitors etc.), security votes maintained and unaccounted for by chief executives, deliberate distortion of accurate and financial records by accounting staff and auditors and false declaration of revenue collected by revenue collectors, officers and treasury staff.

ii. Incompetent Staff

Many staff has no required skills that would enable them perform their assigned responsibilities. For instance, many treasurers have not really grasped the expected skills to perform their roles as the chief financial adviser to the monthly cash flow and working capital of the local government with the view to ensure that contracts are not awarded without the availability of liquid cash to pay the contractors after project execution.

iii. Shortage of Technical Staff

Most Local Government in Nigeria lack technical skill staff like Engineers (all types), Medical Doctors, Professional Accountants, Statistician, Economists, Lawyers and Town Planners. Some of the factors responsible for these includes: i. very low image of the local government in the minds of such professionals who feels no challenges and no job satisfaction sufficient to keep them at that low level of public staff. ii. Unprogressive carrier prospects in terms of promotion, opportunity for further training decision making on matters that affects working condition welfare. iii. Subjective and unprofessional criteria for employment and promotion.

iv. Grassroots Exemption from Development Plan

Studied revealed according to Bello (2004), that Local Government prepare estimate of their revenue and expenditure without any consultation with the people to know their needs, their problems and potentials. Similarly development plans are being prepared in the Local Government without any concrete data from the people for whom the planning is meant. The factors responsible for non involvement of people in the development process at local government includes; False impression by the officials concerned that people are ignorant and under lightened, Lack of will to run and open administration and Political instability. It can be observed from the above views of scholars that expenditure control is meant for minimizing wastes, checking dishonesty extravagance and also promoting transparency and accountability in the public service.

2.6. Empirical Studies on Local Government Expenditure

In public finance, the ideal relationship between recurrent and capital expenditure is 70:30. It mean that where capital expenditure declines to any figure bellow 30% it is generally believed that such organization(s) or government would not be able to acquire any substantial assets, which would rank it as a developed agency or government overtime (Bello, 2004). Local government is the level of government in Nigeria at which the momentum to sustain nation development is created. Bello (2004) viewed the development in local

governments in terms of specific projects, such as rural road constructed or rehabilitated and maintained, number of boreholes, number of utility vehicles purchased or refurbished, repaired and maintained by Local Government. This could also be expressed in terms of the improved quality of life the citizenry enjoy as epitomized in the primary health care programs provided; procurement and distribution of fertilizer, to farmers at subsidized rates, primary education, regularity and quality of public enlightenment programs provided and enjoyed by the citizenry. Thus, the effective and efficient provision of these services qualifies Local Government as viable instrument of rural development. The expenditure pattern of Local Governments is seen in the light of the local allocation of resources between capitals and recurrent expenditure items. This view has been adopted from the work of Bello (2004) on expenditure pattern of Nigerian Local Governments and the study of Ikhida (1999) on Local Government finance and accountability a study of selected local governments in Nigeria.

Based on the recommended ratio of expenditures between capital and recurrent item, the study of Bello (2004) on six local governments sampled across the country within the period of 10 years indicated a variance from the recommended ratio (30:70). The study revealed that on average over 75% of their revenue were spent on recurrent expenditures and only 25% were spent on capital projects. He argued that the huge size of recurrent expenditures could be explained by the additional responsibilities shifted to the local governments of financing primary education. In the same vein, the study of Ikhida (1999) indicated that a disproportionate amount of local government revenue is committed to recurrent expenditure. He opined that the causative factor of this trend come to explained by the large number of non-professional and often idle staff that in most cases do not have the required material and human resources to operate and meaningfully contribute to the output of the local governments. He added that the trend has unduly bloated the size of personnel expenditure of most of his sampled local governments and hence called for human resources audits particularly in professional and skilled department like health. He further argued that an appropriate staff audits would help to determine the appropriate number of staff required to sustain local government functions and responsibilities. Therefore, the foregoing discussion suggest that there are few empirical studies on the pattern of Local Government expenditure, thus this study is an attempt by the researchers to evaluate the expenditure pattern in Katsina State Local Governments to find out whether there is good expenditure management at the local government level in Katsina State.

3. Methodology

This study employed a survey research design and ex-post factor. This is justified by taking into consideration the instruments used for data collection which involves administration of questionnaire on the respondents of the

study and reports of the Auditor General for local governments of Katsina State, as well as, the Approved Annual Estimates from the the Ministry for Local Government, Katsina State. The population of the study comprises of all the thirty four (34) Local Governments in Katsina State. A stratified sampling technique was used to select six Local Governments from the population. Two Local Governments were selected each from the three senatorial zones of the state. After stratifying the selected local governments were arrived at considering the two local governments that are close to each other because of the disparity of the zones. These selected Local Governments are Charanchi, Batagarawa, Funtua, Bakori, Dutsi and Daura.

One hundred and twenty (120) copies of questionnaire designed using Likert Scale were distributed to the staff of the sampled local governments on grade level 10 and above, because they have higher qualification and can be able to fill the questionnaire, twenty (20) copies of questionnaire per Local Government with the aim of generating responses on the extent of effective utilization of revenue generated at the Local Government level in Katsina State. The secondary data was obtained from the approved estimate of Katsina State Local Governments (2012 – 2017) and the reports of the Auditor General for Local Governments Katsina State (2012 – 2017). This method of collecting data is in line with (Ma'aruf, 2005; Bashir, 2007). The data generated were analyzed using descriptive statistics, Chi-Square and Paired Samples T-test. The cutoff mean of 3.00 was choosing $(5+4+3+2+1/5)$. To this effect any mean below 3.00 signifies low inclination of the respondents towards agreement with the statement in question and any mean above 3.0 signifies high inclination of the respondents towards agreement with the statement under consideration.

4. Results and Discussion

The data collected for the study were presented and the results were discussed and inferences were drawn. In addition, demographic information of the respondents are presented and analysed. A total number of one hundred and twenty (120) copies of questionnaire were administered to the respondents of the sampled local government. One hundred and eight (108) copies representing 90% were filled and returned, while twelve (12) copies representing 10% were not returned. Considering this percentage of completion and return, it is regarded adequate to allow for valid analysis and interpretation and consequently to generalize conclusion there from.

4.1. Analysis of Primary Data

The responses generated from the administration of questionnaire was analysed in this sub section. Tables 1 to 4 summarised the background information of the respondents. In particular, the tables present information of the respondent's designation, working experience, educational background and grade levels.

Table 1. Number of Respondents per Local Government.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Bakori	18	16.7	16.7	16.7
	Batagarawa	17	15.7	15.7	32.4
	Charanchi	18	16.7	16.7	49.1
	Daura	19	17.6	17.6	66.7
	Dutsi	17	15.7	15.7	82.4
	Funtua	19	17.6	17.6	100.0
	Total	108	100.0	100.0	

Source: Generated by the Authors using SPSS 19.0 from Field Survey Data, 2017.

Table 1 presents the distribution of the respondents based on their local government in Katsina State. From the table, 18 respondents representing 16.7 percent of the total respondents are from Bakori and charanchi Local Governments respectively, 17 respondents representing 15.7

percent of the total respondents are from Batagarawa and Dutsi Local Governments and finally, 19 respondents representing 17.6 percent are from Daura and Funtua Local Governments, respectively.

Table 2. Working Experience of the Respondents.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Six to Ten Years	23	21.3	21.3	21.3
	Eleven to Fifteen Years	35	32.4	32.4	53.7
	Sixteen to twenty years	30	27.8	27.8	81.5
	Twenty One to Thirty Years	20	18.5	18.5	100.0
	Total	108	100.0	100.0	

Source: Generated by the Authors using SPSS 19.0 from Field Survey, 2017.

Table 2 presents the working experience of the respondents. The shows that 23 of the respondents representing 21.3% have 6-10 years working experience, 35 of the respondent representing 32.4% have 11-15 working experience, 30 of the respondents representing 27.8% have

16-20 years working experience and 20 of the respondents representing 18.5% have the highest working experience of 21-30 years. This indicates that the respondents can supply the necessary information needed for the study.

Table 3. Qualification of the Respondents.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Diploma/NCE	30	27.8	27.8	27.8
	Degree/HND	68	63.0	63.0	90.7
	Masters	10	9.3	9.3	100.0
	Total	108	100.0	100.0	

Source: Generated by the Authors using SPSS 19.0 from Field Survey, 2017.

Table 3 indicates that 30 of the respondents representing 27.8% are holders of Diploma/NCE, 68 of the respondents representing 63% are holders of Degree/HND and 10 of the

respondents 9.3% are holders of Masters Degree. The analysis reveals that all the respondents can adequately supply the necessary information for this study.

Table 4. Grade Level of the Respondents.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	10-14	78	72.2	72.2	72.2
	15 and above	30	27.8	27.8	100.0
	Total	108	100.0	100.0	

Source: Generated by the Authors using SPSS 19.0 from Field Survey, 2017

Table 4 indicates that 78 of the of the respondents representing 72.2% are workers on grade level 10-14, while 30 of the respondents representing 27.8% are workers on grade level 15 and above. The analysis indicates that all the respondents are senior staff that can adequately supply the necessary information for the study

4.2. Effective Utilization of Revenue by Local Governments in Katsina State

This section presents the results of the analysis of the data generated from the responses obtained for the study. The focus here is on the data generated from the responses to be able to the questions on effective utilization of revenue by Local Governments in Katsina State.

Table 5. Descriptive Statistics on the Effective Utilization of Revenue by Local Governments in Katsina State.

Questionnaire Item	N	Mean	Std. Deviation	Minimum	Maximum
Effective Utilization of Revenue on Agriculture	108	2.0185	1.21503	1	5
Effective Utilization of Revenue on Craft	108	1.7222	.88427	1	5
Effective Utilization of Revenue on Rural Electrification	108	2.2037	1.30963	1	5
Effective Utilization of Revenue on Commerce	108	2.2037	1.30963	1	5
Effective Utilization of Revenue on Education	108	4.1389	1.15571	1	5
Effective Utilization of Revenue on Health	108	3.4352	1.53021	1	5
Effective Utilization of Revenue on Information	108	1.8981	.99475	1	5
Effective Utilization of Revenue on Sports and Culture	108	3.3426	1.61281	1	5
Effective Utilization of Revenue on Fire Services	108	3.5741	1.29848	1	5
Effective Utilization of Revenue on Water Resources	108	2.9167	1.42819	1	5
Effective Utilization of Revenue on Environment	108	3.9537	1.19488	1	5
Effective Utilization of Revenue on Drainages	108	4.3981	1.20699	1	5
Effective Utilization of Revenue on Roads and Bridges	108	4.4167	1.17708	1	5

Source: Generated by the Authors using SPSS 19.0 from Field Survey, 2017.

Table 5 shows the descriptive statistics on the effective utilization of revenue as regards volume of capital expenditure on each of the above items by local governments in Katsina State. On whether local governments make effective utilization of revenue on agriculture, craft, rural electrification, commerce, health, information, sports and culture and water resources. The mean of 2.0185 on Agriculture indicates that the respondents do not agree with the statement that local governments in Katsina state made effective utilization of revenue on this sector, the mean of 1.7222 on craft indicates that the respondents do not agree with the statement that local governments in Katsina state made effective utilization of revenue on this sector, the mean of 2.2037 on rural electrification indicates that the respondents do not agree with the statement that local governments in Katsina state made effective utilization of revenue on this sector, the mean of 2.2037 on commerce also indicates that the respondents do not agree with the statement that local governments in Katsina state made effective utilization of revenue on this sector, the mean of 4.1389 on education indicates that the respondents agreed with the statement that local governments in Katsina state made effective utilization of revenue on this sector, the mean of 3.435 on health indicates that the respondents do not agree with the statement that local governments in Katsina state made effective utilization of revenue on this sector, the mean of 1.8981 on information indicates that the respondents do not agree with the statement that local governments in Katsina state made effective utilization of revenue on this sector, the mean of 3.3426 on sports and culture indicates that the respondents do not agree with the statement that local governments in Katsina state made effective utilization of revenue on this sector, the mean of 3.5741 on fire services indicates that the respondents agreed with the statement that local governments in Katsina state made effective utilization of revenue on this sector, the mean of 2.9167 on water resources indicates that the respondents do not agree with the statement that local governments in Katsina state made effective utilization of revenue on this sector, the mean of 3.9537 on environment indicates that the respondents agreed with the statement that local governments in Katsina state

made effective utilization of revenue on this sector and the mean of 4.3981 on drainages indicates that the respondents agreed with the statement that local governments in Katsina state made effective utilization of revenue on this sector.

Table 6. Chi-square Results on Effective Utilization of Revenue by Local Governments in Katsina State.

Effective Utilization of Revenue in Local Governments in Katsina State	
Chi-Square	38.667
Df	29
Asymp. Sig.	.108

Source: Generated by the Authors using SPSS 19.0 from Field Survey, 2017.

Table 6 showed the result of Chi-Square test. It can be ascertained from the table that at 5% level of significance, the P-Value of .108 is greater than 0.05. Therefore, there is enough evidence to conclude that Local Governments in Katsina State do not make effective utilization of financial resources.

4.3. Analysis of Secondary Data

The data generated from the secondary source was analyzed in the following sub section.

Table 7. Total Expenditure Variances for sampled Local Governments in Katsina State from 2012 – 2017.

YEAR	Estimated (₦M)	Actual (₦M)	Variance(₦M)
2012	4,487	7,857	(3,370)
2013	4,913	5,634	(721)
2014	5,461	6,549	(1088)
2015	5,411	5,616	(205)
2016	6,796	14,547	(7,751)
2017	7,940	7,568	372
TOTAL	35,008	47,771	(12,763)

Source: Approved Annual Estimate Ministry for Local Government Katsina State (2012 – 2017).

From Table 7, it can be seen that the total actual expenditure of all the local governments for 2012 fiscal year was ₦7857m while the estimated expenditure for the same year was ₦4487m. Therefore, there was an unfavourable variance of ₦3370m. Also, for the year 2013, the total actual

expenditure was ₦5,634m as against ₦4,913m estimated expenditures for the same fiscal year. In the same vein, in 2014, the total actual expenditure was ₦6,549m as against ₦5,461m estimated expenditure for the same fiscal year. There was an unfavourable variance of ₦1,088m. In 2015, the total actual expenditures was ₦5,616m as against ₦5,411m estimated expenditure for the same fiscal year. There was also an unfavourable variance ₦205m. In 2016, the total actual expenditure was ₦14,547m as against ₦6,796m estimated expenditure for the same fiscal year. There was an unfavourable variance of ₦7,751m. The highest unfavourable variance was recorded in this fiscal

year. Finally, in 2017, the total actual expenditure was ₦7,568m as against the total estimated expenditure of ₦7,940m in the same fiscal year. The only favourable variance of ₦372m was recorded in this fiscal year.

Table 7 also revealed that the overall total actual expenditures of the sampled local governments in Katsina state from 2012 to 2017 is ₦47,771m as against ₦35,008m with an unfavorable variance of ₦12,763m which represents 16% increase on the estimated expenditure. This also, indicates a poor expenditure management because good public expenditure management entails having a realistic income and expenditure.

Table 8. Paired Samples Statistics on Expenditure Variance for Local Governments in Katsina State.

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Estimated Expenditure	5834.67	6	1291.618	527.301
	Actual Expenditure	7961.83	6	3360.011	1371.719

Source: Generated by the Authors using SPSS 19.0 from Table 7

Table 8 showed that in all the six years under review the actual expenditures has increased by ₦2,127.16m (₦7961.83m – ₦5834.67m). This signifies that actual expenditures is greater than the estimated expenditure which is an indication a poor expenditure management.

Table 9 showed the person correlation between the actual expenditures and estimated expenditures of the local governments in Katsina state for the period 2012 – 2017. The result showed the correlation coefficient of 0.429, this indicates

a positive relationship between the actual and estimated expenditures of local governments for the period under review.

Table 9. Paired Samples Correlations on Expenditure Variance for Local Governments in Katsina State.

		N	Correlation	Sig.
Pair 1	Expected Expenditure & Actual Expenditure	6	.429	.396

Source: Generated by the Authors using SPSS 19.0 from Table 7

Table 10. Paired Samples Test on Expenditure Variance of Local Governments in Katsina State.

		Paired Differences			95% Confidence Interval of the Difference	T	df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean					Lower
Pair 1	Estimated Expenditure - Actual Expenditure	-2127.167	3038.745	1240.563	-5316.134	1061.801	-1.715	5	.147

Source: Generated by the Authors using SPSS 19.0 from Table 7

Table 10 showed the paired samples test result on whether there is significant difference between the actual and estimated expenditures of local governments in Katsina state. Table 10 showed the P-Value of 0.147 which is greater than the 5% level of significance This means that there is no significant difference between the estimated and actual expenditures in Katsina State Local Governments.

5. Conclusion and Recommendations

Based on the analysis and the discussion of results generated from the collected data, it was established that Local governments in Katsina State do not make effective utilization of financial resources. This means that they provide little service on the key drivers of economic growth neglecting most important sectors like agriculture, which is the mainstay of Katsina state economy. Further, there is no significant difference between the estimated and actual expenditure in Katsina State Local Governments. But the

actual expenditure is higher than the estimated expenditure which is an indication of poor public expenditure management at Local Government level in Katsina state.

Based on the findings of the study and conclusions drawn, it was recommended that the local governments in Katsina state should give more priority to agricultural sector which is the mainstay of Katsina State economy. This can aids industrialization as well as the growth and development of the state. Also, the Finance and General Purpose Committee (FGPC) of the Local Governments of Katsina State should device means of controlling expenditures more effectively by enforcing strict adherence to budgets.

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