


## **FINANCIAL ACCOUNTABILITY AND PERFORMANCE OF LOCAL GOVERNMENTS IN RIVERS STATE, NIGERIA**

**Thankgod C. Agwor** 

Senior Lecturer, Department of Accountancy,  
Rivers State University, Nkpolu, Port Harcourt, Nigeria  
tagwor@yahoo.com

**Fyneface N. Akani**

Senior Lecturer, Department of Accounting, University of Port Harcourt, Choba, Nigeria

### **Abstract**

*The concept of financial accountability of the third-tier of government in Nigeria is all about holding and ensuring that stewards with resources which are not theirs, give an accurate and up to date account of what they have done with the resources, with a view to ascertaining whether or not they have individually or collectively conformed with, violated, manipulated, achieved or even thwarted the objectives of the owners of the resources. The need for such accountability is that it is an important aid to the development of a nation and provides relevant information for rational decisions. To appreciate the concept of financial accountability of the third-tier of government, an understanding of the financial system and structure of local government, is imperative. The investigation presented in this paper anchored on Financial Accounting and Performance of Local Government in Nigeria. Two (2) largely populated local government areas of Port Harcourt City and Obio Akpor in Nigeria. Sample size of 400 (four hundred respondents was determined by Taro Yamen application. Thereafter stratified random probability sampling strategy was adopted for sample frame selection. Primary means of data collection was sued by questionnaire to respondents. Ordinary least squares regression analysis was adopted for analysis of the data, with the aid of statistical package for social sciences, reason 22. The study found that there is a positive significant relationship between transparency in local government finance and performance and there is a positive significant relationship between intercity and healthcare services in local government sin Rivers State. In conclusion, local governments are assumed to be performing if projects and services meets the demands of its citizens in local*

*areas. Transparency and integrity enhance the effective provision of primary healthcare of local government areas in Rivers State. The study recommend that strong internal control measures should be institutionalized in all local government councils, strict penalty should be put in place to punish non-transparent local government council officials.*

*Keywords: Financial Accountability, Performance Measures, Transparency, Integrity, Local Government*

## **INTRODUCTION**

Local Government was described by the United Nation as a political subdivision of a nation or State which is constituted by law and has sub-national control of local affairs including the power to impose taxes or to extract labour forces for prescribed purposes. The governing of such an identity is elected or otherwise locally selected (Tomori, 2008). According to Laleye (2008) local Government is defined as a government at the level established by law to perform specific function within defined areas. Local governments in Nigeria have greater challenges than other tiers of government, since they have the responsibility of ensuring equitable social and economic development at the grassroots. Chairmen of council are expected to prepared programmes of work and related financial implications, manage and supervise the allocation of financial and human resource coupled with appropriate monitoring of projects execution.

Unfortunately, apart from lacking the above requirements; both the elected and civil services officials at the local government level; lack the ability to establish excellent working relationships, ability to build the consensus; negotiation skills and the commitment to develop partnership for improved development effectiveness throughout all the local government. In Akwa Ibom State for example, there are major cases and allegations of gross misconduct leveled against the local governments chairmen, councilors and even some civil service officials some of which include lack of probility, lack of transparency and accountability, gross and wanton breaches of financial regulation and procedures, corruption, enrichment of self, outright embezzlement of local government funds, misappropriation of funds through spurious contract and alleged execution of non-existing projects, dishonest fraudulent and violation of the local government administrative laws 2000 and 2002 as applicable in Akwa Ibom State (Omolaye, 2015).

According to Omolaye (2015) the concept of financial accountability of local governments in Nigeria, is all about holding and ensuring that stewards with resources which are not theirs give an accurate and up to date accounts of what they have done with the

resources, with the resources, with a view to ascertaining whether or not they have individually or collectively conformed with, violated, manipulated, achieved or even thwarted the objectives of the owners of the resources. The need for such accountability is that it is important aid to the development of a nation and provides relevant information for rational decisions. To appreciate the concept of financial accountability of local governments, an understanding of the financial system, structure and operation of local government, is imperative. The financial operation of a local government is governed by the General Financial Provisions of the relevant laws or constitution of the Federal Republic of Nigeria and particularly the Financial Memoranda. The Financial Memoranda is the detailed guideline and instruction on the financial and accounting procedures as contained in the General Financial Provisions of the law setting up the local government system. In the Financial Memoranda, the duties and responsibilities of the local government finance department are spelt out. The responsibilities of the local government include: the consideration and making of recommendations to state commission on economic planning; the collection of rates, radio and television licenses; establishment and maintenance of cemeteries, burial ground and home for the destitute; licensing of bicycle, trucks, wheelbarrows and carts; establishment, maintenance and regulation of markets, motor parts and public highways; naming of roads, streets, also numbering of houses; registration of births, deaths, including marriages; assessment of private houses for tenement rates; control and regulation of out-door advertising; management of primary education, development of agriculture and natural resources (FRN, 2009).

In order to execute the numerous responsibilities of local government, funds have to be raised from different sources. According to Okoye (2012), the major sources are: federation account, state government grants; rates and fees imposed by the local government on individuals, business and all the likes. The management and control of public funds is run in accordance with laid down formalities especially as it relates to accounting and reporting for the collection and use of government funds to support the process of governance. The legal formalities for the operation and control of local government funds are the constitution of the Federal Regulations and circular letters from the minister of finance, or the state commissioner of finance. Ademola, (2009) noted that to ensure the financial accountability of the local government, an independent and effective internal control system must be put in place in all local governments in Nigeria as this will greatly enhance the task of the director of local government audits in the state. The methods of executive financial impropriety by local government chief executives are basically fraud and irregularities. The category of people and the means by which they perpetrate fraud and irregularities are: embezzlement or misappropriations of cash by staff-in-charge of the local government treasury; wrong records of

store items, records of fictitious store items, and pilferage by those staff-in-charge of goods and store of the local government; fraudulent manipulation of the local government accounts by the chairman, treasurer, and other senior staff who have access to the local government account books (Ademola, 2009).

Faced with this problem of lack of accountability in the discharge of governance at the grassroots level, the researchers are set to examine financial accountability and performance of local governments in Nigeria with particular reference to Rivers State.

In view of the above, the following hypotheses are raised for this study:

Ho1: Transparency has no significant relationship on the performance of local governments in Rivers State.

Ho2: There is no significant relationship between integrity and performance of local governments in Rivers State.

## LITERATURE REVIEW

Accountability is as old as man himself and dates back to the biblical times. For instance, the story of Ananias and Saphira could be viewed as one of "Financial Accountability" Ananias and Saphira sold a piece of property and with his wife's full knowledge, he kept back part of the money for himself but brought the rest and put it at the Apostle's feet (Act 5:1-3). The Oxford Advanced learners Dictionary sees the word accountable as being responsible for something that is expected to give an explanation on something under one's care. Akpan (2010), viewed public accountability as: The firm's recognition and acceptance of the fact that all public servants hold their positions as trusts for the people who are masters. Those who are expected to render services must account to the people for their success and failures and those who are entrusted with the custody and disbursement of public funds must appropriately account to the people for their use. For one to be accountable for something, one must have responsibility with its associated authority, which will make him answerable to his supervisors. In the light of the above, if accountability is to exist and must be carried out properly there must be internal control mechanism.

It has been observed in many local governments in Nigeria that payment vouchers are not signed by the two officers authorized to approve vouchers (the HPM and the Treasurer). Some of them were signed by one of the above-mentioned officers and not both as required. The practice of paying a voucher without complete authorization signifies a weakness in the accounting system and could be viewed as an intention to defraud the local government. This also shows absence of effective control mechanism. Accountability is a system whereby results

of expenditure and by extension of policymaking decision should be stated, evaluated and justified where need be. It should be noted that the primary aim of accountability is to ensure transparency (Saleh & Nabiha 2011).

Accountability is the hallmark of modern democratic governance. Democracy remains a paper procedure if those in power cannot be held accountable in public for their acts and omissions, for their decisions, their policies, and their expenditures. Public Accountability, as an institution, therefore, is the complement of public management. Bovens (2005) opines that “as a concept, however, ‘Public Accountability’ is rather elusive.

It is a hurrah-word, like ‘learning’, ‘responsibility’, or ‘solidarity’ nobody can be against it. It is one of those evocative political words that can be used to patch up a rambling argument, to evoke an image of trustworthiness, fidelity, and justice, or to hold critics at bay. The principle of public accountability in governments throughout the world is an ideal. It works on the basis of the fact that any office-holder, especially an electable public office-holder, holds his official duties and responsibilities in trust for the people. In support of the above opinions on the concept of public accountability, it is a universal truth that governments, especially democratic governments, derive their legitimacy from the citizenry. All government programmes and activities are therefore assumed to be done on behalf of the people. Thus, the people deserve to be assured that the resources which they put at the disposal of government, its officials and its agencies, are efficiently, effectively an economically managed, moreover properly accounted for.

Public Accountability, thus, has three crucial components: a clear definition of responsibility, reporting mechanisms, and a system of review, rewards and sanctions. Public Accountability flows in different directions: upward, downward, between subordinates and superiors, and laterally among professional peers (Adamolekun, 2002). However, the number and value of public sector activities have increased substantially in the public enterprises and the increase has led to the demand for accountability. At the Local Government level, all categories of workers therein, need to render accounts of their activities to the public. The public in return, needs to receive substantial accountability reports for proper assessment of their performance in the activities entrusted on them (the Local Government workers). According to Agu (2008:36) “improved information about Local Government needs and preferences becomes the theoretical advantage of decentralization, but these are not guarantees that leaders will actually act on these preferences unless they owe some sort of accountability to the citizens.”

Adegite (2010) also noted that there are three pillars of accountability, which the UNDP tagged ATI (Accountability, Transparency and Integrity). Accountability which is segmented into: (1) Financial Accountability: The obligation of any one handling resources, public office or any

other positions of trust, to report on the intended and actual use of the resources or of the designated office. (2) Administrative Accountability: This type of accountability involves a sound system of internal control, which complements and ensures proper checks and balances supplied by constitutional government and an engaged citizenry. These include ethical codes, criminal penalties and administrative reviews. (3) Political Accountability: This type of accountability fundamentally begins with free, fair and transparent elections. Through periodic elections and control structure, elected and appointed officials are held accountable for their actions while holding public office. (4) Social Accountability: This is a demand driven approach that relies on civic engagement and involves ordinary citizens and groups exacting greater accountability for public actions and outcomes.

In order to ensure value for money, the process of fiscal decentralisation has been linked to the subject of accountability. It has been argued that fiscal decentralisation would not make the desired impact if local government authorities do not account for these financial resources. The success and sustainability of fiscal or financial decentralisation would largely depend on the capacity of local governments to institute measures to effectively manage these revenues, (Yilmaz, et al 2008). Promoting fiscal or financial accountability in local governments does not only lie on ensuring that revenues are appropriated legally, but by guaranteeing an institutional arrangement where roles and responsibilities of those involved in financial management are clarified to all. According to the Agency logic, mechanisms must be put in place to control self-interested managers and hold them accountable for their actions (Bednar, 2012). The subject of accountability is essentially a governance matter. Sloan (2001) argue that without governance problems, the role of financial accountability would be reduced to providing investors with the risk and return information required to facilitate the optimal portfolio allocation decision.

Financial accountability in local government administration certainly goes beyond the provision of financial statements. As a governance matter, there is an element of role expectation and role behaviour in financial accountability. As far as financial management is concerned, a lot is expected from the conduct of schedule financial officers beyond the issuance of financial statements. Accountability in the financial management of any district must be held in high esteem if the district is expected to develop. This role is nonetheless, generally seen as the sole responsibility of the District Assembly core staff. But ensuring financial accountability in the District Assemblies is not the duty of the core staff alone. The Assembly members, who are the representatives of the local people, have to be actively involved. In fact, it is the responsibility of the Assembly members to hold officials of the District Assemblies accountable on the management of the Districts' financial resources. This requires that the Assembly

members have deeper understanding of financial issues and the roles or responsibilities of officers associated with these issues in order to hold the right officials accountable.

Faced with this problem of lack of transparency in the discharger of governance at the grassroots level, the study set out to examine financial accountability and performance of local governments in Nigeria with particular reference to Rivers State.

The origin of Local Government in Nigeria is as old as the evolution of political institution in pre-colonial Nigeria. The various empires tribes and ethnic nationalities that predated the emergence of modern Nigeria all had forms of administration which touched on the local people. For instance, in old Oyo and Benin empire, there were sometimes three to four tiers of government namely the Central government, the provincial government, the district government and the village government or what was then referred to as native authority. The authority of the Alafin or Oba was represented at each tier of government. Tributes and tolls were collected at each tier for the general administration of the empire. The same system is true of the Fulani empire in the 19<sup>th</sup> century, which was structurally composed of a central authority the emirate, district and village units. But it is often erroneously believed that the history of local government in Nigeria began with the introduction of indirect rule by the British. The system was later articulated and popularized by Lord Lugard who became the first governor general of Nigeria after the amalgamation of the Southern and Northern Protectorate in 1914. Lugard introduced indirect rule as a principal of government in the area covered by the old Fulani empire. The system spread to other parts of Nigeria after he became governor general. It is said that the system was based on his experience in East Africa. He found the system suitable because it made administration quite cheap both in manpower and financial resources since he had to rely largely on the local people and their political institution.

From all indication, it would be observed that local government administration as a whole is increasing in scope day to day with resulting increase in responsibilities. This means that Local Government administration does not merely require people with academic paper qualifications, but people with initiative, ability to lead, ability to enthuse and to guide. The local government just like any organization needs a chairman or head of council who is knowledgeable in such subjects and courses like financial accounting, human resources management, marketing and information management which are the requisite courses in most Business School curricular. For local government to bring about meaningful development, it has to improve its financial management bedeviled by a number of problems. Local government are faced with problems such as government policies which could not allow them to exercise their duty extensively. Poverty level at the local government with largely rural area is enormous (Agbonifoh & Iyayi (2005).

According to Agburu (2012), most inhabitants know that they should pay tax but cannot pay either because of financial disability or failure to accept the fact that they should pay to the Local Government. This is because what is paid is believed to be squandered and the high level of corruption which has eaten deep into the society has equally affected the performance of most local government. High percentage of the revenue generated is either diverted to private pocket or traceable to projects that are of no direct benefit to the society at large. Dedication to duty of the officials seems to be at the lowest. Record keeping in local government is a problem, despite the acceptance of information technology by all and sundry no Local Government has computerized its operation. This hinders good financial management, accountability and transparency.

Various local government reforms in Nigeria dated back to 1901, when the first Native Authority Ordinance was enacted up till 1976, were aimed at enhancing the management capabilities of Local Governments through adequate financial allocation, harmonization and professionalization of personnel and career security of administrative staff. There is, needed to design effective institutional framework for policy reforms that will promote good governance through greater devolution of powers and responsibilities to local authority. This will require better mobilization and management of financial resources and building of partnership with private and community sectors.

Local Government remains the level of government where essential public services are delivered to individual and business community and where the people feel the policy. Municipality bears the basic responsibilities of government at its lowest level for allocating resources and promoting social equity within the constraints set by higher levels of government (which assign function and fiscal authority) and for ensuring the provision of local public goods and services, through partnership with the private sector and civil society.

Local governments therefore, refer to specific institutions or entities created by the national constitution or ordinary legislation or by the executive order to deliver a range of specified services to a relatively small geographically delineated area. On the other hand, local governance is a broader concept and is defined as the formulation and execution of collective action at the local level.

However, jurisdictional fragmentation of urban local governments has promoted revenue boundary dispute within the same Metropolis Planning activities became uncoordinated while refuse collection has become ineffective as the Local Governments lack the skill and capacity to handle services of that magnitude which forced the State Government to set up Ibadan Waste Disposal Management Authority assisted by the World Bank in 1996. A well structured local



government should therefore, be motivated to improve towns and villages along a wide range of dimensions. Village Community infrastructure should be constructed and upgraded. These include: roads, water system, bridges small-scale irrigation and electrification and income-generating projects. Community and domestic hygiene should be improved through various measures including building health centers, refuse disposal and better cattle housing and establishment of quazing fields and reserves improved waste management.

Distribution of population per local governments in all the 36 States of Nigeria and Abuja is shown in the table 1 with 2006 Population figures:

Table 1: Nigerian States, Capitals, Population and Local Government Areas

S/No	States	Capital	Population	No. of LGAs.	Average Population per LGA
1	Abia	Umuahia	2,833,999	17	166,706
2	Adamawa	Yola	3,168,101	21	150,862
3	Akwa-Ibom	Uyo	3,920,208	31	126,458
4	Anambra	Awka	4,182,032	21	199,144
5	Bauchi	Bauchi	4,676,465	20	233,823
6	Bayelsa	Yenagoa	1,793,358	8	224,170
7	Benue	Markudi	4,219,244	23	183,445
8	Borno	Maiduguri	4,151,193	27	153,748
9	Cross-Rivers	Calabar	2,888,966	18	160,498
10	Delta	Asaba	4,098,391	25	163,936
11	Ebonyi	Abakaliki	2,173,501	13	167,192
12	Edo	Benin	3,218,332	18	178,796
13	Ekiti	Ado-Ekiti	2,384,212	16	149,013
14	Enugu	Enugu	3,257,298	17	191,606
15	Gombe	Gombe	2,353,879	11	213,989
16	Imo	Owerri	3,934,899	27	145,737
17	Jigwa	Dutse	4,384,649	27	162,394
18	Kaduna	Kaduna	6,066,562	23	263,764

19	Kano	Kano	9,383,682	44	213,266
20	Kastina	Kastina	5,792,578	34	170,370
21	Kebbi	Birni-Kebbi	3,238,628	21	154,220
22	Kogi	Lokoja	3,278,487	21	156,158
23	Kwara	Ilorin	2,371,089	16	148,193
24	Lagos	Ikeja	9,013,534	20	450,677
25	Nasarawa	Lafia	1,863,275	13	143,329
26	Niger	Minna	3,950,249	25	158,010
27	Ogun	Abeokuta	3,728,098	20	186,405
28	Ondo	Akure	3,441,024	18	191,168
29	Osun	Osogbo	3,423,535	30	114,118
30	Oyo	Ibadan	5,591,589	33	169,442
31	Plateau	Jos	3,178,712	17	186,983
32	Rivers	Port-Harcourt	5,185,400	23	225,452
33	Sokoto	Sokoto	3,696,999	23	160,739
34	Taraba	Jalingo	2,300,736	16	143,796
35	Yobe	Damaturu	2,321,591	17	136,564
36	Zamfara	Gusau	3,259,846	14	232,846
37	F.C.T	Abuja	1,405,201	05	281,040
<b>Total</b>	<b>Nigeria</b>		<b>140,003,542</b>	<b>774</b>	<b>180,883</b>

*Source: National Population Commission 2012*

As at 2006, the Average Population per local government in Nigeria is 180,883 an increase of 22.17% over that of 1996. This has a serious implication for sustainable economic growth and physical development of major urban centres, as revenue allocation continues to dwindle, thus creating vertical imbalance between the Federal, State and Local Governments and this will increase the fiscal gap in local government finances.

## LOCAL GOVERNMENT PERFORMANCE MEASURES

Performance measurement in a local authority is a complex task because: local authorities offer a wide range of services with both tangible and intangible outputs; customers rarely pay an economical price for the services; there is no profit measure; and there is no apparent direct link between services and cost. The term performance has really suffered from the problem of acceptability of suitable criteria for measurement because it is a non observable construct which can be quantified if the nature of performance being measured is clearly defined. Nevertheless, its meaning tends to depend on individual scholar or author's perception of performance. In theory and also in practice, it is almost impossible for us to measure performance, without recourse to efficiency and effectiveness (Mikhelovba, 2011). These two concepts are very germane in understanding or measuring performance of any organization or individual. According to Balogun (1972), efficiency can be categorized into three typologies, these are: technical, economic and operational efficiency. However, his position on performance appears to be capitalistic as it attempts to measure performance per input-output ratio.

It is worthy of note to state that local government in a socialist-oriented state and even to a large extent, in a mixed economy state like Nigeria, may be performing without necessarily making reference to profit margin, since the goals of such states in most cases are to provide welfare services for their citizens. In such states, effectiveness rather than efficiency comes into play. In most developing worlds, local government can only be assumed to be performing if projects and services delivered meets the local demands of its citizens (Salahu, 2012). In essence, performance at the local government level could be measured in terms of specific developmental projects such as kilometers of rural roads constructed or rehabilitated, number of boreholes and deep well sunk. It could also be expressed in terms of improved quality of life the citizenry enjoy as epitomized in the primary health care programmes provided, procurement and distribution of fertilizers to farmers at subsidized rate; effective management of primary education as well as quality of public enlightenment programmes provided and enjoyed by the citizens.

## METHODOLOGY

The population of this study consists of two (2) major local government areas of Rivers State- Port Harcourt City and Obio Akpor with a total population of about 450,904 people. Considering the size of the population, the Taro Yemen sample size =determination function was applied to determine a size of Four Hundred (400) respondents. Thereafter, a stratified random sampling technique was used to select members of the sample frame. The data for this study were generated mainly by the primary method of data collection through the administration of

questionnaire on the residents of these two local governments. In analyzing the data for this study, the ordinary least squares (OLS) regression analysis was used. This was done with aid of the statistical package for social science research (SPSS) version 22.

The choice of measurement of variables in this study was made through a thorough and critical review of extant literature after which the items to be used in operationalizing the variables were established. The variables are: (i) Transparency: Is the process of operating in such a way that it is easy for others to see what actions are performed. In other words, it is the extent to which tax payers have ready access to required financial information about a local government. For this dimension of financial accountability, five test items were used where the respondents were required to rate the test items on a five-point Likert scale of strongly agree (5), agree (4), indifferent (3), disagree (2), and strongly disagree(1). The first part of the scale (left hand) indicates a strong reflection while the second part (right hand) indicates a weak reflection. (ii) Integrity: Is the qualifications of being honest and having strong moral principles; moral uprightness. In other words, it is regarded as the extent of honesty and truthfulness or accuracy of actions of local government administrators. (iii) Primary Health Care: Is the maintenance or improvement of health via the diagnosis, treatment, and prevention of disease, illness, injury, and other physical and mental impairments in human beings. In other words, it is the extent to which a local government provides medical service to the people. For this measure of local government performance, five test items were used where the respondents are required to rate the test items on a five-point Likert scale of strongly agree (5), agree (4), indifferent (3), disagree (2), and strongly disagree(1). The first part of the scale (left hand) indicates a strong reflection while the second part (right hand) indicates a weak reflection. (iv) Financial Regulation: This refers to those rules promulgated by the legislative arm of government to monitor and control financial resources of local government. Financial regulation acts as a moderating variable in this study and it is measured as a dummy variable.

Model Specification and Estimation: In this study financial accountability is the explanatory (predictor) variable operationalized as transparency and integrity while the measure for local government performance (criterion) variable is the provision of health care service. This is as captured in the model shown below:

$$PER = f[\alpha_0 + \beta_1 TRANS + \beta_2 INT + \beta_3 FR + U \text{ -----}] \quad (i)$$

Where:

PER = Performance; TRANS = Transparency; INT = Integrity; and FR = Financial Regulation; U = Error term;  $\alpha_0$  = Regression constant;  $\beta_1$  = Regression co-efficient

## ANALYSIS AND RESULTS

In testing the first hypothesis which states that transparency has no significant relationship on the performance of local governments in Rivers State, data on transparency were regressed with data on performance and the result obtained is presented in the Table below.

Table 2. Relationship between Transparency and Performance of Local Governments

VARIABLE	R	R -SQUARED	B	F	Sig.
TRANS	0.703	0.494	0.269	196.210	0.005

**Source:** SPSS Version 22 Window Output

On the relationship between transparency as a dimension of financial accountability and performance of local governments, table 2.0 above revealed a high correlation coefficient (R) of 0.703. The coefficient of determination ( $R^2$ ) indicated that about 49.4% improvement in primary health care is attributed to transparency in local governments. In other words, about 50.6 % improvement in primary health care is due to other factors other than transparency; hence the model is good and nicely fitted. The unstandardized coefficient (B) equally shows that one percent increase in transparency brings about 26.9% improvements in primary health care of local governments. More so, the p-value (0.005) which is less than 0.05 and the F-ratio (196.210) suggest a significant relationship. This implies that there is a positive significant relationship between transparency in local government finance and performance.

In testing the first hypothesis which states that there is no significant relationship between integrity and performance of local governments in Rivers State, data on integrity were regressed with data on performance and the result obtained is presented in the Table below.

Table 3. Relationship between Integrity and Performance of Local Governments

VARIABLE	R	R -SQUARED	B	F	Sig.
INT	0.819	0.671	0.531	200.993	0.000

**Source:** SPSS Version 22 Window Output

On the relationship between integrity as a dimension of financial accountability and healthcare services, table 3.0 above revealed a high correlation coefficient (R) of 0.819. The coefficient of determination ( $R^2$ ) indicated that about 67.1% improvement in healthcare service is attributed to integrity in local government administration. In other words, only about 39.33% improvements in

healthcare service is due to other factors other than integrity. The unstandardized coefficient (B) equally shows that one percent increase in peace integrity brings about 53.1% improvements in healthcare services. More so, the p-value (0.000) and the F-ratio (200.993) suggest a significant relationship. This implies that there is a positive significant relationship between integrity and healthcare services in local governments.

## **CONCLUSION AND RECOMMENDATIONS**

The Local Government Council takes direct care of the grassroots people that is the people in the rural areas. These groups of people sometimes lack essential facilities and conditions of modern civilization. They lack pipe borne water to drink, do not have electricity, accessible roads, poor educational infrastructure and facilities to mention but a few.

For some decades now, the accountability of local government has become more complex and attracted considerable interests from both academic researchers and the general public. Issues such as financial scandals and mismanagement of resources have raised concerns from stakeholders, since government institutions are considered agents of the public with a duty of ensuring the proper functioning of government institutions.

In this study, it was observed that transparency and integrity in financial accountability of local governments have a significant relationship with local government performance. In most developing countries, local governments can only be assumed to be performing if projects and services delivered meets the local demands of its citizens. This study shows that transparency and integrity enhance the effective provision of primary health care in Rivers State Local Governments.

Consequent upon the conclusion generated above, the following recommendations are made: (i) Rivers State Local Governments should ensure adequate transparency and demonstrate integrity in financial accountability; (ii) Strong internal control measures should be instituted in all local governments on the following principles-segregation of duties, authorization procedure, documentation procedure, accounting records, physical control, and independent internal verification; for proper control and monitoring of local government finances and (iii) Strict penalty should be put in place to punish any officer of the local government who fails to demonstrate transparency and integrity in the discharge of his or her duties.

## **STUDY LIMITATIONS**

In discussing limitations to this study, it is imperative to mention the scope of the study, particularly the geographical and content perspectives. Although the study unit scope is justified. The scope in terms of geography is limited to Rivers State, in the Niger Delta region of Nigeria.

The two local government areas of Port Harcourt and Obio/Akpor are the most largely populated in the State. They account for seventy percent (70%) of the population of Rivers State, Nigeria. The former is rated among the top ten (10) richest, out of the seven hundred and seventy four local government councils in the federation, in terms of internally generated revenue and federal revenue allocations. The latter is the second richest in internally generated revenue, only next to Lagos Island local government. From the content angle, the study considered finance related accountability, transparency, integrity and the issues raised as regards local government administration were addressed. The essential constraints that militated against this study were time and finance.

## REFERENCES

- Adegbite, E. O. (2010). Accounting, accountability and national development, *Nigerian Accountant*, 43(1), 56-64.
- Ademola, S.U. (2009). A systems approach to intergovernmental relations. *Quarterly Journal of Administration*. 14, (2), 114-115.
- Agbonifoh, A.B. & Iyayi, F.I.O. (2005). *Management: A Nigeria perspective*, Lagos: Maithouse Press Ltd.
- Agburu, J.I. (2012). Recent trends in wage and salary administration in Nigeria: A research project submitted to the department of public administration, Zaria: Ahmadu Bello University Press
- Akpan, W.A (2010). The new vision of local governance and the evolving roles of local governments. *Journal of International Relations*, 11(1), 236-251
- Balogun, M.J. (1972). A framework of measurement of government efficiency. *Quarterly Journal of Administration*, University of Ife, Ile-Ife. 11, 21 -34
- Bednar, P.P. (2012). *The finance of local government*. Seventh Edition. London: George Allen and Urwin
- Bovens, M.P. (2005). *Local government*, M & B Handbooks, London: Macdonald and Evans Ltd.
- Federal Republic of Nigeria, (1999). *The 1999 Federal Republic of Nigeria Constitution*. Government Printer, Kaduna
- Mbanefo, G. F. & Bello-Imam, I.B. (2010). Potential revenue sources for local governments in Nigeria' in Bello-Imam (ed) *Local Government Finance in Nigeria*, College Press, Ibadan.
- Mikhelovba, B. (2011). *Local government revenue and performance: A study of selected local governments in Edo State (2008-20 10)*. M.SC. Research Thesis, Political Science Department. University of Ibadan, Ibadan.
- Mills, J.S. (1975). *Consideration of representative government*. London, Oxford University Press. cited in Nigeria' in Bello-Imam (ed) *Local Government Finance in Nigeria*, . College Press, Ibadan
- National Population Commission, (2006). *The Nigerian 2006 Population Census Survey*.
- Okoli, O.E (2008). *The development and management of Nigerian Cities: Lead Paper developed in collaboration with Idu Egbenta and Dr. Godfrey Udoh and delivered at the 38th NIESV Annual conference held at the Transcorp Hilton Hotel, Abuja .*
- Okoye, F.A. (2012). *Principle of local government accounting*. Lagos: Chapter Ten Publications
- Ola, R.F. & Bello-Imam, I.B. (2010). Residents perceptions on local government Services in Bello-Imam (ed) *Local Government Finance in Nigeria*, College Press, Ibadan

Olatoye O. (2002). Urban financing and property tax system. A Paper delivered at the training workshop organized by the development policy centre in collaboration with the Ministry of Local Government and Chieftaincy Matters.

Omolaye, B.T (2015). Revenue administration in local budgeting. International Journal of Public Finance, 7(2), 23-31

Peter, G. (2007). Performance - based accountability in Shah, A. (ed) "Performance Accountability and Combating Corruption . World Bank. Retrieved on 2/4/2011 from <http://worldbank.org>

Salah, M. & Nabiha, J. (2011). The local government system in Nigeria. Ibadan; Lead City University Press

Salahu, M.O. (2012). Local government revenue and performance: A Study of Selected Local Governments in Kwara State (2009-20 11). M.SC. Research Thesis, Political Science Department. University of Ibadan, Ibadan.

Sloan, W.A. (2001). Local government in encyclopedia of social sciences, 9, 5 74-584

Tomori, M.A (2008). Local government administration financial sustainability and Public- Private Partnership for Grassroots Development. A Paper Submitted on Oyo State Pacesetter Development Summit

Udeh, E. M (2008). Financial management of local government in Nigeria, Obafemi Awolowo University Press, Ile-Ife.

Yilmaz, V.; Bish, R. & Ostrom, E. (2008). Local government in the United States. San Francisco, California. ICS Press