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ASSESSING FINANCIAL MANAGEMENT STRATEGIES FOR ENHANCING FINANCIAL ACCOUNTABILITY AND PERFORMANCE IN LOCAL GOVERNMENTS IN NIGERIA

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Abstract

Poor financial accountability cannot be allowed to continue existing in the Nigerian public sector, especially at the local government level due to its negative impact on the financial performance of the local governments in Nigeria. This paper hereby assessed the financial management strategies for enhancing financial accountability and performance in local governments in Nigeria. For this, a survey design was employed and both qualitative and quantitative approaches were used. A convenient sample size of 150 senior/management staff of the local government in Plateau and Bauchi States of Nigeria was selected. The regression Method was used to test the hypotheses at 0.05 or 5% level of significance. The study revealed that financial accountability strategies significantly affect efficient and effective financial management and that effective financial management significantly enhances financial performance in the Local Government system. Based on the findings, the study recommended that financial accountability strategies such as established due process for every expenditure to be incurred; compliance to local government financial rules and regulations with respect to both revenue and expenditure; and ensuring strict adherence to *budget for every expenditure should be enforced in all the Local governments in Nigeria if optimal financial performance in the Local Government system is desired.*

Keywords: Financial Management Strategies, Financial Accountability, Performance, Local Governments

Federal republics such as the United States of America and Nigeria have three tiers of government: federal, state and local governments. The issues in the third tier of the government are more critical than those in the other two tiers. Responsible governments in the world have always employed strategies and approaches to ensure good governance at the local government level. This tier of government is expected to be accountable to the people in its locality, and the state and federal government administrations on issues of socio-economic development and economic performance at the grassroots. Suffice it to say that social, political or economic development can only become meaningful and real when citizens at the grassroots level are properly taken care of (Sikander, 2015). Effective management of public finances is an essential ingredient of development and the implementation of poverty reduction strategies, and this can be achieved through public financial management.

The concept of financial management was brought to the fore in the 20th Century to address issues of financial recklessness and to enhance economic performance of corporate organisations. Globally, governments of many nations have pursued various forms of public financial management reforms to enhance local government performance in areas of accountability, transparency, rules of law compliance and service delivery to the generality of the citizens within the community (Adekoya, 2020). With proper financial management in place, financial accountability is enhanced, transparency is guaranteed, financial performance is improved, and financial misappropriation and mismanagement are minimized (Jugu, 2007). Adegite (2010) noted that there are three pillars of accountability, which the UNDP tagged ATI (Accountability, Transparency and Integrity). Accountability can be segmented into four categories: Social accountability, Political accountability, Administrative accountability and Financial accountability. The focus of this paper is on Financial accountability.

Financial accountability is the obligation of anyone 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 (World Bank, 2003). According to Agwor (2017), financial Accountability means being responsible and accountable for any financial resources one is entrusted with. Financial accountability is geared towards ensuring that there is control over fraudulent practices, defalcation and embezzlement. However, the level of corruption in many developing economies have made the practice of financial accountability very difficult because people in public offices are afraid of exposing their dirty linen. Nevertheless, poor financial accountability or it lack cannot be allowed to continue existing in the Nigerian public sector, especially at the local government level as it continues to be a significant hindrance to even good governance (Hassan, 2020), a leaf should be borrowed from countries like the United States and Indonesia. It should be noted that financial accountability is one of the indices for appraising financial performance.

Financial performance identifies how well an organisation generates revenues and manages its assets, liabilities, and the financial interests of all its stakeholders. There are many stakeholders for every local government, these include the local community, state government, the federal government, contractors, lenders (banks), donors and grant providers, politicians, employees, and management. The local government's financial performance is the ability of a region to explore and manage indigenous financial resources in meeting its needs to support the running of the system of government, service to the community and regional development independent of the central government and having the flexibility in using funds for the interests of the local people within the limits prescribed by legislation (Syamsi, 1986 in Mangantar, 2018). Hence, financial performance is one of the methods of ascertaining the level of public financial management practices in local government administration.

According to Setyawan (2004) in Mangantar, (2018), Performance appraisal is a design, collection and evaluation of evidence that is sufficiently relevant to, material, and competent by a free examination aimed at determining whether the management or employees of a business unit have or have not received and implemented accounting principles, policies management or operational norms appropriately to achieve the economic, efficient and effective use of resources, then from the evidence for the purpose of the examination, the examiner draws conclusions, formulates suggestions for improvement and reports the results to the parties in need. Khairudin, Tirmizi, Indrayenti, Aminah & Muhammad (2018) provided financial independence, financial effectiveness, financial efficiency, and financial growth as the measurement indicators of financial performance.

The question now is "Why are local governments in Nigeria still having financial accountability issues?" Why is it that we are still having abysmal performance in most of our local governments in Nigeria?" These two big questions form the problem of this paper. However, at the end of the review of relevant literature, and when financial management strategies are identified and implemented, solutions to the problems of ineffective financial accountability and poor performance of local governments in Nigeria would be proffered.

The significance of this study to the academic community, managers of financial resources and policymakers at the local governments is as follows: the academic community will have a reference material; managers of financial resources will know what they need to do to enhance their financial performance; and policymakers will have an instrument for policy formulation. This study set out to identify the strategies of financial accountability that enhance efficient and effective financial management and performance of local governments in Nigeria. While the research questions guiding the study, include:

1. What are the financial accountability strategies for enhancing efficient and effective financial management in the Local Government system of Nigeria?
2. How can efficient and effective financial management enhance financial performance in the Local Government system of Nigeria?

LITERATURE REVIEW

Concept of Local government

Local government is the third tier of government in a federal system that deals with matters concerning the citizens at the grassroots. This form of government administration is a structure created by federal or state government enactment. Nigeria is a federal republic, with this government administrative arrangement: Federal, State and Local governments. According to Khalil & Salihu (2011), federal is the sovereign nation, state a quasi-sovereign, local government the intra-sovereign. Local government is the lowest in the government hierarchy within the concept of federalism (Adekoya, 2020). In Nigeria, after 1976 local government reforms, local government was acknowledged as the third tier of government and was enshrined in the 1979, 1989 and 1999 Constitution of Federal Republic of Nigeria. Section 7(1) of Nigeria 1999 Constitution stipulates and guarantees the system of democratically elected local government councils, while section 8 provides for the establishment, structure, composition and finance in each state under the laws (Adekoya, 2020). Currently, Nigeria has 774 local government councils/areas that are enshrined in the fourth schedule of the 1999 constitution.

According to Adekoya (2020), local government as an institution at the grassroots has an established democratic system of government so it can meet the socio-economic welfare of the people at the grassroot. It is responsible for the management of local affairs by the local people within a given locality, village, town, district, city or specified jurisdiction. Local government institution allows for effective participation and involvement of citizens at the grassroots in decision making, political affairs and democratic process (Sikander, 2015). Therefore, local government is the government of local communities within a particular geographical location, practicing self-government and managing their affairs with derived powers, roles and functions from a national constitution, with the responsibility of administering governance that promotes socio-economic development of its area and citizens.

Need for Reforms

Series of financial misappropriation and mismanagement in recent years at some government establishments in Nigeria such as the Local government councils, have attracted public attention, particularly on the quality of financial accountability and control being practice in the public sector. The 1999 Constitution has imposed strict requirements for the three tiers of government and their entities, which are meant to provide essential services to the citizenry. Unfortunately, these services cannot be effectively, efficiently and economically provided without the quest to be accountable and transparent. The purpose of this imposed strict requirements by the 1999 Constitution is to emphasize lines of responsibility for accounting officers in the three tiers of government in Nigeria (Agwor, 2017). The citizenry, legislators and public accounts committees are increasingly soliciting financial information from the three tiers of government that exist in Nigeria (Adegbite, 2010). This financial information that is required includes monthly financial returns and published annual financial statements and that are supposed to be generated from a good financial reporting system ((Abdullaha, Sudirmanb, Dind & Firman, 2022).

More reforms on finance and administration in local governments of Nigeria, gearing towards enhancing accountability and economic performance, are needed. Accountability generally is very important for government at all levels because it is a tool that attracts the interest, trust and loyalty of the public to public governance. Without it however, the consequences could be so dire; citizens may not believe in the public governance and the public may not give the government of the day the needed support it desires.

Financial reform in local government system always encompasses reforms in the area of accounting because it will provide the necessary information and measurable values that will enhance and justify the financial accountability and government financial performance. Financial accountability is closely related to the field of accounting in terms of better public accountability and performance (Budiarso, Mandey, Karamoy, 2018). It was on this basis that Ryan & Walsh (2004) explained that the mechanism of accountability can be seen in governmental financial reporting system. Furthermore, Rai (2008) explained that financial statements can be used by the government to show the responsibility it has for the public.

Public Financial Management

Public financial management connotes the efficient receipt and application of funds. To improve the operational activities of local government for enhancing revenue generation, new strategies are required. Public financial management is concerned with the planning, organizing, procurement and utilization of government financial resources as well as the formulation of appropriate policies in order to achieve the aspirations of members of that society. Premchand (1999) sees public financial management as the link between the community's aspirations with resources, and the present with future. financial management lies at the very heart of the operations and fiscal policy of government.

Public financial management begins with policy formulation, budget formulation, budget structures, payments system, government accounting and financial reporting, audit and legislative control within the federal arm of government (Onuorah & Appah, 2012), and the process is replicated in the two other tiers of government: State and Local. According to Premchand (1999), "the transformation of the society's aspirations into feasible policies with well-recognized financial implication is at the heart of financial managers. The aspect of the payments system in public financial management is still very poor in Nigeria, as the local government has yet to put in place proper cash management system, which would pave way for coordinated domestic financial management (Prenchard, 1999). The practice of limiting outlays to collected revenue has exacerbated this problem. Payments system involves the operational procedures for receiving monies for the public and for making payments to them. This could be facilitated through a good accounting and auditing systems (Assakaf, Samsudin & Othman, 2018). Adams (2001) noted that government accounting entails the recording, communicating, summarizing, analyzing and interpreting financial statements in aggregate and in details. Prudent financial management requires stewards of government and of the people to perform the task of enhancing and protecting revenue leakages, and controlling and regulating expenditure right from their estimates up to their actual receipts and spending (Jugu, 2007). Financial management generally, involves systematic efforts of management to plan, source and devote resources into organisational activities for attainment of organisation objectives (Pandey, 2005; Banerjee, 2009).

In order to achieve efficient, effective and prudent financial management at the local government level, the following as given by Adekoya (2020) should be taken into consideration:

1. Determine the financial objectives of the local government
2. Outline the plans of action and select the policies for achieving these objectives
3. Carryout financial plans, input these in the local government overall plans.
4. Compare the actual with plans, evaluate any form of variances from the plans.

5. Establish causes of variances.
6. Review process/plan and redesign/revise the objectives where necessary.

Concept of Accountability

The general concept of accountability reflects a shared responsibility, honesty, transparency, trustworthiness and openness between the government and the people on how public funds were expended (Okpala, 2012). Accountability is an aspect that is vital to any organization, be it profit oriented or non-profit oriented, public or private. Any system that lacks or is poor in accountability means the system is poor or lacks integrity, and such a system will be open to unwholesome practices, such as mismanagement of resources, assets misappropriation and embezzlement of funds. Accountability, being it politically, administratively or financially, is 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 he/she has held (Jugu, 2007).

According to Coker (2010), there are two approaches to accountability, these are process based accountability and Performance based accountability: The former measures compliance with pre-set standard and formally defined outcomes, which include fiscal and managerial accountability with reliance on the use of accounting methodologies. While the latter measures performance against broad objectives, which may be qualitative and it serves as the criteria for measuring performance. Adegite (2010) noted that there are three pillars of accountability, which the UNDP tagged ATI (Accountability, Transparency and Integrity). Accountability can be segmented into four categories:

Social accountability: This is a demand driven approach that relies on civic engagement and involve ordinary citizens and groups exacting greater accountability for public actions and outcomes.

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. iv)

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.

Financial accountability: The obligation of any one handing 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. According to Agwor (2017), financial Accountability means being responsible and accountable for any financial resources one is entrusted with. Financial accountability is geared towards ensuring that there is control over fraudulent practices, defalcation and embezzlement. This equally includes proper carrying out of responsibilities and obligation by all individuals in an establishment. According to Balogun (1972), all this can only be done when there is sound internal control system in place. Therefore, instituting sound internal control system in an organization is one of the strategies for enhancing financial accountability and performance.

Uzochukwu et al (2018**)** stated that financial accountability is concerned with the allocation, utilization, tracking and reporting of financial resources. This can easily be done when the tools of budgeting, auditing and financial reporting are employed (Abdullaha, et al, 2022). These tools will help to ensure that government officials comply strictly with laws, rules and regulations promoting transparency and accountability. A study conducted by Agwor (2017), observed that transparency and integrity in financial accountability of local governments have a significant relationship with local government performance.

Legal Framework for Public Financial Management

1. Constitution of the Federal Republic of Nigeria (hereafter called the 1999 constitution) This provides the general framework for the three tiers of governments in Nigeria on issues of financial administration and controls of public funds. It provides the basis for financial accountability and transparency.
2. The Finance (Control and Management) Act 1958 as amended and now referred to as CAP F 26 LFN 2004. This outlines the management and general operation of public funds. It regulates the accounting systems, outline the various books of account to be maintained and the process of being accountable.
3. The Annual Appropriation Acts – this is an annual budget process at the federal level that also concerns the third of government. It enables the councils and legislative arms of local government to also come up with their budget.
4. The Public Procurements Act 2007 as amended – This ensures transparency, probity, accountability, competitiveness, efficiency and effectiveness in local government procurements of goods, services and execution of works.
5. The Fiscal Responsibility Act 2007 – Which is aimed at installing the best practices in public financial management by engendering transparency, accountability and good governance in this tier of government.

6. The Financial Memoranda – This is a legal instrument of accounting and financial control. It outlines rules on action acceptable and those deemed unacceptable in local government financial management. It is a body of governing rules for record keeping. It covers areas and approaches to financial reporting, sources of funds, expenditure allocation patterns; and funds management (Adekoya, 2020).

8. Other laws and regulations that support financial accountability in Nigeria include:

i. Local Government Bye Laws.
ii. The Anti-Corruption Act, 2000;
iii. The Code of Conduct Tribunal;
iv. The Economic and Financial Crimes Commission (EFCC) Act, 2004; and
v. International Public Sector Accounting Standards Board (IPSASB).

All these regulations and legislations are designed to promote financial accountability and transparency in Nigeria. Despite these legislations and guidelines, the practice of financial accountability is still very poor in the local government system of Nigeria, and corruption is taken the centre stage (Jugu, 2007).

Theoretical Review

Stewardship Theory

This study is anchored on stewardship theory, because is a theory that views the relationship between principals and stewards. It is based on the premise of behavior that is different from the behavior in agency theory (Donaldson, 1991; Eisenhardt, 1989). The actions and roles of managers are motivated by the need for self-achievement to gain intrinsic satisfaction through success in performing the duties and responsibilities and authority to gain recognition from superiors. The theory assumes that managers understand themselves as responsible servants and behave accountably in managing resources and choose to exercise their authority for long-term organizational interests, to whom they are responsible and to place the interests of the entity above self-interest (Davis, Schoorman, & Donaldson, 1997).

The agent's accountable behavior will occur when the main values meet and the sense of responsibility is created, as a consequence the basic method of control over servant behavior can be reduced because the volunteer servants will be held accountable. The theory also assumes that servants in an organization behave responsibly to the effects of organizational action through the welfare of stakeholders (Budiarso, Mandey & Karamoy, 2018).

Empirical Review

Ohaka, Dagogo and Banyie (2016) studied international public sector accounting standards and local government financial management in Nigeria. The study reported that adoption of IPSAS has added value to transparency and accountability in local government financial management. It was recommended that full adoption of IPSAS in Local government will improve good governance and sound financial management practices. In the same vain, Ironkwe and Muenee (2016) studied treasury management and local government development in Nigeria. The study revealed a positive correlation between treasury management and local government development. It recommends that local government should ensure sound treasury management in order to safeguard financial resources and enhance performance.

Adekoya (2020) assessed financial management in local government of Nigeria with a view to determining its contribution to the economy, efficiency and effectiveness of local government administration. The study concluded that LG administrators should act in the same manner as their counterparts in the private sectors based on modern financial management practices, that in doing so efficiency, financial capability, transparency and accountability in goods and services delivery will be increased. A study conducted in Nigeria by Alade Owabumoye & Olowookere (2020) examined the effect of budget planning as budgetary control mechanism put in place on financial accountability in the public sector of Ondo State Ministry, Departments and Agencies using primary data. The study concluded that in order to achieve financial accountability factor such as budget planning should be accorded utmost priority. Another study was carried out by Agbatogun (2019) to examine the impact of financial accountability and transparency on the management of public sector in Nigeria. Data were gathered primarily with the use of questionnaire and analyzed using SPSS version 20.0. The findings reveal that the level of governance in Nigeria is very poor due to due to various recent financial scandals and misappropriation of public funds the country has experienced over the years. There the study recommended that for accountability to be successful in the management of public sectors in Nigeria those who hold public positions should be made to be accountable for the misappropriation of public fund.

A study by Onuorah & Appah (2012) examined the management of public funds in terms of how public office holders give accountability report of their stewardship. The finding reveals that the level of accountability is very poor in Nigeria because the attributes of accessibility, comprehensiveness, relevance, quality, reliability and timely disclosure of economic, social and political information about government activities are completely non available or partially available for the citizens to assess the performance of public officers mostly the political office holders. A study by Okpala & Osanebi (nd) evaluated the impact of financial accountability on national development in Nigeria. A survey research design was employed and the population consists of all public sector organizations in Nigeria. Findings revealed that the fiscal accountability has negative impact but significant relationship with sub-variables and the aggregate of national development in Nigeria. It therefore recommended that government should put in place strategic structure that enables the effective financial accountability framework in Nigeria.

Adebayo, Dada and Olarewaju (2014) conducted a study on effective financial management of local government funds using Ido-Osi local government areas, and it was revealed that local government needs an urgent improvement on their financial control mechanism to achieve optimum performance. Also, Izueke, Anyadike and Nzekwe (2013) studied the management of local government finance in Nigeria with the challenges and prospects. The study found that management of local government finances are characterized with problems such as lack of long-term financial planning, inappropriate budgetary process and implementation, corruption and inefficiency in service delivery. Consequently, the study recommended the removal of all forms of obstacles in local government administration in so as to enhance management efficiency and performance, good financial planning and sound budgetary process and implementation.

METHODOLOGY

The Study

The study employed a survey research design and used both qualitative and quantitative research approach to achieve its objective. A convenient sample size of 150 senior/management staff of the local government in Plateau and Bauchi States of Nigeria was determined, and a purposive sampling technique was used to select the sample elements and issue when the structured research instrument for the purpose of collecting primary data. A research assistant was employed on ad hoc basis to administer the questionnaire.

Content Validity

The instruments (questionnaire) were designed on a 5-point Likert scale (1= not relevant, 2 = somewhat relevant, 3 = quite relevant, 4 = relevant, 5 = very relevant) to evaluate the relevance and suitability of the measurement items. After developing the instruments, it was issued out to ten (10) experts which include: experts in marketing, practitioners, consultants and psychometrics. We used expert evaluation to rate the instruments and modified based on their comments. Comments made were incorporated in the final questionnaire. This was consistent with previous studies who emphasized that it is beneficial to do so as it enables a researcher to assess its internal consistency, inter-item correlations and factor structure. Table 1 shows the results reflecting Content Validity Index (CVI) for the questionnaire all above 0.7 taken as acceptable basing on Sekaran (2003).

Table 1 CVI for Questionnaire

Variable	Experts										Mean CVI
	1	2	3	4	5	6	7	8	9	10	
Financial accountability strategies	0.8	0.7	0.1	1	1	0.1	0.8	0.8	0.9	1	**0.86**
Financial management	0.7	0.7	0.7	0.9	0.7	0.9	0.7	0.8	0.6	0.8	**0.79**

Reliability

Reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials. After the development of the questionnaire, a pilot study was conducted on main sample which comprises of 10 Senior staff of Plateau state ministry of finance. The main rationale behind the preliminary study was to assess the clarity and relevance of the items in the instrument. There are many techniques of accessing instrument reliability but in this research, Cronbach Alpha technique was used to determine the reliability of the question. The advantage of this method is that it requires one testing session and this eliminates chance error due to differing test conditions. More so, Cronbach Alpha measures internal consistency among a group of items combined to form a single scale. It is a reflection of how well the different items complement each other in their measurement of different aspects of the same variable or quality and it interpret like a correlation coefficient. Questionnaire is considered reliable if the Cronbach Alpha coefficient is greater than 0.70. This is in line with the rules of thumb for the Cronbach alpha: >.9 is Excellent, >.8 is Good, >.7 is Acceptable, >.6 is Questionable, >.5 is Poor, and <.5 is Unacceptable. As could be seen in the table 2 below, all the variables have Cronbach's alpha coefficient above 0.7. Thus, confirming reliability of the instrument for the study.

Table 2 Reliability Test

Variable	Cronhach alpha (α)	Scale
Financial accountability strategies	0.835	1 – 5
Financial management	0.974	1 – 5

Method of Data Analysis

The study employed the use of both descriptive and inferential tools in analysing the data that was gathered. The descriptive tools that were used in the analysing include mean and standard deviation. Regression Method was used to test the hypotheses at 0.05 or 5% level of significance using SPSS 25.

Model Specification

This will provide the researcher with the knowledge of the nature, and direction of the relationship between the variables.

$EFM = \beta_0 + B_1 FAS + \varepsilon$ … Model 1

$Fin\text{-}Perf = \beta_0 + \beta_1 EFM + \varepsilon$ … Model 2

Where:

EFM = Efficient and effective financial management

Fin-Perf = Financial performance in the Local Government system

FAS = Financial accountability strategies

β0 - is a constant

ε is the error term

Decision Rules

This study used the following rules as the basis for statistical decisions: If $p<0.05$, the H_0 to be rejected which implies that the independent variables have significant effect on the dependent variable, but if otherwise, we fail to reject the H_0.

ANALYSIS AND DISCUSSIONS

Demographic Characteristics & Response Rate

The high response rate (100%) is attributed to fact that the researchers engaged both personal efforts and the services of ad hoc researchers in collecting data. All copies of the questionnaire were duly returned except for 8 copies that were not properly filled and therefore, regarded as invalid. Hence, only 142 copies of the research instrument were analysed and interpreted. Also, internet searches, library and desk reviews were the methods employed for the collection of secondary data. Table 3 summarizes the response rate:

Table 3 Response Rate

	No. of respondents	**Percentage**
Questionnaires Issued	150	100

Responses Received	150	100%
Responses Discarded	8	5.3%
Responses Used	142	94.7%

Table 4 Multi-collinearity Results

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Err	Beta	t	Sig.	Tolerance	VIF
(Constant)	.841	.421		3.321	.001		
Financial management	.321	.124	.233	3.314	.002	.365	2.615
Financial accountability strategies	.241	.134	.214	2.336	.120	.006	2.364

a. Dependent Variable: Financial performance in the Local Government system

KMO and Bartlett's sphericity test

To evaluate the feasibility of the study, the Kaiser-Meyer-Olkin sampling adequacy index and Bartlett's sphericity test were conducted; both methods suggested the existence of an acceptable inter correlation considering the criteria suggested by Nassiuma and Mwangi (2004). The Maximum extraction method was performed because it best reproduces the population values when the data has normal, multivariate distribution and the statistical significance of the extracted factors can be calculated Nassiuma and Mwangi (2004). The results for all the five variables show the KMO values are above 0.7 (table 5). This implies that the items in our questionnaire correlate well with other items within their respective clusters to measure the underlying dimension, hence, adequate to continue with further analysis.

Table 5 KMO and Bartlett's Results

Variable	**KMO**	**Bartlett's test**			**No of factors**
		χ^2	**df**	**Sig**	
Financial management	0.841	531.823	15	.001	2
Financial accountability strategies	0.863	684.198	21	.001	2

Test of Hypotheses

Hypothesis One

H_{01}: Financial accountability strategies does not have significant effect on efficient and effective financial management.

Table 6 Model Summary for Hypothesis One

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.518a	.471	.495	77414100154.5414	1.51

a. Predictors: (Constant), Financial accountability strategies

b. Dependent Variable: on Efficient and effective financial management

Table 7 Coefficients for Hypothesis One

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	641416	41003109		1.210	.021
Financial accountability strategies	4.211	67541411	.144	2.141	.000

a. Dependent Variable: on Efficient and effective financial management

The relationship between financial accountability strategies and efficient and effective financial management is about 47%. R being the determinant of correlation explains the extent to which the independent variable could explain the dependent variable. R square as shown in model summary is about 51%, this implies that the independent variables can predict or determine dependent variables up to 51%. This simply means that the ability of financial accountability strategies determines efficient and effective financial management is about 51%.

This study revealed that a unit change in financial accountability strategies account for about 3.14-unit change in efficient and effective financial management. This study revealed that financial accountability strategies have a positive effect on efficient and effective financial management, since, the p value is lower than 0.05 level of significant (0.000 < 0.05 p), we hereby reject the null hypothesis and conclude that financial accountability strategies have significant effect on the efficient and effective financial management.

Hypothesis Two

H_{02}: Efficient and effective financial management does not significantly enhance financial performance in the Local Government system.

Table 8 Model Summary for Hypothesis Two

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.517a	.577	.525	14741100.54	2.01

a. Predictors: (Constant), Efficient and effective financial management

b. Dependent Variable: Financial performance in the Local Government system

Table 9 Coefficients for Hypothesis Two

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig.
(Constant)	714116329	14123109		1.210	.001
Efficient and effective financial management	1.141	1.210	.071	2.21	.009

a. Dependent Variable: Financial performance in the Local Government system

As shown in the model summary, the relationship between efficient and effective financial management and financial performance in the Local Government system is about 57%. R being the determinant of correlation explain the extent to which the independent variable could explain the dependent variable. R square as shown in model summary is about 51%, this implies that the independent variables can predict or determine dependent variables up to 51%. This simply means that the ability of efficient and effective financial management to determine financial performance in the Local Government system is about 51%.

This study revealed that a unit change in efficient and effective financial management account for a significant change in financial performance in the Local Government system. This study revealed that efficient and effective financial management significantly enhances financial performance in the Local Government system. Since p value (0.009 < 0.05), we hereby reject the null hypothesis and conclude that efficient and effective financial management significantly enhance financial performance in the Local Government system.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

This study revealed that financial accountability strategies have significant effect on the efficient and effective financial management and that efficient and effective financial management significantly enhance financial performance in the Local Government system.

This study hereby concluded that eeffective management of public finances is an essential ingredient of development and the implementation of poverty reduction strategies, and this can be achieved through public financial management, hence, poor financial accountability or it lack cannot be allowed to continue existing in the Nigerian public sector, especially at the local government level.

Arisen from the findings of the study, the researchers recommended the following strategies:

1. Financial accountability strategy such as following established due process for every expenditure is to be ensured in every local government council in Nigeria;
2. Compliance to local government financial rules and regulations in respect to both revenue and expenditure should be enhanced and adhered to; and
3. Strict adherence to budget for every expenditure should be ensured and perhaps enforced in all the Local governments in Nigeria if, and only if optimal financial performance in the Local Government system is desired and is to be achieved.

The findings of this study, with their recommendations, are restricted to only local government councils in Nigeria. In particular, the recommendations may not be applicable to public sector in general, and perhaps local governments in other countries.

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