

An Assessment of the Performance of Local Government in Ondo State Nigeria: A Capital Budgeting Approach

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Abstract : Local governments in Ondo State Nigeria are the third tier of government saddled with the responsibility of providing governance and economic services at the grassroots. To be able to do this, the Constitution of the Federal Republic of Nigeria provided that a proportion of Federation Account be allocated to them in addition to their internally generated revenue. From the allocation and other incidental sources of revenue, the local governments are expected to provide basic infrastructures and other social amenities to better the lots of the rural dwellers. Nevertheless, local governments' performances in terms of provision of social amenities are without questioning and quite not encouraging. Assessing the performance of local governments in this period of dearth and scarcity of resources is highly indispensable more so that the activities of local governments' staff are bedeviled and characterized with fraud, corruption and mismanagement. Considering the direct impact of the consequences of their action on the living standard of the rural dwellers therefore calls for the need to evaluate their level of performances using capital budgeting approach. The paper being a time series study adopts the survey design. Data were obtained through secondary source mainly from the Annual financial statements and publication of approved budgets estimates covering the period of study (2008-2012). The use of ratio analysis was employed in analyzing the comparative level of performances of the local governments under study. The result of the study shows that less than 30% of the local governments were able to harness the budgetary allocation to provide amenities to the beneficiaries while majority of the local governments were involved in unethical conduct ranging from theft of fund, corruption, diversion of funds and extra-budgetary activities. Also, there is poor internally generated revenue to complement the statutory allocation and besides, the monthly withholding of larger portions of local government share by the state in the name of joint account were also seen as contributory factors. The study recommends the need for transparency and accountability in public fund management through the oversight function of the state house of assembly. Also local government should be made to be autonomous and independent of the state by jettisoning the idea of joint account.

Keywords : performance, transparency and accountability, capital budgeting, joint account, local government autonomy

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