

**THE IMPACT OF PUBLIC SECTOR ACCOUNTING IN NIGERIA
FINANCIAL CONTROL SYSTEM
(A CASE STUDY OF ESAN SOUTH EAST LOCAL
GOVERNMENT AREA, EDO STATE).**

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TITLE PAGE**THE IMPACT OF PUBLIC SECTOR ACCOUNTING IN NIGERIA****FINANCIAL CONTROL SYSTEM****(A CASE STUDY OF ESAN SOUTH EAST LOCAL GOVERNMENT
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APPROVAL PAGE

This is to certify that this project work titled "the impact of public sector accounting in Nigeria financial control system (A case study of Esan South East local government area, Edo state)" was written by Ibhahulu Otatade.M. With registration no: ACC/2008/475 of accountancy department, Caritas University Amorji-Nike Enugu in partial fulfillment of the requirement for the award of B.Sc. Degree in accounting upon affirmation that the content has been read and approved.

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DEDICATION

This project work is dedicated to God almighty for his mercies, love and protection and also to my lovely parents and my eldest brother Hon. Godwin Ibhahulu for their immeasurable efforts towards my academic pursuit.

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I wish to express my profound gratitude for the assistance rendered to me by several personalities in this cause of writing my project as well as their concern towards the completion of my academic pursuit.

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ABSTRACT

This research was aimed at finding out the impact of public sector accounting in Nigeria financial control system using Esan south east local government area of Edo state as a case study. The purpose was to find out if the control of public fund adopted by the local government is appropriate, to determine whether the public sector accounting principle applied by the local government is appropriate and effective and also to investigate whether the source of revenue to the local government is enough for them etc. The population size used was the staff and members of Esan south east local government area of Edo state, out of which the sample size was selected using the Taro Yamani's sampling techniques. Data for this study were primarily and secondarily sourced. Chi-square was used to analyze the responses gotten from the distributed questionnaires. The findings made in this study are; the public accounting principles applied by the said local government area is inappropriate and ineffective and the control of public fund measures adopted is also inappropriate etc, based on the findings, it was concluded that the public sector accounting principles applied by the local government is inappropriate and also the control of public fund measures adopted was inappropriate. Recommendations were also made based on the findings which are, an account committee should be set up to control the accounting system of the said local government and monitor their day to day activities etc and when this is met, the goal of creating the local government will be achieved.

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Public sector is that sector of the economy established and operated by government and its agencies distinguishable from the private sector and are organized on behalf of the whole citizens while Public sector accounting is the process government agencies and municipalities use to record financial transactions.

Mathias, (2004:78). Said, similar to private sector accounting in theory, the focus of public sector accounting is somewhat different. Most government agencies and municipalities need to track funds generated from tax revenues and expenditures related to projects or appropriations. In addition, nations may need to follow a set of standard of accounting principles different from private sector accounting rules. The creation of an international accounting standard helps nations to follow similar rules in other to present information in a similar manner.

Government accounting typically uses a set of rules that tracks financial information. Rather than attempting to determine how much money a public sector entity has made, the entity must report financial information to interested parties, primarily constituents. The separation of money into these funds makes it difficult for government agency or municipality to spend money on unauthorized purposes. Elected officials or legislatures

must create appropriations or spending authorizations to transfer funds amongst government fund accounts. This process attempts to restrict the spending of money on a free-will basis that will quickly deplete an agency's resources

Similar to private sector accounting, public sector accounting principles often seek to lay a framework for accounting practices.

Afolabi,(2004:320). Said rather than creating a hard set of rules to follow, the principles allow for an application of basic principles to either large and small entities or municipalities. An international set of accounting principles is also necessary for smaller nations to learn and adopt rules that will enhance their internal national accounting process. Most times, developing nations cannot or do not have the resources capable to create and instil a framework for their public sector accounting practices. Adopting an international set of accounting rules will help them overcome this problem and typically helps them start on the path better infrastructure development.

Another purpose of public sector accounting is to create a standard expectation of ethics and accountability for a nation's financial information. Standard public accounting principles will also make it easier for a nation to undergo an audit. it is also harder for countries to hide inappropriate financial transactions when using public sector accounting principles. This research study will therefore appraise the impact of public

sector accounting in Nigerian financial control system focusing on Esan South East local government.

1.2 STATEMENT OF THE PROBLEM

The problems inherent in this research study as investigated by the researcher are;

1. **INADEQUATE REVENUE:** that is, the source of revenue available to Esan South East Local Government authority most often is not enough for them, as this invariably affects diverse activities that are carried out in the local government area.
2. Poor administration of local government funds.
3. Another problem is the fact that the control of public fund adopted by the local government is inappropriate. It is as a result of this that there are still setbacks in the local government as regards to infrastructural development.
4. The adoption of inappropriate and ineffective public sector accounting principles and guidelines.
5. Another problem is that the accounts of the local government are characterized by inadequacies such as, improper maintenance and book keeping of accounts and other necessary records, embezzlement of public funds especially by the top officials.

1.3 OBJECTIVES OF THE STUDY

The main objective of this study is to appraise the impact of public sector accounting in Nigerian financial control system and also to aid local government improve on their revenue generation and collection to that point where all collectable revenue are actually collected and safely paid into the council treasury.

Other objectives include the following:

1. To investigate whether the sources of revenue available to Esan South East Local Government authority is enough for them.
2. To find out whether the revenue generated within the local government is put into good use.
3. To ascertain whether the control of public fund adopted by the local government is appropriate.
4. To determine if the accounts of the local government are characterized by inadequacies such as, improper maintenance and book keeping of accounts and other necessary records, embezzlement of public funds especially by the top officials.
5. To examine if the public sector accounting principles applied by the local government is appropriate and effective and also to recommend strategies by which the local government can use in detailing out funds and prevent revenue leakages.

1.4 RESEARCH QUESTIONS

The following research questions are formulated for the purpose of this research work:

1. Are the sources of revenue available to Esan South East Local Government authority enough for them?
2. Are the revenues generated within the local government put into good use?
3. Is the control of public fund by the local government appropriate?
4. Are the accounts of the local government characterized by inadequacies such as improper book keeping and maintenance of other records etc?
5. To what extent do the irregularities as regards to public fund in the local government affect the diverse activities of the local government?
6. Are the public sector accounting principles applied by the local government appropriate and effective?

1.5 FORMULATION OF RESEARCH HYPOTHESES

The following hypotheses are formulated for the purpose of this research work:

HO: the public sector accounting principles applied by Esan South East Local Government authority is inappropriate and ineffective

HI: the public sector accounting principles applied by Esan South East Local Government authority is appropriate and effective

H0: the sources of revenue available to Esan South East Local Government authority is not enough for them

H2: the sources of revenue available to Esan South East Local Government authority is enough for them

H0: the control of public fund by the local government is inappropriate

H3: the control of public fund by the local government is appropriate

1.6 SIGNIFICANCE OF THE STUDY

This research work will be of immense significance to the staff of Esan East local government. It will go a long way in enlightening them on the concept of public sector accounting as well as the best strategies to be adopted to monitor its generated funds. This research work will as well be of benefit to students and researchers because it will widen their scope from the information contained in this research work and lastly, it will help the entire nation in modifying the methods and approaches used by different ministries, parastatals and other inter-ministerial departments in their financial control system and also it will help them in improving revenue generations and minimizes expenditures since public sector is differentiate able from private sector or bodies.

1.7 SCOPE OF THE STUDY

This research work on the impact of public sector accounting in Nigerian financial control system is focused on Esan East local government of Edo state.

1.8 LIMITATIONS OF THE STUDY

This research would have been generalized to all local government areas in Nigeria but due to some numerous factors, I have decided to limit my study to Esan south East local government area, Edo state.

The following are the constraints encountered in this research:

1. **FINANCIAL CONSTRAINT:** Finance is the key to the success of every research work and the said finance was readily unavailable on my part as at the time I was carrying out this research and as such, proper research will not be carried out if I go about all local governments in Nigeria.

2. **TIME CONSTRAINT:** The time stipulated for the submission of this work was obviously too short and as such was unable to go about all local government areas in Nigeria.

3. **LACK OF KNOWLEDGEABLE AND SINCERE PERSONNEL:** some of the officials employed or appointed in most local governments in Nigeria including that of Esan south East local government has no knowledge of what public sector accounting is and they are also not approachable because they placed themselves on a very high esteem and even when one is opportune to interview them, there is sure to be

shortcomings arising from the basis such as, misinformation, and deliberate distortion of facts and these is as a result of not letting one know where revenue comes from and how it is been utilized.

4. LACK OF RESERCH FACILITIES: Research facilities such as transportation makes research work easier and interesting but it is noted that Nigeria has a poor transportation system especially in the area were most local government secretariat are situated and this restricted me from going about all local government areas and as such, I was forced to focus my study on Esan south East local government area though, the research was still very difficult to carry out.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 THE CONCEPT OF PUBLIC SECTOR

The public sector is a term used to identify the portion of a nation's economy that is focused on providing basic services to citizens through the framework of a governmental organization.

According to Frank, (1972). He said that accounting is often said to be the language of business. It is used by the business world to describe the transaction entered into by all kinds of government parastatals. In any office where money is used as a means of exchange, there is need to record all monetary transactions that took place in the office and this is done so that at any moment a reference can be made to find the effect of all transactions.

According to Roger, (1989). He said the users of the information define accounting as the process of identifying, measuring, communicating economic information to permit firm judgement and decision. This information is primarily financial and generally stated in monetary terms. Accounting then is a fundamental measurement and communicable process used to report on the activity of a profit seeking business organisations and not for non profitable organisations.

According to Omelehinwa, (1990), he said, accounting system is a set of rules, regulation and procedure which are anticipated by appropriate

theoretical force into a system. This definition of accounting system is rather instructive. He maintained that accounting system processes data into information which are received as input in the decision making process of the organisation.

According to Ani Uchena, in his book titled “Government and public sector accounting” he said, public sector is that sector of the economy established and operated by the government and its agencies, this distinguishes public sector from private sector and it is organised on behalf of the whole citizens as they are expected to make minimum profit from their operations.

According to Orewa, (1978). He emphasized that one of the main reasons why local government council exists is to collect various forms of revenue from its citizens or the federal government and then use the collected revenue to provide social services in an efficient manner as possible. It has to be prepared periodically a plan of expected cost of various services to be provided in the coming year.

According to Adedeji, (1972). He referred the various circle of poverty in Nigerian local governments as inadequate functions and powers, inadequate finances, low calibre and poor paid staff, corruptions and poor performances of the employed staff and members of the local government council.

Ogunle,(2004:86). Said the scope of services classified as being in the public sector will vary slightly from one country to another, most will include any services that are freely available to all citizens, even those who do not contribute to the upkeep and maintenance of those services. This means that services considered within the public sector benefits virtually everyone, even those who do not directly make use of the service.

One of the most common examples of services provided as part of the public sector is law enforcement. Police departments are operated by municipalities, counties and parishes, and in some cases by states, provinces and even national governments. Protection of this type is provided for everyone living within or visiting the jurisdiction, regardless of whether they participate in taxation or other means used by the government entity to finance the function of the police force.

This means that even if someone is not a direct victim of a crime, he or she is still indirectly receiving protection from law enforcement, making it possible to move freely through the area with relatively little fear of becoming a crime victim.

Education is another example of a service provided in a public sector. Nations that support a public school system typically do so without requiring students to pay tuition or fees to take advantage of learning opportunities found in a primary education system. In addition, individuals who are not directly involved with the system still benefit from the

presence of the schools, since graduates are better equipped to function in the community in terms of securing employment and participating in activities that helps to improve the quality of life in that community.

The public sector also includes such important services as the armed services, the creation and maintenance of a public road system, public transit systems that serves larger communities, and in some cases healthcare that is provided for citizens who cannot afford the luxury to pay for private coverage. Olo, (2004:57). said even something as simple as street light within a municipality would be considered as a service provided within the scope of the public sector. In all forms, the idea behind public sector services are to allow citizens to enjoy a higher standard of living that would be impossible otherwise.

2.2 OVERVIEW OF PUBLIC SECTOR ACCOUNTING

According to Odike, (2006:54). public sector accounting is an accounting method applied to non-profit pursuing entities in the public sector - including central and local governments, and quasi-governmental special corporations - for which the size of profits does not provide an effective measurement for evaluating performance.

According to Ifezue, (2006:86). Public Sector Accounting is the information system that records, analyzes, classifies, summarizes and communicates public sector entities financial and economic events, and their impacts, in terms of both:

- (1) The provision of information required by management and senior executives for planning, organising and control and,
- (2) The preparation and provision of financial statements and fiscal reports under specific accounting and reporting standards for external users.

Onyeke, (2004:65); stated that common services offered include: tax, auditing, general accounting, and consulting services. Accounting firms may offer other services to their clients based on their needs. Most accountants working under the public sector accounting umbrella have a professional license, such as the Certified Public [Accountant](#) (Cpa) certification. This is a universal, worldwide license that indicates that an accountant has undergone through a rigorous test in order to achieve this standard.

Tax services from the public accounting industry typically include: the preparation of annual personal or corporate returns. CPAs in this field spend copious time learning and staying abreast of current tax law.

2.3 PECULIARITIES OF PUBLIC SECTOR ACCOUNTING

The peculiarities of public sector accounting include the following as stated by Onyeke, (2003:397).

- (1) **SUPERIORITY IN PROCURING RESOURCES:** One peculiarity of the public sector accounting system is in government's superiority in procuring resources. In the world of neoclassical economics, all the

economic entities are supposed to behave rationally and on an equal footing on the market to maximize profits and its effects. In reality, however, hierarchical structure exists between a government and other entities in the distribution of resources. A government has the authority to impose and collect taxes and the right to issue - through the central bank - bills and coins. This enables the forcible procurement of resources by a government and involuntary submission of resources by other entities.

Among the public sector entities, a central government, holding both the taxation and money issuance authority, faces almost no external restrictions in procuring economic resources.

Olakunori, (2008:65). Said, even when its debts accumulated reaches an enormous amount, the government is left with means to smoothly fulfill its debt obligations. Financial authorities can raise actual taxes, for instance. Or, the government can have the central bank underwrite government bonds so as to increase money in circulation, thereby generating inflation and effectively reducing the burden of repaying its debts, whose amount is nominally fixed. (This is the same as to offsetting government debts with revenue from the inflation tax.) Other public sector entities such as local governments and quasi-governmental special corporations have peculiarities in that they are hardly exposed to external restrictions except for soft budget constraint imposed by the central government in the form of subsidies.

(2) SUPPLY OF GOODS AND SERVICES THROUGH FORMATION OF BUDGET: Like those in the private sector, economic entities in the public sector take in economic resources (input) to produce goods and services (output). In the world of public sector accounting, however, public-sector economic entities hold peculiarities not only in the above-mentioned superiority in resources procurement on the input side but also on the output side.

Edoga, (2007:85). Specifically said, goods and services produced and supplied by public sector economic entities are not subjected to the market mechanism in which prices are determined by the balance of supply and demand. In other words, optimal distribution of resources and optimal supply of goods and services through the market mechanism cannot be automatically achieved in the public sector. Therefore, government is counted on to provide public and semi-public goods and services - which are in excludable and noncompetitive in nature - in optimal quantity to its governed society by intervening the market mechanism by means of subsidies and taxation or by directly providing such goods and services to the society. In this context, distribution of economic resources and transfer of goods and services through budgetary planning, which is closely linked to various political processes, are quite important.

ACCOUNTING PRINCIPLES BASED ON PECULIARITIES OF PUBLIC SECTOR ACCOUNTING

(1) Cash basis versus accrual basis; as such, the pursuance of profits is not the purpose of public sector economic entities. Thus, in the world of public sector accounting, the "calculation of profits and losses" on the "accrual basis" accounting has long been perceived unnecessary and the "cash basis" accounting, which primarily focuses on cash flows, has been used.

Onyeke and Nebo (2005:85); opined that the prime advantage of the cash basis accounting is that it can capture not only the flow of revenue, expenditures but also the flows of capital expenditures for infrastructure construction and transfer expenditures such as social security allowances. Such system has been able to provide more useful information for public policy decision-making.

The cash basis accounting, however, is not without disadvantages. Cash, a key measurement in the cash basis accounting, represents just one item of assets and liabilities. Lacking information on other stock such as fixed assets and long-term debts, the cash basis accounting does not provide hints as to the potential impact and burdens that the ongoing fiscal management might bring in the future.

(2) Pitfall (potential disasters) of "corporate-style accrual basis accounting"
However, there is a pitfall in introducing a "corporate-style accrual basis

accounting" system. A corporate accounting uses "profits" on an income statement (revenue minus expenses) as flow-based information measuring a company's performance during one accounting term. But the government and other public-sector entities, by their nature, do not aim to pursue "profits." And government activities provide goods and services in accordance with budget allocation and without getting paid by the recipients of the goods and services. For instance, capital expenditures such as those on infrastructure construction and transfer expenditures such as social security allowances are not "profit and loss transactions" in accounting terms. Instead, they are treated either as "capital transactions" which directly reduce capital or "exchange transactions." Meanwhile, most government activities fall into these categories.

Therefore, in public sector accounting, simply introducing corporate-style accrual basis accounting and figuring out profits based on profit and loss transactions do not serve as a meaningful measurement to assess the performance of government activities. Rather, as flow-based information to show performance in one accounting term, it is necessary to focus not only on profit and loss transactions but also on capital transactions (including exchange transactions related to capital formation) that covers capital and transfer expenditures, or changes in assets and liabilities, thereby linking the flow-based information and stock-based information on a balance sheet to clarify the government's accountability for its fiscal management.

FORMATION OF PUBLIC ACCOUNT FINANCIAL STATEMENTS

Based on the above argument, public account financial statements should be composed of:

- (1) A public account balance sheet,
- (2) A statement of administrative costs (statement of net current expenditures)
- (3) A statement of supporting revenue and changes in taxpayers' equity and
- (4) A statement of cash revenue and expenditures.

Of the four inter-related statements, (1) a public account balance sheet is equivalent to a balance sheet in corporate accounting and (2) a statement of administrative costs to an income statement and (4) a statement of cash revenue and expenditures to a cash flow statement. In addition to those three, (3) a statement of supporting revenue and changes in taxpayers' equity - which is a capital statement with an expanded focus to cover changes in stock (assets and liabilities) - is required. This statement provides foundation for examining the advisability of capital expenditures and social security systems with potentially significant future influence.

Up to now, the government has only provided a statement of cash revenue and expenditure to account for its fiscal management. But systematic compilation of the above mentioned comprehensive set of financial

statements allow for overcoming problems of the cash-basis accounting while taking in advantages of the accrual-basis accounting.

2.4 APPRAISAL OF NIGERIA FINANCIAL CONTROL SYSTEM

The Nigerian financial system is one of the largest and most diversified in sub – Saharan Africa. In recent years, the system has undergone significant changes in terms of the policy environment, number of institutions, ownership structure, depth and breadth of markets, as well as in the regulatory framework.

However, in spite of the far-reaching reforms of the past ten years, the Nigerian financial system is not yet in a position to fulfil its potential as a propeller of economic growth and development. The financial system is relatively shallow and the apparent diversified nature of the financial system is deceptive. Although a wide variety of financial institutions and markets exist, commercial banks overwhelmingly dominate the financial sector and traditional bank deposits represent the major forms of financial saving. Non-bank financial intermediation is relatively insignificant.

Nigeria's regulatory and supervisory framework is composed of the Central Bank of Nigeria (CBN), the Ministry of Finance, the Nigerian Deposit Insurance Corporation (NDIC), the Securities and Exchange Commission (SEC), National Insurance Commission (NAICOM), and the National Board for Community Banks (NBCB). There is also a Financial Services

Regulation Coordinating Committee (FSRCC), charged with coordinating the activities of these regulatory institutions Muyiwa, (2002:210). established in 1958, the CBN is the apex regulatory authority for the Nigerian financial system. It is also in charge of the formulation and implementation of monetary policy.

According to; Egbo, (2008:87). he said, Central Bank of Nigeria's main responsibilities includes:

- i) Promoting monetary stability and a sound financial system.
- ii) Acting as banker and financial advisor to the Government, and
- iii) Acting as banker and lender of last resort to commercial and merchant banks.

The Ministry of Finance (MOF) cooperates with the CBN on monetary matters. Since 1997, the ministry of finance has chaired the Financial Services Regulation Coordinating Committee (FSRCC).

The Nigeria Deposit Insurance Corporation (NDIC) complements the regulatory and supervisory functions of the CBN.

NDIC was established in 1988 to provide deposit insurance in order to boost confidence in the banking system. Licensed banks are mandated to pay 15/16 of 1 (one) percent of their total deposit liabilities annually as deposit insurance premium to the NDIC. Depositor claims are insured to a maximum of N50, 000 in case of bank failure. Following the recent distress

in the banking sector, NDIC was given wide powers over the resolution of insolvent banks.

Established in 1979, the Securities and Exchange Commission (SEC) is the regulatory authority for the capital market.

MAJOR OBJECTIVES OF SECURITIES AND EXCHANGE COMMISSION

1. Promotion of an orderly and active capital market to ensure adequate protection of the investing public.
2. The SEC maintains proper standards of conduct and professionalism in the security business and surveillance over the market to enhance efficiency.
3. Further to the 1990 Companies and Allied Matters Decree, the SEC was empowered to approve and regulate mergers and acquisitions and authorize the establishment of unit trusts.

In addition, the Investment and Securities Decree of 1999 has invested the SEC with the additional responsibility of directly promoting and developing the capital market in Nigeria.

Established in 1997, National Insurance Commission (NAICOM) NAICOM is charged with the regulation and supervision of the insurance industry. Its purview according to Egbo ,(2007:73). Include;

- i) Establishment of standards for the conduct of insurance business;

- ii) Ensuring that insurance companies maintain adequate capitalization and reserves;
- iii) Ensuring good management of insurance companies; and
- iv) Protection of insurance policy holders.

2.5 OBJECTIVES OF PUBLIC SECTOR ACCOUNTING

The purpose and objectives of public sector organisations are fundamentally different from that of private sector companies in many ways. Not the least of these differences is the provision services essential to the public welfare which the private sector would either not be able to provide, or could only provide at a cost that can not be borne by the recipients of the services. Consequently the focus of public sector financial statements should be somewhat different than those of the private sector, even while the accounting methodologies to produce them could, and advisably should, be nearly identical.

According to the definition of Public sector accounting by “Ifezue”

It is important to differentiate between the process of accounting and the presentation of information (reporting) from the accounting system. Both are important, but they are different issues. Adoption of accrual accounting methodologies, and IPSAS financial statements, can help determine the need for improvements in the quantity and the quality of services that are provided to the citizens of the adopting country, and also allow better understanding of the financial and fiscal condition of the governments in

that country. However, IPSAS should be adopted in the context of the overall priorities of the reform process and not just on the basis of the perceived superiority of one basis of accounting over another. Accrual accounting is not an end in itself – it is a tool to improve good governance. Most often, transition to accrual accounting addresses first the operational needs of the government, and then the financial and fiscal reporting needs. Accrual accounting is used in measuring the costs, effectiveness, and efficiency of service programs is the first area where the reforms will help realise both cost savings and improved governmental accountability. Once the framework is in place and used consistently by public sector management, then the quality of the accrual-based information will allow better fiscal and financial reporting. However, in many countries the opposite case is true, where external reporting requirements dictate immediate improvement in financial and fiscal reporting, and the managerial use of accrual accounting is left to be sorted out at some indistinct future date.

Use of accrual accounting for management purposes and for financial statement purposes are not mutually exclusive activities, but can be implemented in parallel fashion, and should use the same accounting transactions to enter data into the accounting system for both purposes. But the resources needed for implementing both transitions simultaneously are great. The amount of coordination and management effort needed to

implement both simultaneously is often beyond the capacity of reform implementers, and cannot be supplied by external consultants alone. No matter which use of accounting is introduced first, if that transition has been done well it will simplify the adoption of accrual accounting or the other use. It is important to find the domestic resources, if they exist, that can be brought into the transition process with the expectation that they will continue to provide needed expertise, experience, and support through many years of transition.

2.6 THE ROLES OF PUBLIC SECTOR ACCOUNTING IN NIGERIAN FINANCIAL CONTROL SYSTEM

The roles of public sector accounting in Nigerian financial control system include the following as opined by Nweke, (2005:63):

ESTABLISHMENT OF PUBLIC GOVERNANCE SYSTEM

The purpose of the public sector accounting system is determined in accordance with the needs of its users. There are various views but the absolute purpose of the public sector accounting system is to establish a system for good public governance. Public governance is a mechanism to discipline decision-making by those in charge of state affairs in a way to maximize the interest of the general public under the governing system where people - the absolute principal of the state - entrusts the Cabinet or executive power as their agent to take charge of state affairs. The public sector accounting system can be seen as a tool to check and correct

decision-making by the agent - the Cabinet or executive power - from the fiscal side to better protect the people's interests.

TAXES AND TAXPAYERS WITHIN STATE GOVERNANCE

STRUCTURE

The conceptual framework of public sector accounting is also determined in line with the purpose of public sector accounting.

Tax, a prime revenue source to the government, should be recognized and assessed as an increase in taxpayers' equity. This is because:

- (1) taxes provide fiscal foundation for the government to manage state affairs entrusted by the people (almost equal to taxpayers and voters) who are the constituent members of the state (internal members) and it is inappropriate to recognize tax receipts as "income" which is supposed to be derived from transactions with third parties (external members), and
- (2) Relation between benefits and burden from taxpayers' point of view is unclear, thus, it is difficult to recognize matching income to an injection of resources by the government (as required under the cost matching income principle).

This definition of public sector accounting by Oluwadipo ,(2006:86); goes a long way in explaining its roles:

“Public Sector Accounting is the information system that records, analyzes, classifies, summarizes and communicates public sector entity’s financial and economic events, and their impacts, in terms of both:

- 1) The provision of information required by management and senior executives for planning, organising and control; and
- 2) The preparation and provision of financial statements and fiscal reports under specific accounting and reporting standards for external user.

2.7 HISTORICAL BACKGROUND OF ESAN SOUTH EAST LOCAL GOVERNMENT AREA.

Esan south East formerly called ‘Agbazilo’ local government was created on the 15th day of January 1991 and it is made up of 10 different councils or wards and it is presently chaired by “honorable Andrew Akhabue” a member of the action congress of Nigeria(ACN) appointed by “Comrade Adams Alihu Oshiomole” the executive governor of Edo state.

2.7.1 SOURCES OF REVENUE TO ESAN SOUTH EAST LOCAL GOVERNMENT AREA OF EDO STATE.

In other to facilitate the discharge of the functions of the local government area, the financial authority of the local government as from 1982 following the enactment of the revenue allocation law, federal allocation to the local government of 1977 budget which was pegged at 20% in 1978 by the budget breakout which Gen. Mallam Isila Usman maintained. The state

was expected to release some amount to the local government apart from the statutory grant already mentioned include: the community tax, license fees, permits duly specified by the local government by laws, property rates, interest on investments, collection of market tools, fines collected from defaulters etc. they also gets revenue from the state grants as well as from banks in form of loans, property tax bank rate, motor emblem, motor car valuable garage, sanitation fees etc. Esan south east local government area has commercial and industrial ventures were revenue are also generated. They also set up small industries that engage mainly on agricultural activities to raise money for running the local government. They build abattoirs and slaughtering houses were they get revenue, again, they organizes launching of projects undertaken were donations are also made hence revenue to them as well. The commercial undertakings include: printing press, poultry houses etc.

2.7.2 FUNCTIONS OF ESAN SOUTH EAST LOCAL GOVERNMENT AREA

There are several function of the local government but emphasis will placed on the following;

1. Education
2. Health structure
3. Market development
4. Agriculture and

5. Rural development.

1. EDUCATION:

This is the major and most rewarding functions of the local government as this include: building of schools and administration of education. Local government education department sees to the recruitment exercise of teachers and posting of teaching personnel as at when due. The head of the education authority is the one appointed to be in charge of education activities. The local government education plays an important role in the audit literature campaign and also audit education.

2. HEALTH STRUCTURE:

The second major function where the local government puts attention is in the area of health as this involves the provision of hospital services, maternity homes and undertaking of environmental sanitation where the sanitation officers visits homes, school premises and they also inspects pit toilets and even pipe borne water etc. the head of the of department of health is the officer in charge and he is directly responsible for the health departments and he is answerable to the local government chairman when the need arises.

3. MARKET DEVELOPMENT:

This is also another function of the local government where they construct market which they officially recognize as council market. They also carry out their work in the market which includes: zoning of market,

reconstruction and maintenance of the market. Market master is the local government officer in charge of the market activities.

4. AGRICULTURE:

This is another important function of the local government council. This involves the establishment of nurseries and provision of agricultural extension services, organization of agricultural shows, provision of agricultural tools for farmers such as tractors, cultivators, hoes, cutlasses and fertilizers etc. they also organizes agricultural education where farmers are been taught on how to apply the provided fertilizers to their farm lands.

5. RURAL DEVELOPMENT FUNCTION:

This is another function of the local government which helps the community to identify their felt needs, arrange and organizes the heads in other of the principle. They also engage in the following: collection of tax and rate, registration of birth, death and marriage. Establishment and maintenance of symmetries, burial grounds, also homes for the deaf and deforms etc, establishment, maintenance, and regulation of motor parks and public convenience, construction and maintenance of public roads, stock farms, and public highways, open places or such public facilities as may be prescribed from time to time by the state house of assembly. They also name roads on the streets and numbering of houses. In addition, assessment of privately owned houses and the house of assembly or the state might prescribe houses and tenants for the purpose of achieving the following;

collection of bicycle license, fees, trucks, wheel barrows, cars, control and regulation for shop and kiosk and regulation of restaurants and other places for sales of goods in the public.

Such are the functions that may be conferred to the local government by the state house of assembly. By any standard, the above constitutional provision amounted to an equivocal support of the existence of a strong local government system in Nigeria since the principle under playing the constitution are the same with those that are inspired in the 1976 reform.

Nigeria is presumed to have a strong local government system since 1976 if not for bribery and corruption that has taken over everything.

2.7.3 CONTROLS FOR THE LOCAL GOVERNMENT OPERATION

There are several groups and bodies that control the local government operation as they include;

1. The federal government,
2. The state government, and
3. The local government citizens (people).

In view of the new local government system, each local government is now self contained operationally in the sense that each local government now manages its functions and affairs with minimum interference and regulation from both the state and the federal government which controls the local government area in general matters. The internal auditors also controls the local government and this inspectorate service is done through

most of the chairmen and not just by cutting the internal auditors and there by going about embezzling the funds of the government through execution and signing of non awarded contracts while in normal circumstance, the auditors are suppose to carry out such appraisals of the local government accounting exercise, the financial process is enumerated in the financial memorandum of the section (83) of the edit giving the governor of the state the power to appoint an inspector who supervises the local government finance. He draws the attention of the auditors to any matters that relate to the amount which he considers to have a special attention and examination. It's obviously impossible for the national assembly to control effectively the huge volume of public expenditures through the supply of procedures alone since the public authority obtains much reserve and a typical grant from the federal government. It is inevitable that there should be a range of financial control.

The main government controls are as follows:

CONTROL OF CAPITAL EXPENDITURE VIA-ANNUAL ALLOCATION; the control is over the extent to which they can expand beyond the limit of their self finance growth. This control is also over total capital expenditure no matter how it is been financed.

Borrowing control is exercised on the amount and the method of borrowing and over issuing stocks and ambiguous loan control over revenue finance and through the annual rate support and other fees and charges.

The complexity of the administrative machinery requires the establishment of an independent committee to control the expenditure of the execution of the executive communities in the local government council.

These duties are usually committed to a once commute work to a detailed code of financial regulations and provides a control which enables the corporation between the executive committee and the department and the principal officers to be achieved with a view of obtaining the economy with efficiency.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 RESEARCH DESIGN

Research design provides the glue that holds the research project together. A research design is used to structure the research to show how all major parts of the research project work together and also tries to address the central research questions that were used.

Udeagha, (2003:153); defined research design as the framework that indicates the type of information that is needed for the research, the source of such information and method of its collection. Definitely, this is a survey research. Survey research is the method of gathering data from respondents thought to be the representatives of some population using an instrument composed of closed structure or open ended items (questionnaires).

NOTE: In this research, survey design was used to so as to ensure originality and reliability. That is, to ensure that all information gotten were from primary source and not seconded data hence reliability.

3.2 SOURCES OF DATA

Both primary and secondary sources of data were used in this research work for gathering information.

3.2.1 PRIMARY SOURCE OF DATA

The primary sources of data used in this research work include the following:

- a) Questionnaire administration,
- b) Oral interview and,
- c) Personal observations.

3.2.2 SECONDARY SOURCE OF DATA

The secondary sources of data used in this research work include the following:

- a) Periodicals and journals,
- b) Textbooks and
- c) Internet.

3.3 POPULATION OF THE STUDY

The population of this research work consists of the management and staff of Esan South east local government of Edo state. The total population of the staff of the local government is “52”.

3.4 SAMPLE SIZE DETERMINATION

Based on the population figure of the staff and management of Esan South East local government, the researcher used the “Tharo Yamani’s formula (1964:2000) in determination of the sample size.

The formula is stated thus:

$$n = \frac{N}{1 + N(e)^2}$$

Where: n = the desired sample size

 N = Total population = 52

$$e = \text{Tolerable error} = 0.05$$

$$1 = \text{constant}$$

The researcher assumed 5% level of tolerable error would be used for this research work. Hence, the sample size is computed thus;

$$n = \frac{52}{1 + 52 (0.05)^2}$$

$$n = \frac{52}{1 + 52 (0.0025)}$$

$$n = \frac{52}{1 + 0.13}$$

$$n = \frac{52}{1.13}$$

$$n = 46$$

3.5 SAMPLING TECHNIQUE

In order to minimize sampling error, this study applied simple random technique in selecting and interacting with staff of the local government. This proved effectiveness and efficiency as the respondents interviewed responded positively.

3.6 RESEARCH INSTRUMENT USED

The researcher used questionnaires for the purpose of obtaining the desired result.

Multiple choice and open ended questions were used in the questionnaire. They were used to assist the respondents in expressing their views which in turn helped this study to obtain the needed information.

3.7.1 RELIABILITY OF THE RESERCH INSTRUMENT

This research instrument used is reliable because the information obtained has been tested over and over again and yet same result was gotten hence, reliability.

3.7.2 VALIDITY OF THE RESEARCH INSTRUMENT

This research work has been accorded with a close supervision as the supervisor has read, made all necessary corrections in the areas where lapses occurred and after which the corrections has been made, he approves validation of the work.

3.8 METHODS OF DATA TREATMENT AND ANALYSIS

In treating and analyzing of data collected, extensive use of tables and percentages will be of paramount importance. The data collected will be presented in tables and analyzed in percentages. The hypothesis will be analyzed by the use of Chi – Square formula.

Chi-square

$X^2 = \text{chi} - \text{square}$

$$\text{Formula} = \chi^2 = \sum \frac{(O - E)^2}{E}$$

Where χ^2 = chi – square

O = observed frequency

E = expected frequency

3.9 AREA OF THE STUDY

This research work covers only Esan south East local government area of Edo state. Most of the data analyzed in this research were gotten from the said local government. Hence, the researcher decided to narrow the study to Esan south East local government area for easy assessment.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 DATA PRESENTATION

The presentation of data collected means the way of presenting and arranging the different forms of data obtained through various data collecting techniques to enable the researcher perform analysis and exact new meanings from it. The data collected will be presented in simple table. The data analysis was based on the answers to the key questions received from the various departments. The key questions in the questionnaires will be analyzed by the use of simple percentage. A total of 46 questionnaires were distributed and a total number of 36 were returned. So the analysis of data will be based on the returned questionnaires.

TABLE 4.0

DISTRIBUTED QUESTIONNAIRES

S/NO	NO. OF DISTRTIBUTED QUESTIONNNAIRES	NO. OF RETURNED QUESTIONNAIRES	PERCENTAGE %
1	COMPLETED AND RETURNED	36	78
2	NOT RETURNED	10	22
TOTAL	—	46	100

Hence, the analysis of data will base on the returned questionnaires.

QUESTION 1: this question requires the respondents to disclose their sex and marital status. The data obtained is shown in table 4.1

TABLE 4.1.A:

SEX OF THE RESPONDENTS

OPTIONS	NUMBER OF RESPONDENTS	PERCENTAGE %
MALE	20	55.6
FEMALE	16	44.4
Total	36	100

TABLE 4.1.B:

MARITAL STATUS OF THE RESPONDENTS

OPTIONS	NUMBER OF RESPONDENTS	PERCENTAGE
MARRIED	22	61
SINGLE	14	39
Total	36	100

SOURCE: FIELD SURVEY, 2012

The table above shows that, 20 respondents were male while 16 were female representing 55.6% and 44.4% respectively. While in the analysis of marital status, 22 respondents are married while 14 are single which is representing 61% and 39% respectively.

QUESTION 2:

This question enquires about the working experience and qualification attained by the respondents.

TABLE 4.2.A
WORKING EXPERIENCE

OPTIONS	NUMBER OF RESPONDENTS	PERCENTAGE %
15 YEARS AND ABOVE	20	56
15 YEARS AND BELOW	16	44
Total	36	100

SOURCE: FIELD SURVEY, 2012

From the table above, 20 respondents has 15 years and above working experience while 16 has 15 years and below working experience which represents 56% and 44% respectively.

TABLE 4.2.B:
QUALIFICATIONS OF THE RESPONDENTS

OPTIONS	NUMBER OF RESPONDENTS	PERCENTAGE %
WAEC	8	22
NCE/ND	18	50
HND/BSC/MA	10	28
TOTAL	36	100

SOURCE: FIELD SURVEY, 2012

From the table above, 8 respondents has attained ordinary WAEC which represents 22%, 18 respondents has attained NCE/ND representing a total of 50% and 10 respondents has attained HND/B.sc/Ma which is representing 28% of the total respondents.

QUESTION 3:

This question enquires about the age and ranks of the respondents.

TABLE 4.3.A

THE AGE OF THE RESPONDENTS

OPTIONS	NUMBER OF RESPONDENTS	PERCENTAGE %
25 YEARS AND ABOVE	20	56
25 YEARS AND BELOW	16	44
Total	36	100

SOURCE: FIELD SURVEY, 2012

The table above shows that 20 respondents are 25 years which represents a total of 56% while 16 respondents are of the age of 25 years and below which represents a total of 44%.

TABLE 4.3.B**THE RANKS OF THE RESPONDENTS**

OPTIONS	NUMBER OF RESPONDENTS	PERCENTAGE %
TOP MANAGEMENT	15	42
ORDINARY STAFF	21	58
Total	36	100

SOURCE: FIELD SURVEY, 2012

From the table above, 15 respondents occupies the rank of the top management which represents a total of 42% while 21 respondents occupies the rank of the ordinary staff which is representing a total of 58%.

QUESTION 4:

Is the public sector accounting principles applied by Esan South East Local Government authority appropriate and effective?

TABLE 4.4:

OPTIONS	NUMBER OF RESPONDENTS	PERCENTAGE %
Yes	14	39
No	22	61
Total	36	100

SOURCE: FIELD SURVEY, 2012

The above table shows that 39% of the total respondents are of the opinion that the public sector accounting principles applied by Esan south east local government authority is appropriate and effective while 61% of the total respondents said the public sector accounting principle applied by the said local government is inappropriate and ineffective.

QUESTION 5:

Are the sources of revenue available to Esan South East Local government authority enough for them?

TABLE 4.5:

OPTIONS	NUMBER OF RESPONDENTS	PERCENTAGE %
Yes	25	69
No	11	31
Total	36	100

SOURCE: FIELD SURVEY, 2012

The above table shows that 69% of the respondents are of the opinion that the sources of revenue available to Esan South East Local Government authority is enough for them while 31% of the total respondents said the sources of revenue available to the said local government is not enough for them.

QUESTION 6:

Is the control of public fund adopted by Esan south east local government appropriate?

TABLE 4.3:

OPTIONS	NUMBER OF RESPONDENTS	PERCENTAGE %
Yes	14	39
No	22	61
Total	36	100

SOURCE: FIELD SURVEY, 2012.

The above table shows that 39% of the respondents are of the opinion that the control of public fund adopted by the local government is appropriate while 61% of the respondents said the control of public fund adopted by the local government is inappropriate.

QUESTION 7:

Are the revenue generated within the local government put into good use?

TABLE 4.7:

OPTIONS	NUMBER OF RESPONDENTS	PERCENTAGE %
Yes	13	36
No	23	64
Total	36	100

SOURCE: FIELD SURVEY, 2012.

The above table shows that 36% of the respondents are of the opinion that the revenues generated within the local government put into good use while 64% of the total respondents said the revenue generated within the local government is not put into good use.

QUESTION 8:

Is the account of the local government characterized by inadequacies such as embezzlement and improper keeping of accounting records?

TABLE 4.8:

OPTIONS	NUMBER OF RESPONDENTS	PERCENTAGE %
Yes	26	72
No	10	28
Total	36	100

SOURCE: FIELD SURVEY, 2012

The above table shows that 72% of the respondents are of the opinion that the account of the local government is characterized by such inadequacies while 28% of them said the account of the local government is not characterized by such inadequacies.

QUESTION 9:

To what extent do the irregularities as regards to public fund in the local government affect the diverse activities of the local government?

TABLE 4.9

OPTIONS	NUMBER OF RESPONDENTS	PERCENTAGE %
To a very great extent	21	58
To a great extent	10	28
To an extent	5	14
Not at all	-	-
Total	36	100

SOURCE: FIELD SURVEY, 2012

The above table shows that 58% of the respondents are of the opinion that the irregularities as regards to public fund in the local government affect the diverse activities of the local government to a very great extent, 28% of them said to a great extent while 14% of them said to an extent.

QUESTION 10:

What are the sources of revenue available to Esan south east local government area of Edo state?

TABLE 4.10:

OPTIONS	NUMBER OF RESPONDENTS	PERCENTAGE %
Governments grants only	–	–
Local government revenue generated within such as, tax, license fees, market fees etc.	19	53
Local credit from the state. government	10	28
All of the above	7	19
Total	36	100

SOURCE: FIELD SURVEY, 2012

From the table above, 53% of the respondents said the source of revenue available to the local government are those gotten from tax collected, license fees, market fees etc, while 28% of the respondents are of the opinion that the source of revenue to the local government are those gotten from local credit from the state government while 19% of the respondents said the source of revenue available to the local government are those gotten from all the above listed options.

4.2 TESTING OF HYPOTHESES

The researcher at this point tests the hypothesis formed earlier in other

to accept or reject them and as well as determining the extent of their reliability. In other to achieve this, the researcher used chi – square method that is chi – square (χ^2) test.

HYPOTHESIS ONE:

HO: the public sector accounting principles applied by Esan south east local government authority is inappropriate and ineffective

HI: the public sector accounting principles applied by Esan south east local government authority is appropriate and effective

TEST STATISTICS

χ^2 = Chi-square

$$\text{Formula} = \chi^2 = \sum \frac{(O - E)^2}{E}$$

Where χ^2 = chi – square

O = observed frequency

E = expected frequency

ASSUMPTION:

The level of significance used is 5%. That is 0.05.

DEGREE OF FREEDOM

The degree of freedom is given as thus:

$$DF = (R-1) (C-1)$$

Where R = rows

C = columns

$$DF = (2-1) (2-1)$$

DF = 1. That is, 1x1

NOTE: the value of 1 at 0.05 significant level is = 3.45. Using the chi-square table.

Thus: the critical value is given as $X^2 = 3.45$.

COMPUTATION THE TEST STATISTICS USING TABLE 4.4

TABLE 4.4:

OPTIONS	O _i	E _i
Yes	14	18
No	22	18
Total	36	36

Where: o_i = Observed frequency

e_i = Expected frequency

To get the expected frequency, the researcher divided the total frequency by the number of options. Thus we have:

$$e_i = 36 / 2 = 18$$

$$X^2 = \sum (o_i - e_i)^2 / e_i$$

$$= \frac{(14 - 18)^2 + (22 - 18)^2}{18}$$

$$= (-4)^2 + (4)^2 / 18$$

$$16 + 16 / 18$$

$$32 / 18 = 1.78$$

Comparing the test statistic with critical value $1.78 < 3.45$

DECISION RULE

Since the calculated value of X^2 is less than the critical value, we accept the null hypothesis and reject the alternative hypothesis.

We therefore conclude that the public sector accounting principles applied by Esan South East Local Government authority is inappropriate and ineffective.

HYPOTHESIS TWO:

HO: the source of revenue available to Esan south east local government authority is not enough for them.

HI: the source of revenue available to Esan south east local government authority is enough for them.

TEST STATISTICS

$X^2 = \text{Chi-square}$

$$\text{Formula} = X^2 = \sum \frac{(O - E)^2}{E}$$

Where $X^2 = \text{chi - square}$

$O = \text{observed frequency}$

$E = \text{expected frequency}$

ASSUMPTION:

The level of significance used is 5%. That is 0.05.

DEGREE OF FREEDOM

The degree of freedom is given as thus:

$$DF = (R-1) (C-1)$$

Where R = rows

C = columns

$$DF = (2-1) (2-1)$$

DF = 1. That is, 1x1

NOTE: the value of 1 at 0.05 significant level is = 3.84. Using the chi square table.

COMPUTATION THE TEST STATISTICS USING TABLE 4.5

TABLE 4.5:

OPTIONS	O _i	E _i
Yes	25	18
No	11	18
Total	36	36

Where: o_i = Observed frequency

e_i = Expected frequency

To get the expected frequency, the researcher divided the total frequency by the number of options. Thus we have:

$$e_i = 36 / 2 = 18$$

$$X^2 = \sum (o_i - e_i)^2 / e_i$$

$$= \frac{(25 - 18)^2 + (11 - 18)^2}{18}$$

$$= (-7)^2 + (7)^2 / 18$$

$$49 + 49 / 18$$

$$98 / 18 = 5.44$$

Comparing the test statistic with critical value, That is, $5.44 > 3.45$

DECISION RULE

Since the calculated value of X^2 is greater than the critical value, we reject the null hypothesis and accept the alternative hypothesis.

We therefore conclude that the source of revenue available to Esan South East Local Government authority is enough for them.

HYPOTHESIS THREE

HO: the control of public fund adopted by Esan south east local government authority is inappropriate.

HI: the control of public fund adopted by ESAN south east local government is appropriate.

TEST STATISTICS

$X^2 = \text{Chi-square}$

$$\text{Formula} = X^2 = \sum \frac{(O - E)^2}{E}$$

Where $X^2 = \text{chi - square}$

$O = \text{observed frequency}$

E = expected frequency

ASSUMPTION:

The level of significance used is 5%. That is 0.05.

DEGREE OF FREEDOM

The degree of freedom is given as thus:

$$DF = (R-1) (C-1)$$

Where R = rows

C = columns

$$DF = (2-1) (2-1)$$

DF = 1. That is, 1x1

NOTE: the value of 1 at 0.05 significant level is = 3.84. Using the chi-square table.

COMPUTATION THE TEST STATISTICS USING TABLE 4.6

TABLE 4.6:

OPTIONS	O _i	E _i
Yes	14	18
No	22	18
Total	36	36

Where: o_i = Observed frequency

e_i = Expected frequency

To get the expected frequency, the researcher divided the total frequency by the number of options. Thus we have:

$$e_i = 36 / 2 = 18$$

$$X^2 = \sum (o_i - e_i)^2 / e_i$$

$$= \frac{(14 - 18)^2 + (22 - 18)^2}{18}$$

$$= (-4)^2 + (4)^2 / 18$$

$$16 + 16 / 18$$

$$32 / 18 = 1.78$$

Comparing the test statistic with critical value, That is, $1.78 < 3.45$

DECISION RULE

Since the calculated value of X^2 is less than the critical value, we accept the null hypothesis and reject the alternative hypothesis.

We therefore conclude that the control of public fund applied by Esan south east local government is inappropriate.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY OF FINDINGS

This study was channeled towards the discovery of the various lapses and problems associated with the financial control system and accountability of Esan south east local government of Edo state and also to appraise the impact of public sector accounting in Nigeria financial control system. This objective was achieved through the research questions formulated from the statement of the problem as this enabled the researcher to design and collect responses from the distributed questionnaires and the analysis of the returned questionnaires brought out the following findings which are enumerated below:

- There is enough evidence to show that the public sector accounting principles applied by Esan south east local government authority is inappropriate and ineffective.
- There is another proof that the control of public fund adopted by Esan south east local authority is inappropriate.
- The generated revenue of Esan south east local government authority is not put into good use.
- The accounts of Esan south east local government area is characterized by inadequacies, such as, embezzlement of fund by transferring public

fund into private use and improper keeping of accounting records.

- The irregularity as regards to public fund in the local government affects the diverse activities of the local government.
- The source of revenue available to Esan south east local government authority is enough for them.

5.2 CONCLUSIONS

Based on the findings summarized above, the researcher was able to reach a conclusion, thus:

- The public sector accounting principles applied by Esan south east local government authority is inappropriate and ineffective.
- The generated revenue of Esan south east local government authority is not put into good use.
- The control of public fund adopted by Esan south east local government authority is inappropriate.
- The account of the local government is characterized by inadequacies such as, embezzlement of fund, improper keeping of accounting records and transfer of public fund into private accounts.
- The said irregularity as regard to public funds affects the diverse activities of the local government to a very great extent.
- The source of revenue available to Esan south east local government area is enough for them.

5.3 RECOMMENDATIONS

Based on the conclusion summarized above, the following recommendations were made as these will go a long way in helping the local government in terms of improvement and development if properly adopted. The recommendations are:

- An account committee should be set up to control and regulate the accounting system of the local government to ensure there is a proper record of the generated revenue by the account officers since most chairmen in conjunction with their supervisors collaborates and enrich themselves with the local government fund thereby leaving the council treasury bankrupt especially toward the expiration of their tenure in the office.
- The local government should take an efficient and effective planning control measures and prudent management of their resources and also to increase the salaries of all staff and members of the local government so as to motivate their efforts towards the discharge of the duties assigned to them in order to achieve the stated objective(s) of the local government.
- The local government authority should endeavor to look into its administrative activities regularly and then prosecute any officer(s) found embezzling public funds and also make the head of the account office answerable for any such misappropriation.

- There should be a close interference or inspection from the head of state or his representatives to the activities that are carried out in the local government area without informing the chairman or other top personnel on when they are to visit the local government secretariat.
- The local government authority should set up a disciplinary committee to punish defaulters especially the chairman and the head of account department after which they should be handed over to “economic and financial crime commission” EFCC for proper examination and prosecution as this will put fear into the minds of the in-coming chairman or the head of account department of the local government.

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APPENDIX I

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Enugu state,
July 2012.

TO WHOM IT MAY CONCERN

Dear sir/madam

I, Ibhahulu Otatade .M, a final year student of the above named university is conducting a research on the impact of public sector accounting in Nigerian financial control system(A case study of Esan south east local government area) I hereby wish to gather all necessary information for the above named project carried out in partial fulfillment for the award of B.sc degree in accounting. The information collected will be used in evaluating the impact of public sector accounting in Nigeria financial control system.

It is my desire to emphasize that the research work is purely for academic purpose. Your assistance is unavoidably needed in other to make this research work a success. I therefore promised that all information given in this regard will be treated confidentially and strictly used for the purpose of this research.

Thank you for your anticipated corporation.

Yours faithfully,
Ibhahulu otatade

APPENDIX III
QUESTIONNAIRE

INSTRUCTION: please tick in the appropriate box for your answer(s).

1. Sex (A) male [] (B) female [].
2. Marital status (A) married [] (B) single []
3. Working experience (A) 15 years and above [] (B) 15 years and below []
4. Qualification (A) WAEC [] (B) NCE/ND [] (C) HND/B.sc/MA []
5. Ranks attained (A) top management [] (B) ordinary staff.
6. Age (A) 25years and above [] (B) 25 years and below []
7. Is public sector accounting principles applied by Esan south east local government authority appropriate and effective? (A) Yes [] (B) No []
8. Is the source of revenue available to Esan south east local government authority enough for them? (A) No [] (B) Yes []
9. Is the control of public fund adopted by Esan south east local government authority appropriate? (A) Yes [] (B) No []
10. Is the revenue generated within the local government put into good use? (A) Yes [] (B) No []
11. Are the accounts of Esan south east local government characterized by inadequacies such as, embezzlement? (A) Yes [] (B) No []

12. To what extent do the irregularity as regards to public fund affects the diverse activities that are carried out in the local government? (A) To a very great extent [] (B) To a great extent [] (C) To an extent [] (D) Not at all []
13. What are the sources of revenue available to Esan south east local government area? (A) Government grant only [] (B) Local credit from the state government [] (C) local government revenue generated within such as, tax, license fees, market fees, wheelbarrow fees etc. [] (D) All of the above []