**CHAPTER ONE**

**INTRODUCTION**

1. **BACKGROUND TO STUDY**

Local government administration in Nigeria have been classified by poor accounting systems, inadequate finance, low revenue collection, scarcity of reliable data required for planning, bazaar mentality, over-politicization, greed, unnecessary government interference, lack of competent staff and corruption.

Due to poor management, the statutory allocations from the Federation Account are said to be inadequate to cover the financial obligations of local government councils in terms of staff salaries, social services and serving of debts. This shows that finance is vital to the affairs of both public and private organizations to enhance good governance. The resultant effect of this, is the inadequate financial base of most local governments in Nigeria, which makes it practically difficult to carry out their constitutional functions effectively.

In order to ensure their constant existence, local governments need to ensure that adequate controls exist over the transactions, funds are promptly and properly accounted for and all documents and records relating to the financial transactions are accurate and complete. There are increasing demands on and expectations of the local government councils in Nigeria, while their revenue continues to be mismanaged.

Local governments are the third grade administrative structure created in Nigeria to decentralize governance, bring government closer to the people at the most basic level and render social services functional in inspiring national development. They are purposefully located, responsible for the governance of about 70% of Nigeria’s population, and also in a vintage position to aggregate and articulate the needs of the majority of Nigerians and facilitate rural development through the application of the needed financial and human resources in their operations. The finance required in delivering the dividend of democracy and good administration continues to be mismanaged and misappropriated. The 1976 Local Government Reforms strategically position local governments as third-level of government to provide public, goods and services whose benefits and impacts are localized in nature.

Local government councils in Nigeria being the closest to the people occupy a peculiar position as promoters of grassroots mobilization and participation in governance, and aid to speed up rural transformation and development. Thus, a well-managed and administered local government system is essential to national transformation and development. However, certain provisions of the Constitution under reference constitute impedance in the performance of local governments in the country. They by implications turn local government councils as attachments of state governments. Discussions on local government administration most of necessity in most cases touch the issue of funds allocation in Nigeria. The term “funds allocation” is often used in association with such terms as fiscal federalism, resource control, and fiscal decentralization. It has been broadly defined to include the allocation of tax powers and the revenue sharing arrangements among the three tiers of government.

* 1. **PROBLEM OF STUDY**

A number of factors have been identified as having impoverished local government administration in recent years. The fundamental among these are:-

1. Poor accounting/management systems.
2. Unequal share of resources
3. Absence of fiscal autonomy
4. Overdependence in allocations from the Federation Account
5. Creation of non-viable local governments
6. Dishonesty and corruption

Local governments with inadequate financial resources can hardly recruit and retain competent workers who demand competitive salaries and benefits. Staff and revenue are profoundly interlinked. Efficient and well motivated workers can make positive contributions that can boost revenue generation at the most basic level. Additional factors include:-

1. **Administrative Inefficiency**: Local governments in Nigeria suffer from administrative inefficiency and ineffectiveness resulting from low educational qualifications of staff, poor motivation, autocratic leadership, poor work environment, etc. The management and control of finance is a central factor in the management of local governments. The quality and promptness/effectiveness of local government services depend on the quality and quantity of workers in the system.
2. **Poor Budgetary Process:** Budgeting plays a functional role in the management of financial resources in both public and private organizations. A budget is a financial plan that shows in detail the proposed estimate of revenue and expenditure for a defined period, usually one year. It is one of the powerful instruments for effective financial management and control in both developed and developing countries. With regards to local governments in Nigeria, a budget stipulates the financial objectives of the local government for a period of one year and set out strategies for their accomplishment. If adequate plan is made for revenue generation in the budget, more revenue will be generated, if not, the result will be low income generation. Local governments in Nigeria are known to suffer from inadequate budgetary process.
3. **Low quality of manpower:** The control of public funds in the local government is achieved through the career principal accounting officers like council Chairman, Treasurer, Head of Personnel Management, Internal Auditor and the Local Government Service Commission. Unfortunately, the men that ought to protect the system through exemplary conducts are known to be involved in bureaucratic politics to guarantee the siphoning of funds through frivolous activities and fictitious contracts**.** The successful provision of services as contained in the annual budgets of local governments in Nigeria depends on whether the targeted revenue is actually realized and effectively utilized. This in turn depends on the competence, honesty and diligence of the key financial officers.

Locality clamoring for a local government unit must be mature and must demonstrate readiness to sustain the local government through sufficient funds allocation. The bottom line in judging the effectiveness of local government in discharging its constitutional responsibilities amounts to funds at its disposal. The services rendered by local government councils cost money which most of them cannot boast. This ugly trend is usually associated with or provoked by certain underlying factors like corruption, tax evasion from citizens at the grassroots, creation of non-viable local government councils in terms of the capacity to effectively utilize funds that are allocated for development purposes.

It is important to note that the financial crisis in the local government’s administration has worsened due to the fact that statutory allocations meant for local governments are misappropriated or unaccounted for.

* 1. **AIM AND OBJECTIVES OF STUDY**

The aim of this research work is to develop a computer assisted funds allocation model for local government administration in order to curb the factors which contribute to technical, performance and financial inefficiency. The objectives are to:-

1. Develop a formal specification to assist funds allocation for local government administration.
2. Implement the model to enact a change.
   1. **SIGNIFICANCE OF STUDY**

This study shows an attempt at revisiting the operations of funds allocation for local government administration in Nigeria and the factors affecting the financial viability of local government councils within the purview of fiscal federalism. Financial viability backed up by effective management; public accountability, fiscal autonomy, staff motivation and servant leadership attitude are imperatives in building capacity at the grassroots for legitimacy of creation and sustainable development. The study will be useful in eliminating some of the major problems encountered in local financial management. Finance is the greatest impediment in service delivery of local governments. Therefore, there is need for enhanced and expanded budgetary process and most importantly, an improvement in the operation of funds allocation.

* 1. **SCOPE OF STUDY**

An overview of funds allocation for local government administration in the 21st century is an elaborate task. There are 774 local government councils in Nigeria, an adequate study of which is rather un-imaginable. This research is therefore confined to Andoni local government council. The choice of this case study is made with a view at rendering the work less expensive while at the same time giving in-depth study.

* 1. **LIMITATIONS OF STUDY**

With respect to the case study, the major limitation and constraints are:-

1. The reluctance of local government officials to disclose enough/correct information about their operations or to make data available because of fear or ignorance. Their inclination not to disclose the information at all posed another constraint to this work.
2. The insufficiency of time also limits the scope of the work. All this notwithstanding, the researcher will optimize the finance and time in order to put up a work of invaluable significance.
3. Cost of transportation to and fro in order to meet or set appointment with the council functionaries/staff. This process requires commitment in order to secure resources for the research.

All these put together will curtail the quality of work necessary for the study while this may be so, it is hoped that the work will still prove to be of immense value within its scope.

* 1. **DEFINITION OF TERMS**

Below is the operational definition of terms of the basic concepts used in this study. The aim is to ensure the removal of ambiguity giving room to clearer understanding of the basic issues and concepts.

1. **Local Government:** local government is the localized unit of control whose function is to ensure that government policies are carried down to the most basic level/grassroots. Also, Local Government is the third grade/level of administrative structure. The major aim of local government is to:-
2. Facilitate rural transformation/development.
3. Bring government closer to the people at the most basic level etc.
4. **Finance:** This represents funds, revenues and expenditures.
5. **Fiscal:** Relating to government revenue, especially taxes.
6. **Administration:** The management of public affairs.
7. **Funds allocation:** Funds allocation is the distribution or division of total income, or revenue, in a business, corporate or government structure. It involves a complex process that entails how and where to allocate funds in order to ensure the viability of departments and maintain the operating structure of the organization.
8. **Grassroots:** The most basic level of an activity or organization. Also Grassroots are ordinary people regarded as the main body of an organization's membership.
9. **Statutory allocation:** Funds distributed to the different tiers of government from the federation account.
10. **Fiscal autonomy:** is a guarantee given by the Constitution to certain units of the government. It is intended as a guarantee of separation of powers and of financial independence from political agencies.

**CHAPTER TWO**

**LITERATURE REVIEW**

**2.0 LOCAL GOVERNMENT ADMINISTRATION**

Local government administration involves a philosophical commitment to democratic participation in the governing process at the grassroots level. This implies legal and administrative decentralization of authority, power and personnel by a higher level of government to a community with a will of its own, performing specific functions as within the wider national framework. The philosophical basis of the reform lies in the conviction that a strong local authority with clearly defined functional responsibilities in a power-sharing relationship with the states is an institutional safeguard against tyranny. Local government administration is established to affect citizens through the service delivery function. To develop and implement good policies, local government administration must have the skill to analyze social and economic data.

The importance of the creation of local government reveals the need to aid development at the grassroots. The establishment of such areas is geared to play vital social, political and economic roles for the overall development of the country. The realization of this important fact put together with the desire to bring the government nearer to the people (most especially people in the rural areas) has prompted the Federal Government of Nigeria to introduce a number of significant reform measures to local government administration, particularly since 1976. The local government reforms of that year made some fundamental changes in the structure, functions and finances of local government come useful points of reference for successive governments for subsequent reform programs that have been introduced in Nigeria. The 1976 reforms clearly defined the power and functions of local government and made them the third tier of government with enhanced prestige and responsibilities. The purpose of the reforms was to bring about the development of the rural areas. However, the increased responsibilities of local governments in recent times seem not to be adequately matched by their financial resources. A good Local government administration will focus on these challenges and determine the factors responsible for them and suggest some relevant way forward in order to ameliorate the difficulties.

**2.0.0 MEANING OF LOCAL GOVERNMENT**

Local government is a system of political sub-division of a modern state which is constituted by law with a given territory and population for administrative purposes also, has control of local affairs including the right to improve taxes and exert labor for prescribed purposes. Local government has been defined as the authority arising from people or a political unit, geographically identifiable, largely homogeneous, sharing common culture and corporate goals. The greatest advantage of the local government is the proximity to the people; hence it is described as **grassroots-governance.** Local government is a form of [public administration](https://en.wikipedia.org/wiki/Public_administration) which, in a majority of contexts, exists as the lowest tier of administration within a given state. The term is used to contrast with offices at [state](https://en.wikipedia.org/wiki/Sovereign_state) level, which are referred to as the [central government](https://en.wikipedia.org/wiki/Central_government), national government, or [federal government](https://en.wikipedia.org/wiki/Federal_government) and also to [supranational](https://en.wikipedia.org/wiki/Supranational) government which deals with governing institutions between states.

Local government generally acts within powers delegated by legislation or directives of the higher level of government. Local government is an administrative body for a small geographic area, such as a city or town, that can elect officials, enact taxes, and do many other things that a national government would do, just on a smaller scale. Local or grassroots government may be defined as having been established by law to perform specific functions within defined areas. A complex nation like Nigeria, with its many ethnic groups within a divergent and diverse culture, requires a high degree of decentralization, which they accomplish by creating local government authorities. Looking at the existence and relevance of local government, local government is a territorial non-sovereign community possessing the right level of necessary organization to regulate its own affairs. Local government can be viewed as a legal personality with sufficient but limited powers of control over its staff and finances.

**2.0.1 FUNCTIONS OF LOCAL GOVERNMENT**

The primary purpose of local government is to maintain peace, order and good governance in their municipal district. Other various functions of local government include:-

1. **Planning & monitoring:** Local governments set the overall direction for their municipalities through long-term planning. Examples include council plans, financial plans, municipal strategic statements and other strategic plans. Setting the vision, and then ensuring that it is achieved, is one of the most important roles of local government.
2. **Service delivery:** Local government is responsible for managing and delivering a range of quality services to their communities, such as public health and recreational facilities, local road maintenance, and public libraries.
3. **Lawmaking & enforcement:** Local governments legislate and make decisions in areas over which they have legislative authority. Local laws are not allowed to replicate or be inconsistent with state and federal laws or the operative planning scheme.The laws made by local governments are called local laws and cover issues such as the activities permitted on public land, animal management, and use of infrastructure.Local governments are also responsible for enforcing local laws and other legislation over which they have authority.
4. **Policy development:** The activities of local governments are guided by policies. Developing and implementing these policies are key functions.
5. **Representation:** Councils often represent their local community on matters of concern to those constituents.
6. **Advocacy:** Local governments have a role in advocating on behalf of their constituencies to state and federal levels of government, statutory authorities and other sectors.

**2.0.2 REASONS FOR THE CREATION OF LOCAL GOVERNMENT**

Many reasons, ranging from the political to the socio-economic, have been given for the creation of local government. These reasons have been captured by section 7(2) of the 1999 Constitution (as amended) by the following words:

The person authorized by law to prescribe the area over which a local government council may exercise authority shall:

1. Define such an area as clearly as practicable
2. Ensure, to the extent to which it may be reasonably justifiable, that, in defining such areas, attention is paid to:
3. The common interest of the community in the area.
4. The traditional association of the community.
5. Its administrative convenience.

The following are the purpose for the creation of local governments:

1. **Grassroots participation in governance**

One of the major reasons for the creation of local government in Nigeria is to bring governance closer to the people. Participation by the citizens-in-governance is one of the underlying precepts of democracy and the modern notion of government. This is done by participation in the electoral processes and decision-making in the local communities. For this reason, local governments also serve as political incubators for budding politicians. They afford future leaders the opportunity to undergo political training (See section 7 of the Constitution of the Federal Republic of Nigeria 1999).

1. **Administrative convenience**

Local governments are created for administrative practicality and suitability. There are many functions that will be cumbersome for the State and Federal Governments to perform because of the distance separating them and the people. Such functions can be best and effectively performed by the local government, e.g. collection of rates, radio and television licenses, and the registration of births, deaths and marriages. Local government is also created to serve as the presence of the federal and state governments amongst the local people and as a channel through which policies are communicated and implemented.

1. **To provoke development**

Local governments are created to bring about meaningful development in the rural areas. As agents of rural development, they are to use the funds made available to them by both federal and state governments and their internally generated revenue to improve on the lives of the people within their areas of operation through the following economic development in line with section 7(3&4) of the Constitution:

* 1. Initiating and attracting developmental projects to the local government such as provision of access roads, water and rural electricity.
  2. Sustaining livelihoods through the provision of credit facilities for agriculture, arts, crafts and small scale business; and
  3. Encouraging the formations of cooperative societies and other economic groupings.

**2.0.3 PROBLEMS OF LOCAL GOVERNMENT**

As we have rightly noted, the problems of local government in Nigeria have been documented. These include inadequate planning, poor implementation of policies, inadequate revenue, corruption and mismanagement, lack of adequate manpower, lack of autonomy, lack of participation by the people and intergovernmental conflict Adamolekun, K. (1983) and Orewa, I. (1991). The third tier of government appears not to have justified the reasons for which it was established.

**2.0.3.0 Financial Constraints**

As much as the local governments may have rich programs for execution, the financial means of doing so is not present. Revenue is by far lower than what is required in many cases. The economic and financial profile of the local governments in Nigeria is very poor compared to the developmental projects they are expected to carry out, despite the increase in the total amount of funds made to them since the early 1990s. Here, the situation is connected to and exacerbated by a high rate of mismanagement and the embezzlement of these funds. The corrupt officials of these councils divert money meant for some projects to their personal purses.

**2.0.3.1 Shortage of Skilled Workers/Personnel**

Inadequacy of trained and skilled administrative, technical and professional personnel renders local governments in Nigeria, with the exception for some few in the southern states, ineffective and inefficient in the performance of their constitutional rights. Reasons opined for this include the low image of local government in the mind of the professionals; questionable, subjective and sentimental manners of recruitment cum low or no incentive; and the threats and fear of retrenchment to junior workers, which has derailed their psychological balance and affected their efficiency and output.

**2.0.3.2 Lack of Autonomy**

Unnecessary political interference from state and federal governments is another constraint plaguing local government authorities in Nigeria. There is a high level of external influence and intrusion in local affairs by other tiers of government, which is worrisome and needs urgent attention. The future of local government is not guaranteed in a situation whereby the state governor unconstitutionally dissolves the elected council officer without any probe or investigations into false and bogus allegations. Local government in Nigeria lacks autonomous financial power. The inherent nature of this problem has caused subservience, a situation where local government waits for the next directives from the state government before the former can think of, let alone embark on, developmental projects. Thus local government has been an object of control and directives. As a result, square pegs are put into round holes in appointments to posts, which are mainly based on political party patronage.

**2.0.4 LOCAL GOVERNMENT ADMINISTRATIVE STRUCTURE**

Organized local administration in Nigeria dates back to the country’s colonial era, when native authorities were established in their rudimentary forms. They represented a system of indirect rule which aimed at establishing a form of local administration through traditional authorities. The traditional authorities were the Emirs and Obas in the North and west respectively where as warrant chiefs were appointed in the East for the same purpose since the Igbo traditional system then was based on sedimentary democracy. From the period of its inception to date local council administration has undergone series of structural and functional changes. Evidently there have been constitutional changes and there have been local government reforms which were rather incorporated in amended or future constitutions. From the period of the native authority to 1991 there was fusion of powers in the local council which reflected the cabinet/parliamentary system of government be quartered to us by the British colonial administration.

The ward councilor (or simply the council) makes the bye-laws for peace, law and order in the local government area. The chairman is the chief executive of the local government with his appointed supervisors and the secretary of the local government a second arm (organ) is formed whose duty is to implement the policies and decisions of the council. Strictly speaking this organ forms the government. It should be noted that the constitution stipulated areas in which the council can make bye laws. It should also be noted that the constitution confers on the local government services commission with the authority to handle the recruitment, promotion discipline and welfare of local government staff. The local government administrative structure is divided into departments in charge of specific functions. These departments are: - personnel, finances, works, agriculture, health, education and social welfare (youths and culture).

Suffice it to mention that the department of finance is in charge of local government financial and monetary matters and the guideline for the operation of the department is the financial memoranda. Each head of department is responsible for ensuring that there is satisfactory overall control of the finances of his department and he is to ensure compliance with the relevant law as regards accounting books records, also ensuring that procedures are strictly complied with. The local government accountant is the head of the finance department. However another impartment unit of the local government is the internal audit. This unit is specifically provided for a duty of monitoring the use of local government resources (finances) in pursuit of the defined objectives of the local government. However, the external audit from the local government service commission tends to confirm financial compliance from impartial angle.

**2.1 FUNDS ALLOCATION IN NIGERIA**

According to Nyong, O (1999), fiscal federalism concerns the relationship among the various levels of government with respect to the sharing of the national cake, assigned functions and tax powers to the constituent units in a federation. He asserts that the important issue in fiscal federalism is revenue allocation formula, sharing of the national revenue among various tiers of government (vertical revenue sharing) as well as the distribution of revenue among states (horizontal revenue allocation). For Ekpo, E (2003), fiscal federalism is a mechanism in which relations arising from the political decentralization of the public sector functions and responsibilities are resolved. The term deals with the allocation of resources among the three tiers and units of government, and institutions for the discharge of responsibilities assigned to each jurisdictional authority.

The nature and well fashioned fiscal relations in any federal system are crucial to the continual existence of such systems. One of the cardinal principles of federalism is that no level of government is subordinate to one another, though there must be a central government for this arrangement. The important features of federalism are:

1. Division of powers among levels of government
2. Coordinate supremacy of each level of government.
3. Financial autonomy of each level of government

Olowononi (1998), the chief exponent of federalism has emphatically argued that all the tiers of government are coordinate in status. This implies as he maintained that if state authorities, for example, find that the services allotted them are too expensive for them to perform, and if they call on the federal authority for grants and subsidy to assist them, then they are no longer coordinate with the federal government but subordinate to it. Consequently, the financial subordination of the state and local governments as the case in the Nigerian experience from 1999 to 2013 “makes mockery of federalism no matter how carefully the legal forms may be preserved”.

Although the question of how to generate, increase, allocate and expand revenue has constituted an issue in the Nigerian politics and governance since 1914, it was from 1946 that the issue of revenue sharing and allocation began to raise serious national debate since there was real fusion of fiscal operation in the country with the coming into effect of the Richards Constitution which provided for Legislative Council for the whole country and Regional Councils with large devolution of powers and functions. Consequently, various Revenue Allocation Commissions were set up at different times to examine and settle the issue of revenue allocation among the three tiers of government- the federal, state and local Onwioduokit, M (2002). Thus, it is apt to say, that the concept of fiscal federalism was first introduced in Nigeria in 1946 following the adoption of Richards Constitution Vincent, R (2000). The period 1947 to 1952 is a watershed in the beginning of sub-national governments because financial responsibilities were devolved to three regions-North, West and East. Adesina, D (1998) puts until Nigeria’s independence, the most contentious aspect of the nation’s federalism, revenue allocation, remained the responsibility of the colonial masters. Then, politicians accepted compromise as the price of access to the state office and thus to the revenue of the state.

**2.1.0 SOURCES OF LOCAL GOVERNMENT FUNDS**

Source of local government finance implies the various means through which local governments in Nigeria generate financial resources to meet their financial obligations in the course of discharging their constitutional functions and duties. There are two major sources of local government finance in Nigeria, namely, internally generated revenue (which is revenue generated within the local government area of administration and it entails local tax or community tax, poll tax, or tenement rates, user fees and loans); and externally generated revenue which refers to the local government funds generated outside the local government area of administration, Alo (2012).

Internally generated revenue is a strategic source of financing local governments operation and which can be explored given the enabling environment and political will. The level of internally generated revenue by each local government depends on the size of the local government, nature of business activities, urban or rural nature of the council, rate to be charged, instruments used in the collection of revenue, political will and acceptability by the people to pay based on the legitimacy of the council and the socio-cultural beliefs of the citizens regarding the issue of taxation, Anifowose and Enemuo (1999). Local governments are constitutionally empowered to control and regulate certain activities in their jurisdiction, and in so doing; they impose some taxes and rates on these economic activities as a way of generating funds for their operations. The various ways local government generate revenue internally are community tax and rates; property (tenement) rates; general/development rates; licenses, fees and charges like marriage registration fees, cart/truck licenses; interest on revenues such as deposits, investments, profits from the sale of stocks, shares, etc; departmental recurrent revenues from survey fees, repayment of personal advances, nursery and day-care centers fees, rents on local government quarters, Atakpa, Ocheni, and Nwankwo (2012). From the foregoing, tax is an imperative ingredient of revenue generation, development and transformation. As Olaye (2008), puts it, it is a compulsory levy imposed by the government on individuals, companies for the various legitimate functions of the state (and local government).

Tax if properly collected and transparently accounted for is a substantial source of annual income for local governments in the Nigeria. Unfortunately, inadequate and unreliable population statistics, corruption, large scale tax evasion, unemployment and poverty, lack of qualified personnel, poor planning and poor performance of local governments hinder tax collection in rural areas by local authorities. To motivate rural dwellers to pay tax, local governments must convince them through effective and efficient delivery of social services and public goods that are localized in nature. Local governments also generate revenue internally as noted earlier through commercial activities. This involves the ability to engage in commercial activities such as setting up of business ventures that include microfinance, savings and loans or mortgage finance, building of stores and shopping malls, renting local government properties like reception halls, chairs, canopies, tables, local government plants like tractors, generators, local and inter**s**tate transportation and ferry and boat transportation in the river-line areas and commercial farming among others Ajayi, D (2000).

The external sources of revenue to local government include statutory allocation, grants and loans from federal, state and other sources. Statutory allocations have always been a major source of political debate as they have been persistent agitations for more allocations from the Federation Account. The federal government on its own part has always fulfilled its obligation of releasing funds to local governments through statutory allocations. Many states operate a Joint State Account for Local Governments as required by the Constitution but abuse it for selfish reasons. Grants are different from statutory allocations because statutory allocations are constitutional rights of the local government councils while grants are voluntary and seasonal depending on the exigencies of federal and state governments. Grants could come from the state, federal or other donor agencies which are meant to assist them execute certain developmental projects. They are usually earmarked for particular projects that are of utmost importance to the local communities and areas. Such projects are often supervised by the donor of the grants in order to ensure that the aim is achieved. Loans are often sorted from financial institutions by local governments for short and long-term projects and programs. Local government councils could source for funds through loans to invest in capital projects such as construction of markets, roads, transportation, building of shopping malls and financing budget deficits. However, in some cases, loans are discouraged because of the possibility of mismanagement and embezzlement by corrupt local government officials who perceived the loans as personal funds. More so, local government chairmen obtain series of loans from financial institutions and passed the burden to the incoming administration which weakens the financial base of the local government council, thus, hinder performance in carrying out their constitutional responsibilities.

**2.1.1 MANAGEMENT OF LOCAL GOVERNMENT FUNDS**

For the management and control of local government finance, the 1999 Constitution of the Federal Republic of Nigeria provides for the establishment of State Joint Local Government Account in each state of the federation where funds from the Federal Account are lodged before disbursement to the local government councils in the state. This arrangement has been hijacked by state governments to starve local governments in their jurisdiction the needed funds for project implementation and rural development. This point is aptly acknowledged by Mbam (2012), the Chairman of the Revenue Mobilization Allocation and Fiscal Commission (RMAFC) when he observed that information at the disposal of the Commission show unethical practice in the disbursement of funds from the State Joint Local Government Account in various states of the federation. As he maintained, allocations from the Federation Account, most times do not actually reach the Local Government Councils.

There are numerous allegations of manipulation of the Account at the point of disbursement. States hardly make their own contributions as stipulated by Section 162 (7) of the Constitution of the Federal Republic of Nigeria. In view of the above challenges, it is the position of the RMAFC that Local Governments should be granted fiscal autonomy by paying statutory allocations from the Federation Account directly to their coffers in which case the State Joint Local Government Account should be abolished through appropriate reforms (“RMAFC Canvasses for Direct Funding of LGAs”). There are a number of financial management and control under democratic setting in Nigeria.

**2.1.1.0 Budgeting and Budgetary Control in the Local Government** Budgeting and budgetary control is another means of managing and controlling local government finance in Nigeria. An effective budgetary control mechanism ensures the existence of a sound financial planning and control which is a pivotal for sustainable growth and development in Nigeria especially at the grassroots. Budgetary control involves a periodic comparison of actual expenditures with planned expenditure and whether budgetary disbursement is in compliance with the provisions of the financial regulations and other relevant financial authorities in the country. Thus, Nigerian local governments must embark on annual budget monitoring and evaluation to ascertain the level of budget performance.

The results of this annual budget monitoring and evaluation exercise will provide the needed statistical input for the preparation of a more functional budget in the subsequent or succeeding year. In most local governments in the country, disbursement of funds is based on political need instead of appropriation. An appropriation is a law passed by the legislature authorizing expenditures for a subsequent financial year or defined period. Local governments are to ensure that funds allocated to various projects under different sub heads in the appropriation are utilized for their intended purpose since any alteration of resources allocation results in virement which may be a cumbersome process. The movement of funds from one subhead or project to another must not be undertaken except with the approval of the legislature through the passage of a supplementary appropriation law called virement. Strict adherence to these budgetary control procedures ensures that funds are utilized only for the purpose for which they are allocated in the annual budget.

**2.1.2 FUNDS ALLOCATION MODEL FOR LOCAL GOVERNMENT ADMINISTRATION**

Funds allocation model is an accounting/allocation system for recording resourceswhose use has been limited by the donor, grant authority, agency, or other individuals or organizations or by law. It therefore emphasizes [accountability](https://en.wikipedia.org/wiki/Accountability) rather than [profitability](https://en.wikipedia.org/wiki/Profit_%28economics%29) and is used mainly by governments. In this method, a *fund* consists of a self-balancing set of [accounts](https://en.wikipedia.org/wiki/Account_%28accountancy%29) and each are reported as unrestricted, temporarily restricted or permanently restricted based on the provider-imposed restrictions.

Fund accounting distinguishes between two primary classes of fund. Those funds that have an unrestricted use, that can be spent for any purposes by the organization and those that have a restricted use. The reason for the restriction can be for a number of different reasons. Examples include legal requirements, where the moneys can only be lawfully used for a specific purpose, or a restriction imposed by the donor or provider. These donor/provider restrictions are usually communicated in writing and may be found in the terms of an agreement, Federal government grant, will or gift. When using the fund allocation model, an organization is able to therefore separate the financial resources between those immediately available for ongoing operations and those intended for a donor specified reason. This also provides an audit trail that all resources have been spent for their intended purpose and thereby released from the restriction. State and local governments have two other groups of self-balancing accounts which are not considered funds: *general fixed assets* and *general long-term debts*. These assets and liabilities belong to the government entity as a whole, rather than any specific fund. Although general fixed assets would be part of government-wide financial statements (reporting the entity as a whole), they are not reported in governmental fund statements. Fixed assets and long-term liabilities assigned to a specific enterprise fund are referred to as *fund fixed assets* and *fund long-term liabilities.* The [accrual basis](https://en.wikipedia.org/wiki/Accrual_accounting) of accounting used by most organizations requires revenue to be recognized when it is earned and expenses to be recognized when the related benefit is received. Revenues may actually be received during a later period, while expenses may be paid during an earlier or later period. ([Cash basis](https://en.wikipedia.org/wiki/Basis_of_accounting) accounting, used by some small businesses, recognizes revenue when received and expenses when paid). Governmental funds, which are not concerned about profitability, usually rely on a *modified accrual* basis. This involves recognizing revenue when it becomes both available and measurable, rather than when it is earned. *Expenditures*, a term preferred over *expenses* for modified accrual accounting, are recognized when the related liability is incurred. Proprietary funds, used for business-like activities, usually operate on an accrual basis. Governmental accountants sometimes refer to the accrual basis as "full accrual" to distinguish it from *modified* accrual basis accounting. The accounting basis applied to fiduciary funds depends upon the needs of a specific fund. If the trust involves a business-like operation, accrual basis accounting would be appropriate to show the fund's profitability. Accrual basis is also appropriate for trust funds using interest and dividends from invested principle amounts to pay for supported programs, because the profitability of those investments would be important.

Local governments report the results of their annual operations in a [comprehensive annual financial report](https://en.wikipedia.org/wiki/Comprehensive_annual_financial_report) (CAFR), the equivalent of a business's financial statements. A CAFR includes a single set of government-wide statements, for the government entity as a whole, and individual fund statements. The [Governmental Accounting Standards Board](https://en.wikipedia.org/wiki/Governmental_Accounting_Standards_Board) establishes standards for CAFR preparation. Governments do not use the terms *profit* and *loss* to describe the net results of their operations. The difference between revenues and expenditures during a year is either a *surplus* or a *deficit*. Since making a profit is not the purpose of a government, a significant surplus generally means a choice between tax cuts or spending increases. A significant deficit will result in spending cuts or borrowing. Ideally, surpluses and deficits should be small.

**2.2 AN OVERVIEW OF FUNDS OPERATION IN ANDONI LOCAL GOVERNMENT AREA**

To carry out its statutory obligations, Andoni local government requires the use of funds. Some of these funds come from the gross national revenue and are referred to as the external allocation, while others are generated internally. The local government share of the federal statutory revenue has grown from 10% to 15%, and on to its present status at 20%. However, this revenue formula still need to be changed to reflect the growing demands on the council and as the present federal allocation to the council is too negligible to considering the huge national revenue. Apart from shares of the federal revenue, Andoni local government area is led to grants from the federal government to carry out special projects and services like construction of educational institutions, health care delivery services such as immunization etc. it should be noted that the federal allocation revenue includes value added tax (VAT), petroleum profit tax (PPT) funds from the federal government borrowing, capitalization which refers to the investment of equity capital by federal government in local government council.

Local governments are expected to use the funds to embark on income generating project. Projects that come under this source of revenue are fees charged from public utilities such as water supplier, electricity, and public transportation. This system enhances development as it increases the revenue base of the council. Besides, the state government has 10% financial obligation to local government councils. But this is continuously defaulted. It should be noted that the constitution of Nigeria (1999) has however worsened the fate of the local government councils by providing for state-local government joint accounts committee.

The internally generated revenue of Andoni local government area is in tender with the sources of revenue of the local government councils spelt in the constitution (1999). These includes: - rates, licenses (on wheel barrows, bicycles, radios, televisions.), fees on business premises, market stalls. Fees on registration of births and deaths, certificate of origin, tenement rates, fees for the maintenance of motor parks and sanitation or environmental fees.

In general, the internally generated revenue is very negligible compared with federal allocation category. The reason for this scenario is made up by rural dwellers whose major occupation is either peasant farming or petty trading. This situation is worsened by the absence of developed infrastructures such as markets, industries etc. The council allocation is mismanaged or wasted which reflects on the quality and integrity of the local government functionaries. The political office holders back legitimacy since they were appointed through fake election. They are incapable of mobilizing the people; they have neither the knowledge nor the will. The local government staffs are rather poor and weak because of low education and poverty. Hence, they fall pricy to the easy manipulation of the politicians. The local government council revenue will improve considerably if the constitution is amended to purge the harmful clauses such as the state local government joint accounts restoring council autonomy. The federal allocation to local government will improve if the federal government will abolish fake local governments or development centre and realizing the potentials of the local government area.

**2.2.0 PROBLEMS OF ANDONI LOCAL GOVERNMENT FINANCE**

The problems of Andoni local government finance are rather numerous andcomplex which ranges from poor state of accruable revenue to lack of control and accountability of available resources. This scenario is further vitiated by negligible amount that constitutes the internally generated revenue. The poverty of the internally generated revenue is informed by a number of factors which includes: lack of viable markets and business premises, lack of industries tourist centers etc. At the centre of the problems of financial administration in Andoni local government is lack of financial control and problem of accountability. Control is the management function that aims at keeping activities directed in such a way that desired results are achieved. Kountze et al (1980) defined control as “the managerial function of measuring and correcting the performance of the activities of subordinates in order to ensure that the enterprises objectives and the plans desired of attaining them are being accomplished. To this end they saw control as the function of every officer from the chief executive officer to the supervisor revenue clerk. Here many agents of the local government do not render adequate and proper accounts of monies collected since there is no control measures to check amounts actually collected. Sometimes there is collusion of accounting officers such as the treasurer, the internal auditor, the revenue officers, the cashier, etc to defraud the local government. Andoni revenue and financial standing has worsened by the harmful effect of the state local government’s joint accounts principles.

Using the harmful instrument of joint account, the administration underlay delay, diverts and misappropriates council revenues continually. This has created so many problems such as poverty of capital development or rather absence of it. Other problems militating proper financial administration of Andoni local government include the state; failure to meet up with its statutory obligation to the local government’s lack of skilled financial personnel, tax evasion by the citizenry who are basically percentile and poor, inadequate infrastructural facilities such as operational vehicles and access roads for revenue drive, collusion of accounting officers etc. All this have seriously affected the local government in discharging its statutory functions. There is need for constitutional overhaul if our local governments shall be resurrected to render unhindered, their onerous obligations.

**2.3 SOME EXISTING SYSTEMS**

Below are various systems that exist and provide various functionalities relating to funds operation within an organization or the government.

# 2.3.0 FUNDS ACCOUNTING SYSTEM

The label, *fund accounting*, has also been applied to investment accounting, portfolio accounting or securities accounting – all synonyms describing the process of accounting for a portfolio of investments such as [securities](https://en.wikipedia.org/wiki/Securities), [commodities](https://en.wikipedia.org/wiki/Commodities) and/or real estate held in an [investment](https://en.wikipedia.org/wiki/Investment) fund such as a [mutual fund](https://en.wikipedia.org/wiki/Mutual_fund) or [hedge fund](https://en.wikipedia.org/wiki/Hedge_fund). Investment accounting, however, is a different system, unrelated to government and nonprofit fund accounting. Nonprofit organizations and government agencies have special requirements to show, in financial statements and reports, how money is spent, rather than how much profit was earned. Unlike profit oriented businesses, which use a single set of self-balancing accounts (or [general ledger](https://en.wikipedia.org/wiki/General_ledger)), nonprofits can have more than one general ledger (or fund), depending on their financial reporting requirements.

An accountant for such an entity must be able to produce reports detailing the expenditures and revenues for each of the organization's individual funds, and reports that summarize the organization's financial activities across all of its funds. Like Profit making organizations, nonprofits and governments will produce Consolidated [Financial Statements](https://en.wikipedia.org/wiki/Financial_Statements). These are generated in line with the reporting requirements in the country they are based or if they are large enough they may produce them under [International Financial Reporting Standards](https://en.wikipedia.org/wiki/International_Financial_Reporting_Standards) (IFRS). If the organization is small it may use a cash basis accounting but larger ones generally use accrual basis accounting for their funds. There are 4 standard financial statements as profit making organization, these include:

1. *Statement of financial activities* or *statement of support, revenue and expenses*. This statement resembles the [income statement](https://en.wikipedia.org/wiki/Income_statement) of a business, but may use terms like *excess* or *deficit* rather than *profit* or *loss*. It shows the net results, by each fund, of the organization's activities during the fiscal year reported. The excess or deficit is shown as a change in fund balances, simpler to an increase or decrease in owner's equity.
2. [*Statement of financial position*](https://en.wikipedia.org/wiki/Statement_of_financial_position) or balance sheet. Similar to the balance sheet of a business, this statement lists the value of assets held and debts owed by the organization at the end of the reporting period.
3. [*Statement of changes in equity*](https://en.wikipedia.org/wiki/Statement_of_changes_in_equity) just like for profit making organizations this shows the change in the organization equity over the year. Under [IFRS](https://en.wikipedia.org/wiki/IFRS) the nonprofit organization can choose if it want to produce this statement or not, some do and some don't
4. *Statement of Cash Flows* identifies the sources of cash flowing into the organization and the uses of cash flowing out during the reported fiscal year.

**CHAPTER THREE**

**SYSTEM ANALYSIS AND DESIGN**

**3.0 ANALYSIS OF THE PROPOSED SYSTEM**

Funds allocation system is an accounting/fund positioning management system. It aids the preparation of budget for government organization; also it ensures the preservation of expenditure history. It prepares reports that are required by government agencies or funding sources. Funds allocation system uses several comparison reports of actual and the amount budgeted, it also add customized reports based on the requirements of funders or on other needs the organization might have. Fund allocation system provides a mechanism for the creation of a customized set of data selected by time periods and categories in the system. Data can be transferred to various platforms for further reports and analysis. Data are separated from the actual database so changes will not affect the data in the system.

**3.1 DESIGN METHODOLOGY**

Funds allocation system will be built to have a web browser interface i.e. it will run on web browsers only. Building a web browser interface means that any user on any combination of hardware and operating system can access and maximize their use of the system. Implementation of a web browser user interface ensures that users will be able to utilize solution in diverse circumstances.

The system will be developed using PHP scripting language. Reasons for choosing this scripting language are:-

1. PHP supports all the major web servers; be it Apache or Microsoft IIS. It also supports Netscape and personal web server.
2. It is one of the most secured ways of developing web applications; as it has a security layer to protect against threats.
3. It is platform independent i.e. whether it is Windows, Mac OS, Linux or UNIX; it supports all the major web browsers.
4. Cost efficient and having access to support.

The system also uses technologies such as HTML5, CSS3 and JAVASCRIPT which are the major tools for developing a successful web application. The proposed storage facility for this system is MYSQL DATABASE because guarding the data assets of corporations is the number one job of database professionals; MySQL offers exceptional security features that ensure absolute data protection. In terms of database authentication, MySQL provides powerful mechanisms for ensuring only authorized users have entry to the database server, with the ability to block users down to the client machine level being possible, also MySQL can meet the most demanding performance expectations of any system. With high-speed load utilities, distinctive memory caches, full text indexes, and other performance-enhancing mechanisms, MySQL offers all the right ammunition for today's critical business systems. Latest version of APACHE will be used on the server to enable script interpretation.

**3.2 ARCHITECTURAL DESIGN OF PROPOSED SYSTEM**

This section shows the architectural design of the proposed system and the various interactions between each component of the system.

FUNDS ALLOCATION SYSTEM FOR LOCAL GOVERNMENT ADMINISTRATION

Transactions

BUDGET

ADMINISTRATOR

Admin makes transaction Admin creates budget.

VERIFICATION

DATABASE

RECORD

Create, update or delete the budget information.

Request, update and disburse funds. Creates and control budget. Creates, update or delete funds information and also various departments in the council. Has full access to the entire system.

Allows the various accounting officers to place request for funds to be allocated for various services or use by the various departments in the council.

Saves detail of admin process, from login time, to funds operation within the system. Save all login details both income and expenditure.

Storage facility. Helps store data for manipulation.

Check the fund balance on the system during funds allocation/disbursement.

Fig 3.1. Architectural design of the proposed system.

**3.2.0 COMPONENTS OF THE PROPOSED SYSTEM**

Basically, the system consists of the administrative component only;

**3.2.0.0 THE ADMINISTRATIVE COMPONENT**

This consists of the chairman, vice chairman, secretary and treasurer of the council. The chairman of the Local Government council is the chief executive and accounting officer of the council. The secretary of the council and the supervisory councilors are appointed by the chairman of council.

**3.2.1 FUNCTIONS OF THE COMPONENT OF THE PROPOSED SYSTEM**

As indicated earlier, the administrative component is constituted by the chairman, the vice chairman, secretary and treasurer. The specific functions of these key officials in the system are as follows:-

1. **THE CHAIRMAN**

The chairman, as the chief executive and accounting officer, shall perform the following functions which will involve:-

1. Receiving all fund allocated to the council from the statutory allocations and other sources.
2. Being responsible for all public funds voted into each department.
3. Observation and full compliance with the checks and balances outlined in the existing guidelines and financial regulation governing receipts, and disbursement of public funds and other assets entrusted and shall be liable for any breach thereof;
4. Periodic checks in order to ensure full adherence to finance (control and management).
5. Rendering monthly statement of income and expenditure and monthly reports to the system in order to ensure accountability and enforce performance ethics.
6. Ensuring strict observance of the spending limits by all concerned.
7. **THE VICE-CHAIRMAN**

The vice-chairman is in charge of the administration of a section of the system, and shall have full access to the system upon absence of the chairman.

1. **THE SECRETARY**

The secretary is appointed by the chairman and shall use the system as instructed by the chairman. The secretary shall:-

1. Keep offline record of financial statement at interval.
2. Use the system as instructed by the chairman.
3. Disburse funds on behalf of the chairman.
4. **THE TREASURER**

The treasurer is the secondary accounts officer, shall have access to the system under due supervision of the chairman.

**3.2.2 PROPOSED SYSTEM MODULES**

The system will accommodate the following modules:-

1. **ADMINISTRATOR MODULE:**

It provides a procedure for coordinating all other modules. It allows the accounting officer which is either any user from the administrative component i.e. chairman, treasurer, secretary or vice-chairman to request, update and disburse funds to the various departments and also create and control budgets generated by each department after due consideration by the legislative arm. It allows the creation, update or deletion of funds information which implies income or expenditure.

1. **TRANSACTION MODULE:**

This module keeps track of every transaction whether income or expenditure.

1. **BUDGET MODULE:**

This module aids the administrator module to create, update or delete the budget information. Budget are generated offline by each department and then propagated to the accounting officer in charge which is then scrutinized by the legislative arm and then if approved, the accounting officer creates the budget on the system.

1. **PROJECT MODULE:**

This module aids the administrator to create, update or delete various projects; the accounting officer creates the budget on the system.

1. **RECORD MODULE:**

This module keeps track of all income entered on the system. Also the module is able to store all expenditure, funds allocated to any department for any purpose. This aids the update of balance which will be displayed at the end of the month.

1. **VERIFICATION MODULE:**

This module checks the balance on the system during fund disbursement. It checks if the amount to disburse satisfies the balance at that point.

**3.2.3 DATABASE DESIGN**

The database is a collection of fields and records in an orderly manner arranged in tables of columns and rows.

The database design for this system stores information from various modules such as funds available, budget list and so on.

**ADMIN DETAILS TABLE**

This table holds vital information about various individuals whose work lies within the context of this application.

Table 3.1 admin\_details table

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **S/N** | **NAME** | **DATATYPE** | **LENGTH** | **CONSTRAINTS** |
| 1 | ADMIN\_ID | VARCHAR | 50 | UNIQUE, NOT NULL, PRIMARY KEY |
| 2 | PASSWORD | VARCHAR | 100 | NOT NULL. |
| 3 | FIRST\_NAME | VARCHAR | 50 | NOT NULL. |
| 4 | LAST\_NAME | VARCHAR | 50 | NOT NULL. |
| 5 | POSITION | VARCHAR | 50 | NOT NULL |
| 6 | ADDRESS | VARCHAR | 200 | NOT NULL. |
| 7 | LGA | VARCHAR | 50 | NOT NULL. |
| 8 | CITY | VARCHAR | 50 | NOT NULL. |
| 9 | STATE | VARCHAR | 50 | NOT NULL. |
| 10 | PHONE | VARCHAR | 11 | CHECK, NOT NULL |
| 11 | EMAIL | VARCHAR | 50 | NOT NULL. |

**PROJECT DETAILS**

This table holds information about projects of various statuses to be carried out by the local government.

Table 3.2 project\_details table

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **S/N** | **NAME** | **DATATYPE** | **LENGTH** | **CONSTRAINTS** |
| 1 | PROJECT\_ID | VARCHAR | 15 | PRIMARY KEY NOT NULL. |
| 2 | TITLE | VARCHAR | 50 | NOT NULL |
| 3 | COST | DECIMAL | 10,2 | NOT NULL |
| 4 | ADMIN | VARCHAR | 50 | NOT NULL, FOREIGN KEY |
| 5 | REASON | VARCHAR | 150 | NOT NULL |
| 6 | DATE | VARCHAR | 50 | NOT NULL |

**BALANCE DETAILS**

Holds information about the balance after every transaction.

Table 3.3 balance\_details table

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **S/N** | **NAME** | **DATATYPE** | **LENGTH** | **CONSTRAINTS** |
| 1 | ID | INT | 11 | PRIMARY KEY |
| 2 | AMOUNT | DECIMAL | 10,2 | NOT NULL |
| 3 | DATE | DATETIME |  | NOT NULL |

**INCOME**

Stores details of funds received from various sources for various purposes.

Table 3.4 income table

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **S/N** | **NAME** | **DATATYPE** | **LENGTH** | **CONSTRAINTS** |
| 1 | TRAN\_ID | VARCHAR | 15 | PRIMARY KEY |
| 2 | ADMIN | VARCHAR | 50 | FOREIGN KEY |
| 3 | AMOUNT | DECIMAL | 10,2 | NOT NULL |
| 4 | SOURCE | VARCHAR | 50 |  |
| 5 | REASON | VARCHAR | 150 |  |

After accepting funds, the balance table gets updated.

**DISBURSE**

Stores information of funds disbursed for various purposes.

Table 3.5 disburse table

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **S/N** | **NAME** | **DATATYPE** | **LENGTH** | **CONSTRAINTS** |
| 1 | TRAN\_ID | VARCHAR | 15 | PRIMARY KEY |
| 2 | ADMIN | VARCHAR | 50 | FOREIGN KEY |
| 3 | AMOUNT | DECIMAL | 10,2 | NOT NULL |
| 4 | PURPOSE | VARCHAR | 50 | NOT NULL |
| 5 | RECEIVER | VARCHAR | 50 | NOT NULL |

Before funds are sent out to various receivers for various use, the verification module checks the balance table for the most recent balance and tries to relate it with the amount to be disbursed, if it meets the condition, funds are sent out but if it doesn’t then there has to be an error message specifying the account officer that there is insufficient funds. After disbursement of funds, the balance table should be updated.

**3.3 INPUT AND OUTPUT DESIGN**

Input and output components of a design refer to the means by which the user and the system communicate with each other. Input component receives instructions or command for manipulation while the output component gives feedback to the user on some completed operation or task. Input and output design focuses on the content of the interface. The major part of the system design is the creation of user interface. The correct fields that should be shown on screens and reports that are viewed by the user. Once the content is determined, the format for human-computer interaction is determined. System user interface refers to the way the system talks to users using screens/forms and error messages. The funds allocation system was designed to be fully compatible with a web browser. Therefore all of its features and components must be in line with the browser mark up or standard. The system accepts data through web forms and then displays data through the use of most html tags.

As much as the input design remains a critical part of the system design, the output design also is an important part of the system design. The output design as its name implies, is a user interface for providing feedback on request by the user of the system. The output screen or report produces answers to request or query. The output system is accessible to users with the clearance to view that section of the system.

**3.4 ALGORITHM DESIGN**

This is a finite sequence of ordered step which will guide users in completing a task in the system.

**begin**

login as administrator

**if** login correct

start session

proceed to full features of the system

choose an action

**If** action specified is to disburse funds

include verification module.

**If** condition satisfied

proceed to disburse

**else**

request for allocation

**end if**

update balance.

**end if**

keep record of all transactions.

**end if**

**end**

Algorithm 3.1 Algorithm design of the proposed system

**3.5 SYSTEM AND PROGRAM MODELS**

Shows the various diagram used to model the funds allocation systems.

**3.5.0 USE CASE DIAGRAM**

The use case diagram shows the users interaction with the different cases in the system.

****

Fig 3.2 shows the use case diagram of the proposed system.

The diagram above shows the interaction between the administrator and the entire system. It shows the administrator’s interaction with each system module, the different modules that are included in another and those that extends others.

**3.5.1 ACTIVITY DIAGRAM**

Activity diagram shows the representation of step wise flow of action or activity in the system.

Fig 3.3 shows the activity diagram of the proposed system.

The administrator which is the accounting officer of the council, logs in, if login authenticated properly, the admin proceeds to the system and then makes a choice from a pool of activities. If no choice is specified, the process terminates.

**3.5.2 ENTITY RELATIONSHIP (E-R) DIAGRAM**

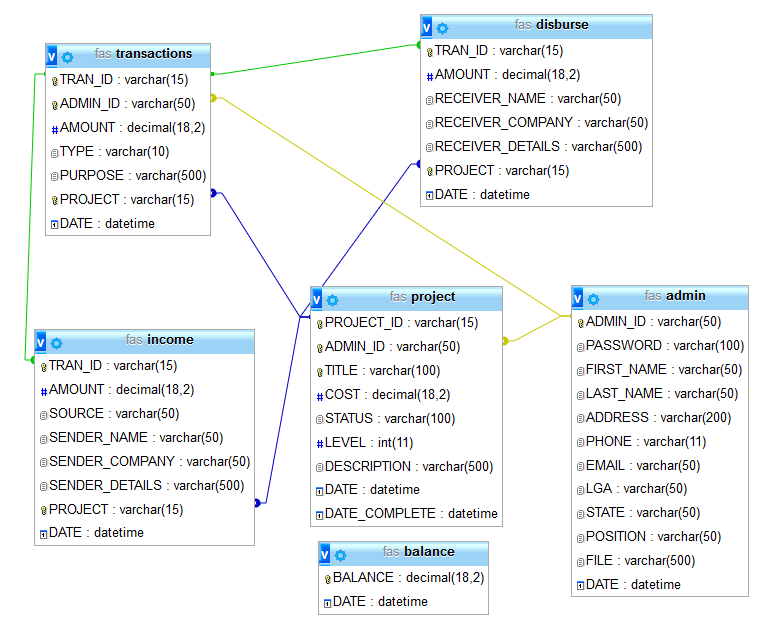


Fig3.4 shows the E-R diagram of the database for the system.

**CHAPTER FOUR**

**SYSTEM IMPLEMENTATION**

**4.0 SYSTEM IMPLEMENTATION AND IMPLEMENTATION RESULT**

The system will run on web browsers with proper interpreter to meet the php specification such as Apache. The server side scripting language used aids the communication with various server resources such as database etc and the generation of web pages dynamically. The php scripts will produce html output which will be sent to the web browser as a form of feedback to the user. The system uses AJAX (Asynchronous Javascript and XML) technology to automatically update some sections of the page without reloading the entire page. This feature is used for creating fast and dynamic pages .

**4.1 SAMPLE OUTPUTS**

This shows various outputs of the program describing different aspects of the program and what each does.

**4.1.0 ADMINISTRATOR LOGIN PAGE**

Fig 4.1 provides an interface for authentication which is a form of establishing identity between a user and the system. After valid login credentials have been supplied, the system creates a session which will last for a finite period of time. The session may be destroyed by the user or automatically by the system after a period of inactivity.

****

Fig 4.1 Administrator Login Page

**4.1.1 ADMINISTRATOR DASHBOARD 1**

Fig 4.2 shows the administrator dashboard which consists of a menu sidebar and a main content division which shows the total number of transactions, total number of project, total number of activities, balance and a graphical report section which presents an area chart, pie chart and project completion pane. Also part of the graphical report section are total income, total expenses, surplus, deficit funds and a number of completed projects.

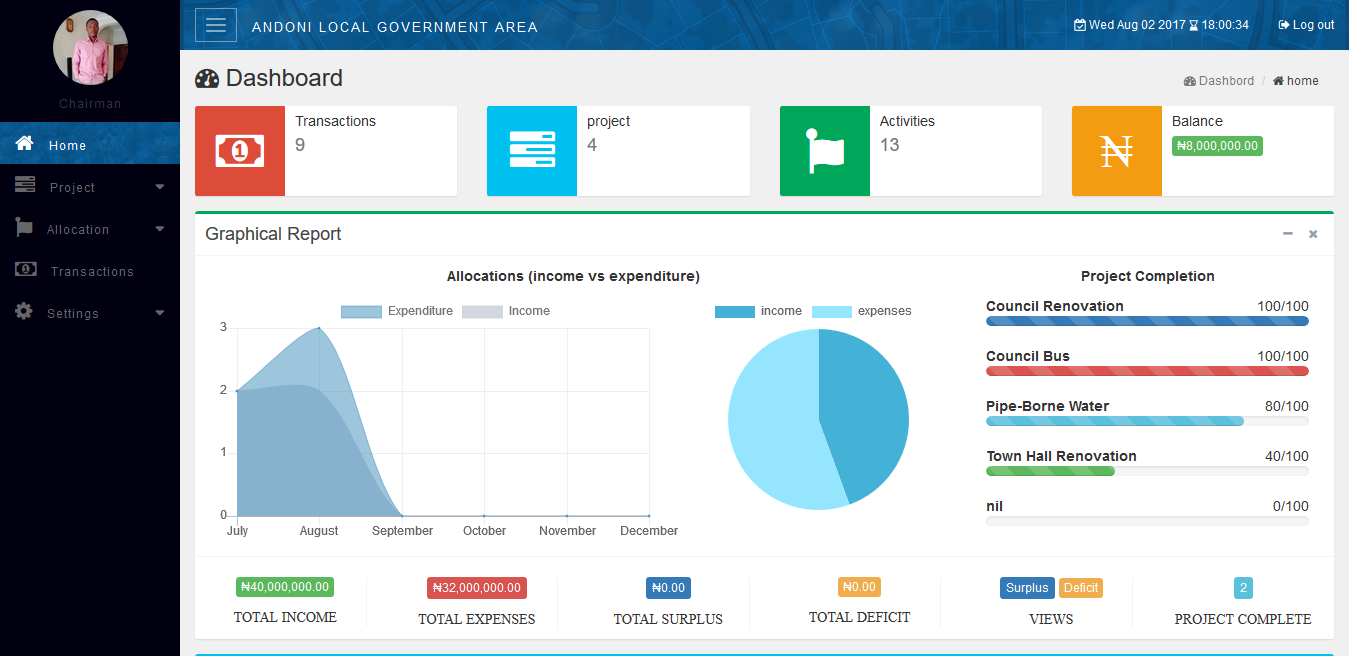
****

Fig 4.2 Administrator Dashboard showing graphical reports.

**4.1.2 ADMINISTRATOR DASHBOARD 2**

Fig 4.3 Shows the lower part of the administrator dashboard which consist of the project list which presents a table of all project components including a print tab and a transaction part that consists of all transactions both income and expenses. The transaction section has a settings pane which carries two icons showing income and expenses respectively which enables the admin sort the table in order to view income only or expenses only. Both sections have a button which toggles view all or view less information from the database.

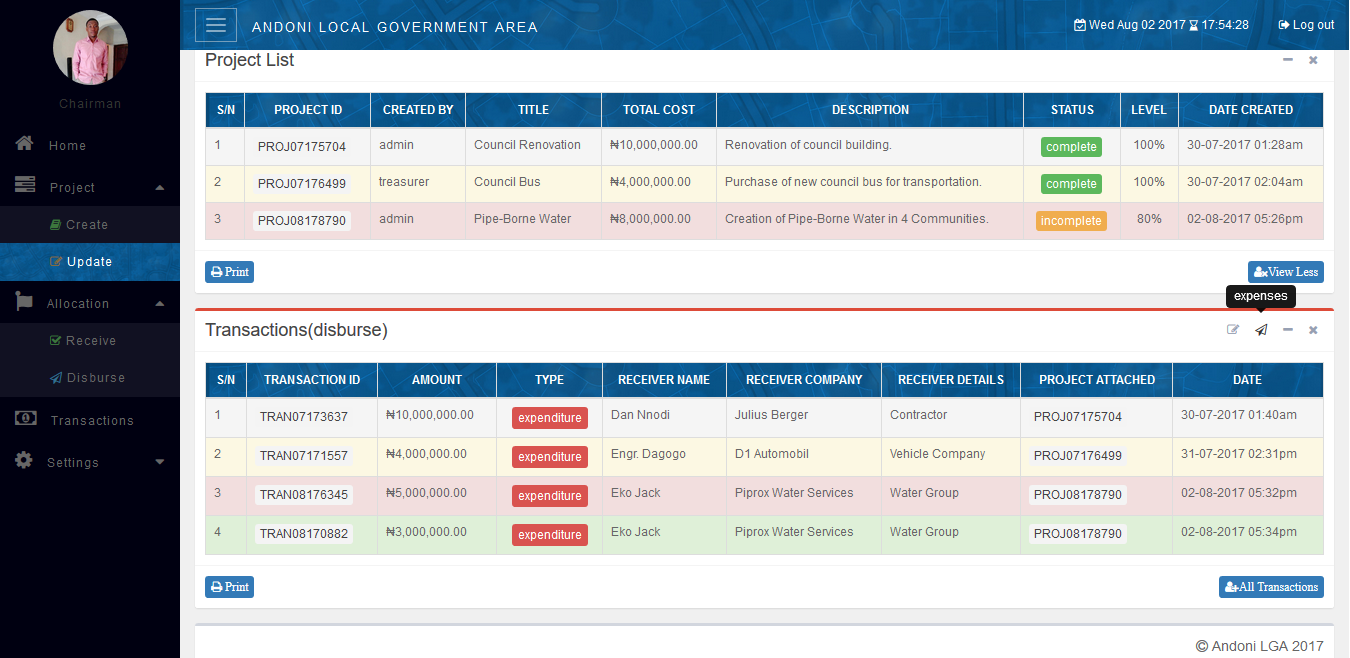
****

Fig 4.3 Administrator Dashboard showing project list and transactions

**4.1.3 CREATION OF PROJECT FORM**

Fig 4.4 uses a bootstrap modal technology to provide an interface which will enable the admin create projects. Each project created has a unique id, a unique title, project description, and the status of the project, level of completion and a date of creation.

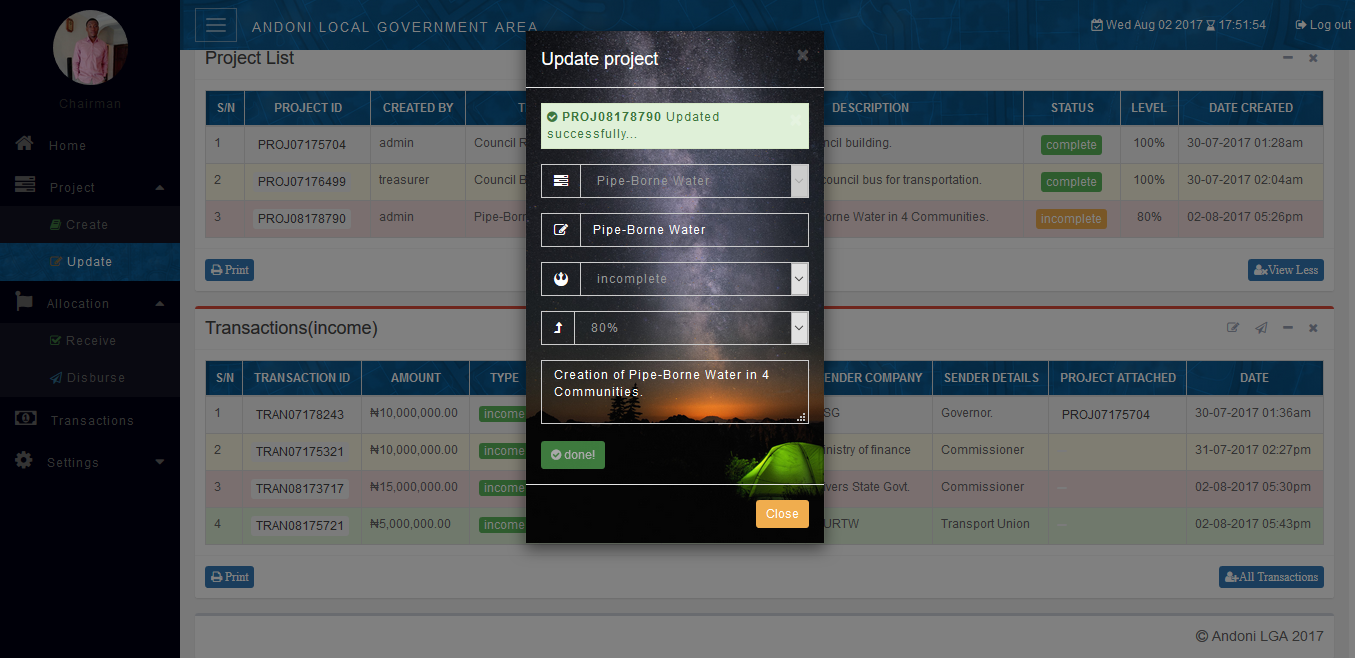
****

Fig 4.4 Administrator Dashboard showing Create Project form.

**4.1.4 ALLOCATION (DISBURSE FUNDS) FORM**

Fig 4.5 Also uses a modal technology to provide an interface for the release of funds for various uses. Verification module gets activated for every disburse operation. The funds sent out may be attached to a project and must include all vital informations of the receiver. After funds expenditure is successful, the balance gets updated.

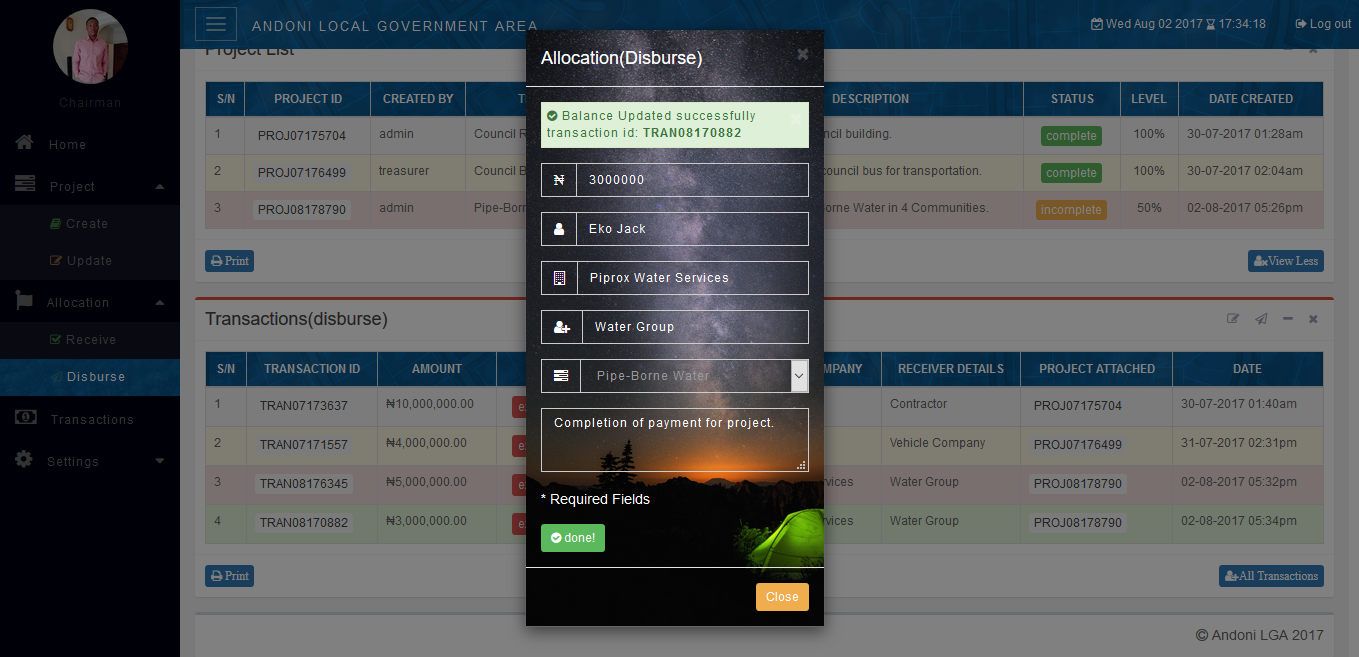
****

Fig 4.5 Allocation (Disburse) form to release funds and compute balance

**4.1.5 ALLOCATION (INCOME) FORM**

Fig 4.6 Also uses a modal technology to provide an interface to record income. This module must include all vital information of the sender. The balance gets updated after every successful income.

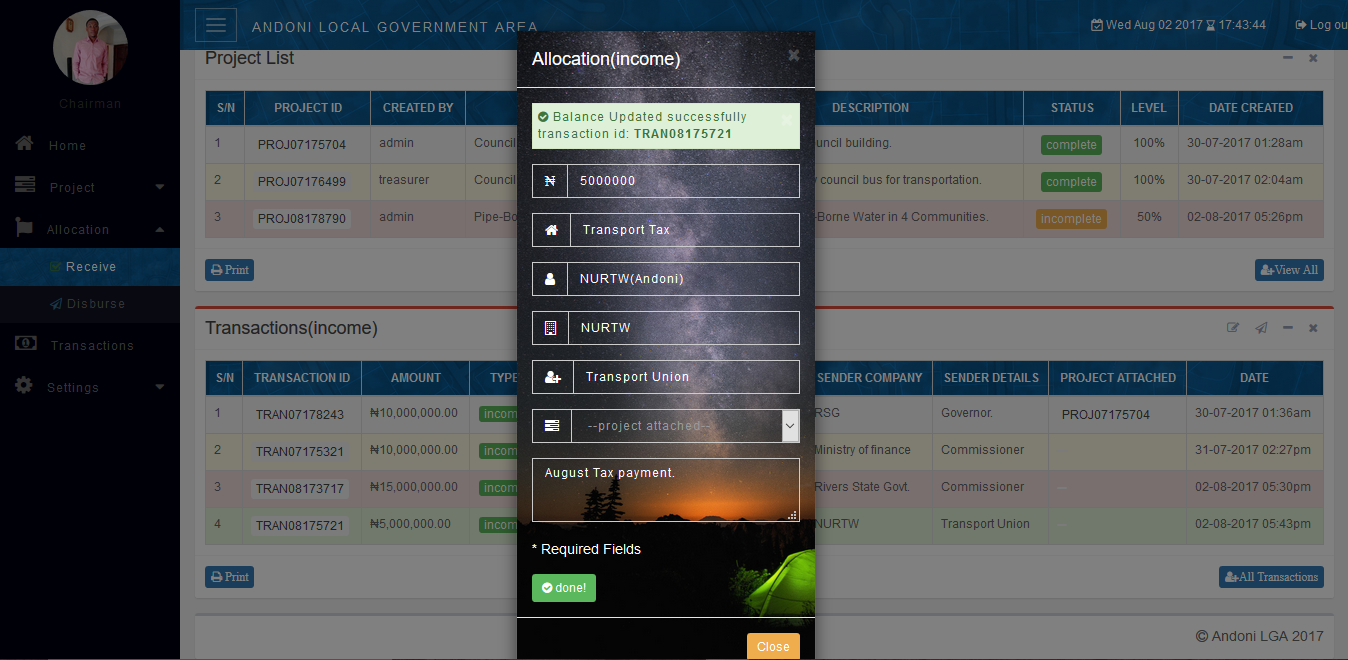
****

Fig 4.6 Allocation (income) form to record income and compute balance

**4.2 SYSTEM SETUP (HOW TO RUN THE APPLICATION)**

In order for the system to operate effectively and perform actions for which it was intended, the following requirements must be satisfied:

**4.2.0 SYSTEM REQUIREMENT**

1. Windows XP, Vista, 7, 8.1, 10. Or any other equivalent operating system
2. Intel Pentium IV 2.4GHz or higher processors.
3. 1GB RAM or higher.
4. 8GB free hard disk space or higher.
5. 800 \* 600 monitors resolution or larger.
6. Apache/2.4.18 (Win32) and PHP 7.0
7. Modern Web Browser (Mozilla Firefox recommended).

**4.2.1 PROGRAM SETUP**

1. Install web server (Apache preferable).
2. Install database (mysql recommended).
3. Install php parser to generate html outputs that will be sent to the web browser.

**4.2.2 HOW TO RUN THE APPLICATION**

1. Startup apache and mysql.
2. Open web browser.
3. In the address bar, type “localhost/project/” and press enter.

**4.3 REASONS FOR CHOICE OF PLATFORM/PROGRAMMING LANGUAGE**

Building applications to run on web browsers means that any user on any hardware or operating system can access and maximize their use of the system. Implementation of this feature ensures that users will be able to utilize solution in various circumstances.

The programming language used is PHP scripting language. PHP supports all major web browsers and servers. It ensures security in web applications; as it has a layer to protect against threats. PHP is cost efficient and platform independent, that is as long as the web browser has an interpreter that meets its specification, it will run on any platform be it windows, Linux, Mac etc.

**CHAPTER FIVE**

**SUMMARY, CONCLUSION AND RECOMMENDATIONS**

**5.0 SUMMARY**

This research work focuses on the development of a computer assisted funds allocation model for local government administration after proper examination of sources of Local Government finances which include: - external and internal sources. External sources are defined as the statutory allocation and grants-in-aid from Federal and State Government. Internal sources include other constitutional ways of revenue generation that are different from external sources. This research work contains facts which explain how Local Government depends on external sources for its revenue generation. The two research hypotheses which state that bazaar mentality of Local Government staff and lack of financial autonomy of Local Government were also tested. Financial autonomy defined as to be self-governing in matters of money, with its attendant benefits and evils. Stated absence of this financial autonomy in Local Government has affected its internally generated revenue.

**5.1 CONCLUSION**

Finance, whether from internal or external sources is important in local government administration. There is no meaningful project that can be executed without adequate finance. The external revenue generation is a major source of local government finance. In fact no local government can survive without external revenue generation, particularly from the statutory allocations. It is important for local government to be more active in developing avenues for generating revenue such as investment in capital projects that are likely to appreciate and capacity building aimed at generating returns on investments made.

The idea of local governments being to tide to monthly statutory allocations should be dropped. They must explore the innovative approach of generating revenue internally. These sources are mass transit transportation that is well managed, coordinated and accounted for; petrol filling stations; commercial farms; nursery schools and day-care that has the potential of generating revenue; establishment of endowment funds, etc. Undue interference in the finances of local government councils by the federal and state governments should be checked. The situation where state government control local government councils and direct them how to spend their money through programs packaged and handed down to them should be stopped.

**5.2 RECOMMENDATIONS**

In order to consolidate the gains made in local governance over the years and to reposition it for greater performance, there is a need to suggest a way forward and evaluate prospects. Unfortunately, local governments have demonstrated incompetence despite the basic rationale behind their creation: to meet the needs of the people at the grassroots. It is therefore desirable to suggest ways through which local governments can come out from this indolence and doldrums.

First, local government, as a third-tier government, should not be scrapped or changed to local administration; it should be strengthened and democratized instead. Officials of the local government should always be elected and not appointed.

Second, there is the need to put a mechanism in place to promote transparency and accountability at all levels of governance. Statutory allocation of local government councils should be reviewed upward and inward, for the improvement of Internally Generated Revenue (IGR) and for self-financial reliance. In addition, prompt release of allocations from federation accounts should be looked into to avoid delay in executing council developmental projects. Local councils are also advised to look for ways of attracting industries to their areas which will propel economic development, employment and increase their revenue base. In this regard, it will be crucial to strengthen institutions’ horizontal accountability and anti-corruption bodies in order to build up the economic and revenue base of the councils. Civil society organizations, particularly at the local level, should be reoriented and empowered to hold elected officials accountable.

Third, local government should have total autonomy. This will allow and guarantee its survival and provide it with remedies for the problems highlighted above. There are good prospects for Nigerian local government systems. These include: convenient grassroots governance; quick execution of projects without the bottlenecks often encountered in getting approval from the state; provision of essential services to the public by the local government councils; and awareness of the community’s responsiveness and participation. By and large, there will be no bureaucracy with regards to the release of funds for social services.

Finally, the electorate should be educated and enlightened of the danger inherent in money politics. They should endeavor to vote for people of proven integrity rather than compromising their future and that of generations unborn. It is the belief of this paper that strict observance to these suggestions can lift local councils from their relegated position as tools of manipulation to the status of instruments of change and development at the grassroots level.

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**APPENDIX**

**Source Code for Index.php**

<?php

if(isset($\_SESSION["admin"]) && isset($\_SESSION["password"])){

session\_destroy();

}

?>

<!DOCTYPE html>

<html lang="en-US">

<head>

<title>Funds Allocation System::Log in </title>

<meta charset="utf-8">

<meta name="author" content="Robinson Victor">

<meta name="description" content="Funds allocation system for local government administration">

<meta name="keyword" content="fas login, funds allocation model, funds allocation system, project topics, login page, responsive page, login, jquery login, html login, css login">

<meta name="viewport" content="width=device-width, initial-scale=1">

<script src="js/jquery.js" rel="javascript" type="text/javascript"></script>

<link href="pageimages/ourwork.png" rel="shortcut icon">

<!--bootstrap css-->

<link rel="stylesheet" type="text/css" href="bootstrap3/css/bootstrap.css" />

<!--bootstrap javascript -->

<script rel="javascript" type="text/javascript" src="bootstrap3/js/bootstrap.js"></script>

<!--font awesome css -->

<link rel="stylesheet" type="text/css" href="font-awesome-4.7.0\css\font-awesome.css"/>

<!--page css -->

<link href="css/index.css" rel="stylesheet" type="text/css" />

<!-- dashboard js -->

<script type="text/javascript" rel="javascript" src="js/index.js"></script>

<!-- validator js -->

<script type="text/javascript" rel="javascript" src="js/validator.js"></script>

</head>

<body>

<div class="container-fluid">

<div class="row lga">

<div class="col-sm-12 text-center">

<h1 style="font-family: time\_new\_roman;"> ANDONI LOCAL GOVERNMENT AREA</h1>

<h3 style="font-family: time\_new\_roman;"> RIVERS STATE OF NIGERIA</h3>

<img class="img-circle" src="pageimages/andoniLGA.PNG" alt="lglogo" />

</div>

</div>

<div class="mylogin" >

<div class="row text-center">

<div class="col-sm-12">

<span id="logobig" class="fa fa-lock big"></span>

<h3> Administrator Login </h3>

</div>

</div>

<div class="row">

<div class="col-sm-12">

<form role="form" class="form-horizontal" action="index.php" method="POST" autocomplete="off">

<div class="form-group input-group">

<span class="input-group-addon"><i id="usericon" class="fa fa-user formsicon"></i></span>

<input type="text" class="fa form-control" name="admin" id="admin" placeholder="Enter Admin Id" required="required" />

</div>

<div class="form-group input-group">

<span class="input-group-addon"><i id="passicon" class="fa fa-lock formsicon"></i></span>

<input type="password" class="fa form-control" name="password" id="pwd" placeholder="Password" required="required" />

</div>

<div id="servertext" class="row">

</div>

<div class="form-group">

<button class="btn myloginbtn btn-success"><span class="fa fa-sign-in"></span> Log in </button>

</div>

</form>

</div>

</div>

</div>

</div>

</body>

</html>

**Source Code For confirm.php**

<?php

$logincon = mysqli\_connect("localhost","root","","FAS");

if(!$logincon){

die("mysqli error");

}

if(isset($\_POST["admin"]) && isset($\_POST["password"])){

$admin = mysqli\_real\_escape\_string($logincon,$\_POST["admin"]);

$password = mysqli\_real\_escape\_string($logincon,$\_POST["password"]);

$query = "SELECT \* FROM ADMIN WHERE ADMIN\_ID = \"$admin\" AND PASSWORD = \"$password\";";

$result = mysqli\_query($logincon,$query);

if($result){

$rows = mysqli\_num\_rows($result);

if($rows == 0){

echo"

<div id='output' class='fa alert alert-danger'>

<span class='sr-only'>Error:</span>

<span class='fa fa-warning' aria-hidden='true'></span>

Login not successful. Admin id or Password is incorrect. Please try again.

</div>";

}

else{

$\_SESSION["admin"] = $admin;

$\_SESSION["password"] = $password;

echo"<div id='output' class='fa alert alert-success'>

<span class='sr-only'>success:</span>

<span class='fa fa-sign-in' aria-hidden='true'></span>

Login successful. redirecting. if page does not redirect automatically <a class='fa' href='dashboard.php'>click here <span class='fa-arrow-right'></span></a>

</div>";

}

mysqli\_free\_result($result);

}

}

mysqli\_close($logincon);

?>

**Source code for process.php**

<?php

require\_once("functions.php");

$procon = new mysqli("localhost","root","","FAS");

if($procon->connect\_error){

die("error connecting to database ".$procon->connect\_error);

}

//create project\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*

if(isset($\_POST["title"])){

$title = $procon->real\_escape\_string($\_POST["title"]);

$description = "";

$cost = 0.00;

$admin = $\_SESSION["admin"];

if(isset($\_POST["cost"])){

$cost = $procon->real\_escape\_string($\_POST["cost"]);

}

if(isset($\_POST["reason"])){

$description = $procon->real\_escape\_string($\_POST["reason"]);

}

$responseArray = "";

$project = gen\_project\_id();

$query = "INSERT INTO PROJECT(PROJECT\_ID, ADMIN\_ID, TITLE, COST, DESCRIPTION, DATE) VALUES('$project', '$admin', '$title', $cost, '$description', Now());";

$result = $procon->query($query);

if($result){

$newproject = project\_completion();

$responseArray = array("type"=>"success", "message"=>"<span class='fa fa-check-circle'></span> project created successfully","project"=>"$newproject");

}

else{

$responseArray = array("type"=>"danger", "message"=>"<span class='fa fa-times-circle'></span> $procon->error","project"=>null);

}

// if requested by AJAX request return JSON response

if (!empty($\_SERVER['HTTP\_X\_REQUESTED\_WITH']) && strtolower($\_SERVER['HTTP\_X\_REQUESTED\_WITH']) == 'xmlhttprequest') {

$encoded = json\_encode($responseArray);

header("Content-Type: application/json");

echo $encoded;

}

else{

echo $responseArray['message'];

}

}

//fetch content attacted to project

if(isset($\_GET["upproject"])){

$projectid = $\_GET["upproject"];

$query = "SELECT \* FROM PROJECT WHERE PROJECT\_ID = '$projectid';";

$result = $procon->query($query);

$responseArray = array();

$title = "";

$status = "";

$level = 0;

$reason = "";

if($result){

if($result->num\_rows){

while($rows = $result->fetch\_assoc()){

$title = $rows["TITLE"];

$status = $rows["STATUS"];

$level = $rows["LEVEL"];

$reason = $rows["DESCRIPTION"];

}

}

$result->free\_result();

}

$responseArray = array("title"=>"$title","status"=>"$status","level"=>"$level","reason"=>"$reason");

if(!empty($\_SERVER['HTTP\_X\_REQUESTED\_WITH']) && strtolower($\_SERVER['HTTP\_X\_REQUESTED\_WITH']) == 'xmlhttprequest'){

$encoded = json\_encode($responseArray);

header("Content-Type: application/json");

echo $encoded;

}

}

$procon->close();

?>

**Source code for transaction.php**

<?php

require\_once("functions.php");

$trancon = new mysqli("localhost","root","","FAS");

if($trancon->connect\_error){

die("error connecting to database ".$trancon->connect\_error);

}

//for income \*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*

if(isset($\_POST["receiveamount"])){

$type = "income";

$responseArray = array();

$amount = $trancon->real\_escape\_string($\_POST["receiveamount"]);

$source = $trancon->real\_escape\_string($\_POST["receivesource"]);

$sendername = $trancon->real\_escape\_string($\_POST["sendername"]);

$sendercompany = "";

$senderdet = "";

$project = "";

$reason = "";

if(isset($\_POST["sendercompany"])){

$sendercompany = $trancon->real\_escape\_string($\_POST["sendercompany"]);

}

if(isset($\_POST["senderdet"])){

$senderdet = $trancon->real\_escape\_string($\_POST["senderdet"]);

}

if(isset($\_POST["receiveproject"])){

$project = $\_POST["receiveproject"];

}

if(isset($\_POST["reason"])){

$reason = $trancon->real\_escape\_string($\_POST["reason"]);

}

$admin = $\_SESSION["admin"];

$transactionid = gen\_tran\_id();

$bal = getbal();

$newbal = addbal($amount);

$query = "INSERT INTO TRANSACTIONS (TRAN\_ID, ADMIN\_ID, AMOUNT, TYPE, PURPOSE, PROJECT, DATE) VALUES('$transactionid', '$admin', $amount, '$type', '$reason', '$project', Now());";

$query1 = "INSERT INTO INCOME (TRAN\_ID, AMOUNT, SOURCE, SENDER\_NAME, SENDER\_COMPANY, SENDER\_DETAILS, PROJECT, DATE) VALUES('$transactionid', $amount, '$source', '$sendername', '$sendercompany', '$senderdet', '$project', Now());";

$update = "UPDATE BALANCE SET BALANCE = $newbal, DATE = Now() WHERE BALANCE = $bal;";

$result = $trancon->query($query);

$result1 = $trancon->query($query1);

$result2 = $trancon->query($update);

if($result && $result1 && $result2){

$responseArray = array("type"=>"success","message"=>"<span class='fa fa-check-circle'></span> Balance Updated successfully \n transaction id: <strong>$transactionid</strong>");

}

else{

$responseArray = array("type"=>"danger","message"=>"<span class='fa fa-times-circle'></span> $trancon->error");

}

// if requested by AJAX request return JSON response

if (!empty($\_SERVER['HTTP\_X\_REQUESTED\_WITH']) && strtolower($\_SERVER['HTTP\_X\_REQUESTED\_WITH']) == 'xmlhttprequest') {

$encoded = json\_encode($responseArray);

header("Content-Type: application/json");

echo $encoded;

}

else{

echo $responseArray['message'];

}

}

// for disburse \*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*

if(isset($\_POST["disburseamount"])){

$type = "disburse";

$responseArray = array();

$amount = $trancon->real\_escape\_string($\_POST["disburseamount"]);

$receivername = $trancon->real\_escape\_string($\_POST["receivername"]);

$receivercompany = "";

$receiverdet = "";

$project = "";

$reason = "";

if(isset($\_POST["receivercompany"])){

$receivercompany = $trancon->real\_escape\_string($\_POST["receivercompany"]);

}

if(isset($\_POST["receiverdet"])){

$receiverdet = $trancon->real\_escape\_string($\_POST["receiverdet"]);

}

if(isset($\_POST["sendproject"])){

$project = $\_POST["sendproject"];

}

if(isset($\_POST["reason"])){

$reason = $trancon->real\_escape\_string($\_POST["reason"]);

}

$admin = $\_SESSION["admin"];

$verify = verifybal($amount);

if($verify === true){

$transactionid = gen\_tran\_id();

$bal = getbal();

$newbal = subbal($amount);

$query = "INSERT INTO TRANSACTIONS (TRAN\_ID, ADMIN\_ID, AMOUNT, TYPE, PURPOSE, PROJECT, DATE) VALUES('$transactionid', '$admin', $amount, '$type', '$reason', '$project', Now());";

$query1 = "INSERT INTO DISBURSE (TRAN\_ID, AMOUNT, RECEIVER\_NAME, RECEIVER\_COMPANY, RECEIVER\_DETAILS, PROJECT, DATE)VALUES('$transactionid', $amount, '$receivername', '$receivercompany', '$receiverdet', '$project', Now());";

$update = "UPDATE BALANCE SET BALANCE = $newbal, DATE = Now() WHERE BALANCE = $bal;";

$result = $trancon->query($query);

$result1 = $trancon->query($query1);

$result2 = $trancon->query($update);

if($result && $result1 && $result2){

$responseArray = array("type"=>"success","message"=>"<span class='fa fa-check-circle'></span> Balance Updated successfully \n transaction id: <strong>$transactionid</strong>");

}else{ $responseArray = array("type"=>"danger","message"=>"<span class='fa fa-times-circle'></span> $trancon->error");}}

else if($verify === false){

$responseArray = array("type"=>"danger","message"=>"<span class='fa fa-times-circle'></span> <strong>Insufficient Funds</strong>"); }

// if requested by AJAX request return JSON response

if (!empty($\_SERVER['HTTP\_X\_REQUESTED\_WITH']) && strtolower($\_SERVER['HTTP\_X\_REQUESTED\_WITH']) == 'xmlhttprequest') {

$encoded = json\_encode($responseArray);

header("Content-Type: application/json"); echo $encoded;}else{

echo $responseArray['message']; }}

$trancon->close();

?>