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Public Accountability and Public Fund Management: A Case Study of Selected Local Government in Lagos State

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Abstract

The paper examines the public accountability and public fund management within selected local governments in Lagos State, Nigeria. The study explores how transparency, disclosure of beneficiaries, and responsible reporting contribute to efficient fund utilization and improved governance outcomes. The study adopts a descriptive and analytical approach, employing both primary and secondary data to assess accountability mechanisms and their implications for public sector performance. Findings reveal that inadequate transparency, weak internal control systems, and corruption significantly hinder effective management of public funds. However, where accountability frameworks are actively implemented, there is noticeable improvement in resource utilization, service delivery, and public trust. The study concludes that enhancing accountability through transparent reporting, strict adherence to financial regulations, and effective oversight institutions is critical for sustainable fiscal management in local governments. Recommendations include continuous capacity building, institutional reforms, adoption of international public sector accounting standards, and strengthening of audit and monitoring systems to ensure probity and efficiency in the management of public resources.

Keywords: Accountability, Efficiency, Governance, Public Funds, Transparency Fund Management

1. INTRODUCTION

Public funds are concerned with the management of money in government institutions. In Nigeria, there are three levels of government that deals with the public fund. These levels are federal, state and local governments. According to Ogwola (2021), public funds refer to all revenue receipts and expenditures of government. Furthermore, the study stated that a strong public fund management system is an essential aspect of the institutional framework for an effective state and that effective delivery of public services is closely associated with poverty reduction and economic growth, and countries with strong transparent and accountable public fund management tend to deliver services more effectively and equitably and regulate markets more efficiently and fairly. Also, good public fund management is necessary, if not sufficient, conditions for most development initiatives. A key element of statehood is the ability to tax fairly and efficiently and to spend responsibly and to gain the trust of the citizens, it is, therefore, necessary to promote accountability in the way public resources are utilized for the well-being of the citizens.

Public sector financial management is an important issue in good organizational governance. Public financial management does not solely involve planning, budgeting, and budget execution activities, but also includes comprehensive reporting, monitoring, and evaluation activities. Public finance strongly illustrates how organizations manage and allocate resources obtained from the public for the public interest. Good public sector financial management is not only an administrative obligation, but also a measure of the organization's success in carrying out its main tasks, namely serving the community, creating welfare, and maintaining the social and economic stabilization of the country. In this case, the application of values such as transparency, accountability and the concept of value for money is crucial in realizing public sector financial governance that can be managed effectively, efficiently and accountably (Saskia et al., 2020).

The public sector itself includes various institutions that are instrumental in providing services to the wider community, such as health, education, infrastructure and security. Given the important role of the sector, public financial management must be carried out very carefully and measured (Tikupasang et al., 2023). If there are errors in public financial management, it will have an adverse impact on the quality of services provided to the community and will also cause public distrust of public sector organizations. Therefore, a system is needed in financial management that is not only concerned with technical aspects, but can prioritize moral and ethical aspects based on the principles of transparency, accountability, and the application of the concept of value for money (Aulia & Fuadi, 2022). Transparency and accountability are one of the important aspects in realizing good governance, with good financial management that will greatly affect the continuity and development of organizations that are closely related to the survival of society. The demand for transparency and accountability is increasingly important as the public becomes more aware of their right to know how public funds are used. Unfortunately, in some countries, including Indonesia, there are still many cases of budget abuse, waste, inefficiency and opacity in public sector financial reports. This lack of clarity will affect public trust in public sector organizations, especially in budgets that do not benefit the community (Sayuti et al., 2018). In addition to transparency and accountability, public sector financial management must also consider the application of the value for money concept. The concept focuses on the management of public resources based on three main indicators, namely, efficiency, effectiveness, and economy, so that any funds spent can provide maximum benefits to the wider community. The application of the value for money concept is very important to maintain fiscal sustainability and anticipate inefficiency or waste in budget use (Rigian & Purnama Sari, 2019).

The fundamental requirements for effective governance encompass transparency and accountability in government financial transactions. However, the push for accountability mechanisms arises from the prevailing practice in many developing nations where public budgeting remains shrouded in secrecy and is predominantly controlled by the executive branch. There is a growing emphasis on the role of parliaments in budget governance and oversight of public finances, driven partly by demands for increased transparency and accountability in government financial administration.

Mismanagement of public funds is another pervasive issue, often resulting from weak institutional frameworks and insufficient enforcement of financial regulations (Ojo, 2018). Furthermore, the implementation of policies such as the Treasury Single Account (TSA) and the Public Procurement Act has faced obstacles, including resistance from entrenched interests' compliance and mechanisms inadequate (Eme & Chukwurah, 2015; Agaba & Shipman, 2007). These challenges contribute to inefficient use of public resources, diminishing public trust and hindering economic development. Existing literature frequently examines issues such as budget transparency, audit reports, public sector financial reporting, internal control systems, and responsiveness to fiscal mismanagement as separate topics, each with varying levels of influence on fiscal accountability. Despite these studies, there is a noticeable gap in comprehensively understanding how these interconnected factors collectively affect fiscal accountability and resource management within Nigeria's public sector. Exploring these relationships in an integrative manner could provide deeper insights and enhance the efficiency and effectiveness of fiscal accountability mechanisms.

According to Matenge (2023), accountability is a social interaction and exchange that involves the process of engaging someone to give an account of their actions, when we say that someone is accountable for something, we mean that they have an extra responsibility, that is, a responsibility to be able to show that they have fulfilled their original responsibility. Unfortunately, not only do elected and civil service officials not meet the requirements mentioned above, but they also lack the skills to build good working relationships, build consensus, negotiate effectively and be willing to work together for a better development in all local governments. Over the past decades, accountability and performance have been central in public sector management. Accountability is important for effective performance in the public sector because both elected and non-elected officials need to show the public that they are performing their responsibilities in the best possible way and using the resources provided them effectively and efficiently. Accountability is important for effective performance in the public sector because both elected and non-elected officials need to show the public that they are performing their responsibilities in the best possible way and using the resources provided them effectively and efficiently. In the public sector, accountability means that all government officials must answer to the citizens and justify the source and utilization of public resources in their disposal. It is imperative that citizens have access to information either facts or figures that allow them to make decisions, thereby encouraging citizen participation in government. This shows that accountability is one of the fundamental prerequisites for preventing the abuse of power and for ensuring that power is directed towards the achievement of efficiency, effectiveness and accountability in public fund management.

1.1 Statement of Problem

The public sector has an enormous responsibility in the management, utilization, and allocation of public funds. It plays a pivotal role in raising revenue, managing resources, and ensuring that such funds are judiciously expended for the collective welfare of the citizens. However, in Nigeria, the public sector has come under intense scrutiny due to its poor performance in the area of public fund management and accountability. There are serious concerns regarding the extent to which public funds are properly managed, transparently utilized, and accounted for. The inability of the Nigerian public sector to effectively carry out its duties has raised fundamental questions about the integrity, transparency, and accountability of public office holders.

Over the years, Nigeria has experienced increasing inefficiencies in the administration of public funds. Administrative measures that could have served as effective mechanisms for ensuring accountability have been weakened by systemic corruption. Instead of promoting transparency, these mechanisms are often manipulated to conceal financial misconduct. Consequently, public funds are diverted, misused, and misappropriated with little or no repercussions for the culprits. The absence of a strong accountability culture and the weakness of institutions meant to enforce rules and regulations have created fertile ground for corruption to thrive. This lack of effective oversight has significantly affected the performance of the public sector and reduced the trust and confidence of citizens in government institutions.

The degeneration of Nigeria's accountability system has led to a situation where public officers act with impunity, knowing that the enforcement agencies and judicial systems are often compromised. Political patronage and favoritism have become key determinants of who gets punished and who escapes justice. In many cases, individuals with strong political backing can commit financial crimes such as embezzlement, money laundering, or diversion of public resources and still walk freely. This has eroded public trust and created a perception that corruption is not only tolerated but also rewarded in the country. The case of the former Inspector General of Police, who was convicted on eight counts of theft involving over $100 million of public funds yet served only six months in prison (Okekeocha, 2020), is a vivid example of how accountability has been compromised in Nigeria. When the very institutions responsible for enforcing accountability are themselves deeply corrupt, it becomes difficult to expect justice or transparency in public fund management. The consequences of this lack of accountability are far-reaching. It has created an environment of distrust where citizens doubt the sincerity and capacity of the government to manage public resources prudently. This has led to apathy among the populace and a general decline in civic participation, as many people no longer believe that public institutions serve their best interests. Moreover, donor agencies and international development partners are often reluctant to support government initiatives due to perceived corruption risks and lack of transparency. As a result, Nigeria continues to struggle with developmental stagnation, poor governance, and low global competitiveness.

Given these challenges, there is an urgent need to investigate the extent to which accountability influences public fund management in the Nigerian public sector. Understanding this relationship is essential because effective accountability mechanisms are fundamental to achieving transparency, good governance, and efficient resource utilization. The absence of accountability not only encourages corruption but also distorts the allocation of resources, weakens institutions, and diminishes public trust. Therefore, this study seeks to examine the influence of accountability on public fund management in the Nigerian public sector, with the aim of identifying the factors responsible for poor accountability and suggesting measures for improvement.

1.2 Objective of the Study

The main objective of this study is to examine the influence of accountability on public fund management in Local Government of Nigeria. The specific objectives of the study are as follows:

1. To access the effect of transparent reporting on fund management in the local government of Nigeria
2. To investigate the impact of disclosure of fund beneficiaries on fund management in the local government.

1.2 Research Hypotheses

The following null research hypotheses will be tested in this study:

1. H_o: Transparent reporting has no significant effect on fund management in the local governmentof Nigeria
2. H_o: Disclosure of fund beneficiaries has no significant effect on fund management in the localgovernment

1.4 Significance of the Study

This study seeks to draw the attention of stakeholders, local governments and accountants, to understand how local governments are funded and the effective methods by which this funding is generated and managed. For students, studying the influence of accountability and fund management in the Local Government of Nigeria provides students with practical, ethical, and academic insights that can prepare them for responsible citizenship, professional careers, and societal contributions.

1.5 Scope of the Study

This study focuses on public accountability. Specifically, this study examines the influence of public accountability on public fund management. It also looked at the revenue generated internally and externally, and how it was used. Also, it looked at the government's budgeting and control measures, as well as the internal control systems they use, like the system and process of bookkeeping and accounting, and how much authority they have to approve expenditure within the local government's financial rules. The local government is the focus of this study. The United Nation describes local government as a political division of a country or state that was set up by law and controls local affairs, like taxes or extracting labour for certain purposes. Laleye (2018) defines local government as a government at the level set up by law to carry out specific functions within defined areas. Local governments have bigger problems than other levels of government because they are responsible for making sure social and economic progress are achieved at the local level.

2. LITERATURE REVIEW

2.1 Conceptual Review

(a) Public Accountability

Over the past decades, accountability and performance have remained at the heart of public sector management discourse across the globe. Accountability serves as the cornerstone of good governance, ensuring that public officers are held responsible for their actions, decisions, and the management of public resources entrusted to them. It embodies the obligation of government officials, both elected and appointed, to justify their decisions and actions to the public and other oversight institutions. In a democratic society, accountability not only promotes transparency and efficiency in governance but also strengthens citizens' confidence in the political system. When government officials know that their actions are being monitored and assessed, they are more likely to act in accordance with established laws, ethical standards, and the public interest (Ademola, 2019).

Accountability in the public sector entails a complex network of relationships involving multiple actors, politicians, civil servants, auditors, citizens, and institutions each with defined roles in ensuring that power is exercised responsibly. According to Bovens (2007), accountability refers to a social relationship in which an actor feels an obligation to explain and justify his or her conduct to a forum, which can pose questions and pass judgment, potentially leading to consequences. This underscores that accountability is not just about reporting actions but also about facing the consequences of those actions. In the

Nigerian context, where misuse of public funds and administrative inefficiencies are rampant, strengthening accountability mechanisms has become a critical tool for enhancing governance and rebuilding public trust. a.

Public accountability ensures that those entrusted public resources use them efficiently and for the inte purposes. It creates a feedback loop between government and the governed, whereby the public b. demand explanations, assess performance, anc necessary, enforce corrective measures. In this s accountability serves both preventive and corre purposes it discourages wrongdoing and en c. rectification where malpractices occur. This is why countries have institutionalized systems of checks balances, such as audit institutions, anti-corru agencies, and legislative oversight committees, to mc the activities of public officials. The desirability of p accountability has prompted the establishmen institutions like the Public Accounts Committee, Offi the Auditor General, and Code of Conduct Bureau to e d. probity, transparency, and adherence to due pr (Oladipupo & Izedonmi, 2011).

According to Osirim (2023), a highly accoun government is characterized by openness, transpar and compliance with established procedures. Su government willingly discloses information, communi decisions clearly, and allows citizens to scrutiniz actions. Public officials in such systems recognize that legitimacy stems from the trust of the citizens they serve. Therefore, accountability goes beyond mere compliance with administrative rules; it encompasses ethical responsibility and moral obligation toward public welfare. A government that is transparent in its dealings inspires confidence and enhances voluntary compliance with taxation and other civic duties among its citizens, thereby improving revenue generation and governance effectiveness.

Public sector accountability is not led by any one agency but by a range of entities, agencies, and institutions. For example, accountability for overseeing how public resources were used involves members of Parliament, public entities, courts and tribunals, inquiry agencies, and, often, monitoring by civil society groups and the media.

(b) Components of accountability

The four core components of accountability are explained as follows:

1) Transparency: This involves collecting information and making it available and accessible for public scrutiny.

2) Answerability or Justification: this entails providing clear reasoning for actions and decisions, including those not adopted, so that they may be questioned reasonably.

3) Compliance: compliance could be through the monitoring and evaluation of procedures and outcomes, combined with transparency in reporting those findings.

4) Enforcement or Sanctions for shortfalls in compliance, justification, or transparency. As a result, accountability is not just about compliance with laws or industry standards but is more deeply connected to organizational purpose and public trust.

(c) Principles of accountability

The principles that are important to public sector accountability are explained below:

1) Transparency: Transparency refers to a public entity's openness about its activities, the extent to which it provides information about what it is doing, where and how this takes place, and how it is performing

2) Integrity: Integrity is about exercising power in a way that is true to the values, purposes, and duties for which that power is entrusted to or held by public entities and individual officer-holders.

3) Fairness: The concept of fairness is about dealing with a matter in an equitable and unbiased manner. In practice, it means that inquiry agencies act independently and with an open mind, and that they consider all relevant information carefully and without undue delay. In most instances, acting fairly will also include giving the party that is subject to the grievance a chance to comment on any adverse findings against them before a final decision is made.

4) Trust: The essence of trust is consistency between what is said and what is done. When parties act fairly, transparently, and with integrity consistently over time, each party comes to know what to expect from each other. From this, the parties learn that they can rely on one another and can develop trusting relationships. Public reporting by public entities on their performance can influence the degree of trust in the public services that are being delivered and the public entities that deliver them.

(d) Public Fund Management

Audu (2020) posits that public finance involves how government raises funds and uses such funds in promoting national development. Public finance, therefore, represents the financial activities of the government in terms of revenue generation, expenditure, and management of public debt. It serves as a critical instrument for determining the pace and sustainability of socio-economic growth and development within a state. According to Audu (2020), public finance encompasses three major components public revenue, public expenditure, and public debt. Public revenue refers to the various sources from which government obtains funds to meet its obligations, including taxation, grants, and other levies. Public expenditure, on the other hand, refers to the spending of these funds on various sectors of the economy such as education, health, infrastructure, and defense. Public debt arises when the revenue generated by the government falls short of its expenditure requirements, compelling it to borrow either internally or externally to bridge the financial gap.

The primary goal of fund management, whether in public or private sectors—is to generate a return on investment (ROI) while minimizing risks within the constraints of established policies and objectives. In the case of public fund management, however, the returns are not always financial; they are often in the form of improved public welfare, social equity, and sustainable development. Fund managers, therefore, aim to achieve objectives such as capital formation, infrastructure development, and poverty alleviation. They must balance short-term budgetary pressures with long-term developmental needs. This requires sound fiscal planning, prudent resource allocation, and strict adherence to accountability principles to prevent leakages, corruption, and mismanagement of public funds.

Effective management of these funds requires not only technical expertise but also institutional integrity. The government must ensure that clear financial rules, auditing procedures, and performance monitoring systems are in place to track the flow and utilization of public resources. According to Olubunmi and Adesopo (2017), the lack of proper financial control mechanisms in Nigeria's public sector has led to inefficiencies and widespread corruption, resulting in uncompleted projects and poor service delivery. This underscores the need for continuous capacity building, modernization of public financial systems, and enforcement of accountability standards across all tiers of government.

Public fund management also plays a crucial role in promoting fiscal sustainability. Without effective control and monitoring, public resources may be diverted for personal gain or wasted on unproductive ventures. As such, accountability serves as a moderating variable that ensures transparency and responsibility in fund utilization. When accountability structures such as internal audits, external audits, and legislative oversight are properly implemented, they help prevent mismanagement, detect irregularities, and ensure that every public expenditure contributes meaningfully to societal development.

In summary, public fund management is the lifeline of national development. It determines how well a government can deliver essential services, maintain economic stability, and fulfill its obligations to citizens. The integration of accountability into the management of public funds ensures that resources are used judiciously, public debts are minimized, and the overall financial health of the state is sustained. Hence, public accountability and fund management are inseparable elements of good governance, and their effective coordination is critical for ensuring sustainable economic development and citizens' trust in government institutions.

(a) Government fund

Government fund represents funds used for accounting for government resources that were derived from taxation and revenue generation. In Nigeria, government fund consists of Federation Account, Consolidated Revenue Fund (CRF), Development Fund and Contingency Fund.

(i) Federation Account

This account is established by section 162(1) of the 1999 Constitution of Federal Republic of Nigeria. It is the account into which all federally collected revenues are paid with the exception of revenue arising from the personal income tax of the residents of the Federal Capital Territory (FCT), personnel of the Armed Forces, Police and Ministry of External Affairs. Examples of such revenues include revenue from Crude oil sales, Petroleum Profit tax, custom duties, and companies' income tax; value added tax, royalties and other independent revenue of the government. On the other hand, charges to the account comprise Joint Venture Cash calls, NNPC priority project fund, External debt service allocation and Transfer to reserve fund among others. Moreover, the balance of Federation Account is usually distributed among different tiers of governments in the Federation.

(ii) Consolidated Revenue Fund

Consolidated Revenue Fund (CRF) is established by Section 80 of the 1999 Constitution of the Federal Republic of Nigeria. Omolehinwa and Naiyeju (2018) reported that it is the fund into which share of the Federal Government revenue from the Federation Account is paid. Other revenues or other money raised or received by the Federal Government apart from the ones payable under the 1999 constitution or any Act of the National Assembly into any other public fund of the federation established for a specific purpose are also paid into it.

(iii) Development Fund

This is the fund created for financing capital projects in the country. Adelaja (2016) explained that all receipts and transfers for capital projects are credited to this fund while capital expenditure is debited. Apart from transfer from the Federation account, he cited internal loans, external loans and external grants as other sources of revenue to the fund. Adams (2019) documented that development fund was established by the constitution of the Federal Republic of Nigeria 1999, the Finance (Control and Management) Act of 1958 and the Audit Ordinance of 1956, which stipulates that there shall be established the Development Fund for the purpose of capital development projects.

(iv) Contingency fund

This category of public fund is meant for unforeseen expenditure or for anticipated expenditure of uncertain amount such as natural disaster and insurgencies in any part of the country. Adams (2019) reported that contingency funds are set aside to provide for unforeseen contingency such as disaster flood, erosion and bomb blast.

(b) Proprietary fund

Proprietary funds are used to account for commercial activities of government that are expected to generate sufficient returns so as to cover capital outlay as well as record surplus. An example of the proprietary fund is fund given to MDAs such as Nigerian Television Authority.

(c) Fiduciary fund

This fund class is held and managed by the government as a trustee. According to Adams (2014), it is a Trust Fund established to hold resources in which the government is seen as a trustee and the proceeds will be utilized in accordance with the trust deed. He cited Petroleum Trust Fund, Family Support Trust Fund, Nigerian Social Insurance Trust Fund and Pension Fund. Moreover, the funds are built up from donations from public spirited individuals and organizations.

2.2 Public Sector Corruption

Public sector corruption refers to the misuse of public offices for private gain, involving unethical behavior by government officials that leads to the misappropriation of public resources. In Nigeria, public sector corruption is a pervasive problem that significantly impedes the nation's development by diverting funds away from public services and into the pockets of corrupt individuals (Adewale, 2022; Ojo, 2021). This corruption manifests in various forms, including bribery, embezzlement, nepotism, and the manipulation of procurement processes, creating systemic inefficiencies and eroding public trust in government institutions. The prevalence of public sector corruption in Nigeria is often attributed to weak governance structures, lack of accountability, and insufficient enforcement of anti-corruption laws, all of which contribute to the continued mismanagement of public funds.

(a) Treasury Single Account

The Treasury Single Account (TSA) is a financial policy implemented by the Nigerian government aimed at consolidating all government revenue into a single account managed by the Central Bank of Nigeria (CBN), thereby enhancing fiscal transparency and efficiency (Adebayo & Yusuf, 2023). Prior to the implementation of TSA, various government ministries, departments, and agencies (MDAs) operated multiple accounts across different commercial banks, leading to fragmented cash management and increased opportunities for financial mismanagement and corruption (Agwu & Nwankwo, 2022). The TSA system eliminates the need for these numerous accounts, enabling better monitoring and control of government cash flows, reducing leakages, and ensuring that all government funds are accounted for (Eze & Okonkwo, 2021). Despite facing initial resistance and operational challenges, the TSA has been recognized as a critical tool for improving public financial management and curbing the mismanagement of public funds in Nigeria. Mismanagement of Public Funds Mismanagement of public funds refers to the inefficient, improper, or fraudulent use of government resources, which leads to financial losses and undermines the effective delivery of public services. In Nigeria, the mismanagement of public funds is often a result of inadequate oversight, poor governance practices, and systemic corruption within the public sector (Uche & Agwu, 2021). This mismanagement manifests in various forms, such as inflated contract prices, diversion of funds, and unauthorized expenditures, all of which contribute to budget deficits and reduced fiscal capacity to meet developmental needs (Ojo, 2021; Ayo & Adekunle, 2023). Addressing the mismanagement of public funds is essential for enhancing the effectiveness of public financial management, ensuring that resources are utilized efficiently, and improving the overall governance of the public sector (Ibrahim & Bello, 2024).

(b) The Impact of Public Sector Corruption on the Mismanagement of Public Funds in Nigeria

Public sector corruption is a pervasive issue that significantly affects the efficiency and integrity of financial management in Nigeria. Corruption in the public sector often manifests through embezzlement, bribery, nepotism, and other forms of malfeasance, leading to the misappropriation and mismanagement of public funds. This mismanagement not only depletes the resources available for public services but also undermines public trust in government institutions (Transparency International, 2023). The relationship between public sector corruption and the mismanagement of public funds can be understood through various theoretical and empirical lenses. The agency theory posits that there is an inherent conflict of interest between the principals (citizens) and agents (government officials). When the agents prioritize their self-interest over public interest, without adequate monitoring and accountability mechanisms, corruption flourishes, resulting in the inefficient use of public resources (Jensen & Meckling, 1976). Empirical studies support this theoretical framework by demonstrating a strong correlation between corruption levels and the inefficiency of public sector financial management. For instance, Ojo (2018) highlights that in Nigeria, weak enforcement of anti-corruption laws and the lack of transparent governance structures contribute significantly to the mismanagement of public funds. Similarly, Adebisi and Gbegi (2015) found that corruption facilitates the diversion of public funds into private accounts, reducing the funds available for public projects and services. Moreover, the systemic nature of corruption exacerbates the problem. Corruption often involves a network of officials who protect each other's interests, making it challenging to implement reforms and enforce laws effectively (Ofoegbu, 2014). This network creates an environment where mismanagement is not only tolerated but also perpetuated, further entrenching corruption in the public sector. Given the theoretical and empirical evidence linking public sector corruption to the mismanagement of public funds, it is crucial to explore this relationship comprehensively. This exploration can provide insights into how corruption undermines financial management and identifies potential areas for intervention and reform.

(c) Fund Management in Local Government

There is an increasing need to match expenditure with revenue in every tier of government, and this constitutes one of the fundamental principles of sound financial management. No government, organization, or institution can operate effectively without maintaining a balance between its inflows and outflows of funds. The discipline of financial management provides the framework for making decisions that ensure resources are generated, allocated, and utilized efficiently to achieve organizational and developmental goals. Finance money in its broader sense is widely regarded as the lifeblood of any organization (Hassan, 2020). Without adequate financial resources, even the most carefully planned development programs will fail to achieve the desired outcomes.

In the context of local government administration, financial management involves the planning, organizing, directing, and controlling of financial activities such as the procurement and utilization of funds. It ensures that financial resources are used judiciously to achieve the goals of providing essential services to the grassroots. Local governments, being the closest tier of government to the people, play a vital role in promoting rural development, providing social amenities, and fostering economic empowerment. For these responsibilities to be effectively carried out, sound financial management is indispensable.
According to Hassan (2020), financial management decisions in the public sector particularly at the local government level can be grouped into three major areas: investment decisions, financing decisions, and efficiency/value-for-money decisions. These three interrelated areas form what is commonly referred to as the "Triangle of Financial Decision" in the public sector. The effectiveness of public financial management depends

largely on how well these three decision areas are coordinated, monitored, and evaluated.

(d) Investment Decision

The investment decision involves the judicious utilization of financial resources on viable and sustainable opportunities with the aim of generating social and economic benefits. In the private sector, investment decisions are aimed at maximizing shareholders' wealth, but in the public sector, the objective extends beyond profitability to include the promotion of social welfare, equitable resource distribution, and long-term sustainability. Investment decisions in the local government sector are typically focused on community-based projects such as road construction, water supply, healthcare centers, markets, and educational facilities.

(e) Financing Decision

The financing decision relates to how public sector entities source funds to finance their expenditures and investments. Financing decisions determines the appropriate mix of internal and external financing sources to support government programs without jeopardizing fiscal stability. In the local government context, financing may come from statutory allocations, internally generated revenues, grants, or borrowed funds. Each of these sources has implications for fiscal sustainability, financial autonomy, and accountability.

(f) Efficiency and Value-for-Money Decision

The third component of the financial management triangle is the efficiency/value-for-money (VFM) decision, which emphasizes optimal utilization of public resources to achieve the best possible outcomes. Efficiency, in this context, involves ensuring that government programs and projects are delivered at the lowest possible cost without compromising quality or service standards. Value-for-money, on the other hand, implies that resources are used in a way that maximizes public benefit relative to the amount spent.

In the public sector, the efficiency/value-for-money decision has gained prominence due to increasing fiscal constraints and the growing demand for improved public service delivery. Taxpayers expect that every naira or dollar spent by government should produce measurable benefits. To achieve this, local governments must adopt performance management tools such as output-based budgeting, results oriented management, and performance auditing. These tools help to measure the efficiency, effectiveness, and economy of public expenditures.

In conclusion, financial management in the public sector, particularly at the local government level, is a delicate balancing act among competing priorities of development, fiscal responsibility, and public accountability. The triangle of financial decision investment, financing, and efficiency provides a conceptual guide for achieving sustainable fiscal management and effective service delivery. When anchored on transparency, prudence, and accountability, these financial decisions can transform local governance into a catalyst for inclusive and sustainable development.

(g) Internally Generated Revenue (IGR)

These are the internally generated funds by the local government based on their economic, social and structural endowments of the local government. Some of these revenues are:

a) Tenement Rate (Property tax) – This is a tax assessable on landed property of either commercialor residential buildings. It is a major source of revenues to local government. The assessment is based on the types of building and structure.
b) Local license fees and fines – These are licenses approved for various commercial activities at the grassroots such as general licenses (bicycle licenses and hackney permit fees); food control (slaughter and bakery licenses fees); social (merriment, marriage, street naming, radio and television licenses fees); economic (tender fees and contract registration fees); hire of plants and sale of unserviceable equipment and goods.
c) Earning from commercial undertakings – This involves revenues from motor parks, markets, investments, agricultural produces and other commercial activities.
d) Rent – These are proceeds from government properties such as landed property, building either for commercial or residential, parks and events centre.
e) Interest / Dividend – These are incomes from any form of financial investments such as fixed deposits, debenture and shares.
f) Miscellaneous Receipts – These are proceeds from any other forms of sources not classified under any of such heading above, such from hearse and cemetery, letter of identification, drug revolving fees, health services and miscellaneous activities. In addition, other sources of revenues available to the local government with higher authority's approval for compliance and utilization are the use of short term funds such as bank overdraft, money market instruments, invoice discounting, trade credits and factoring; the use of medium term sources such as venture capital, hire purchase, term loans and mortgage of property; while the third group is the use of long term sources such as bonds, debentures and investing in shares through the capital market.

2.3 Theoretical Review

(a) Efficiency Theory

The efficiency theory of local government administration is justified on the utility of taxes for social and economic development, and enhancement of individual tax compliance behavior to an increase in the revenue collection at local government level. Good financial management leads to fiscal efficiency and fiscal discipline. This acts as the basis for good governance at the local government level. Efficiency is the ratio of input to output; the theory posits that local government should be more efficient than other tiers of government in terms of service and public goods delivery at the grassroots. It also means the ratio of actual output to effective capacity. This is where the actual services compare effective capacity at local government level in order to show the level of efficiency achieved, when compared with other tiers of government.

Efficient and effective financial management at the local government will reduce input and increase output of services. In Nigeria, the 1999 Constitution and Fiscal Responsibility Act (2017) as highlighted in the second schedule part 2 section 4 (1a and b) and the fourth schedule section 7 (1 and 2) stated the modalities for fiscal efficiency.

(b) Stakeholder Theory

Stakeholder theory has been introduced to the management since 1970 and has gradually been developed by Freeman, revolutionized the understanding of corporate governance by emphasizing the interdependence between an organization and the various groups affected by its operations. Freeman proposed that the success and sustainability of any organization depend not only on maximizing shareholder wealth but also on recognizing and balancing the interests of all stakeholders including employees, customers, suppliers, creditors, communities, government, and society at large. According to Muth and Donaldson (2017), stakeholder theory integrates corporate responsibility with the ethical obligation to address the expectations of multiple parties who have legitimate claims or stakes in the organization.

2.4 Empirical Review

Empirical literature provides a foundation for understanding how accountability affects public fund management, governance, and transparency across different settings. A review of previous studies shows that accountability, fiscal responsibility, and good governance remain essential for ensuring effective public fund management. The following section critically reviews empirical studies conducted in Nigeria and other countries on accountability and public sector performance, highlighting methodologies, findings, and implications.

Ejere (2020) carried out a study to review accountability in the public sector in Nigeria using a descriptive and contextual analysis approach. The study revealed that accountability plays a critical role in improving public financial management by ensuring that public officials are held responsible for their financial decisions. Ejere emphasized that effective accountability mechanisms foster transparency and promote prudent financial practices within government institutions. The study further pointed out that weak internal controls and inadequate enforcement of financial regulations have contributed significantly to poor accountability and inefficiencies in the Nigerian public sector.

Bajo, Primorac, and Runtic (2017) examined the relationship between public expenditure and accountability in Croatia using an ex-post facto research design. Their findings showed that accountability exerts a significant influence on public expenditure outcomes. The authors observed that when accountability systems are strong, public funds are more likely to be directed toward productive and development-oriented activities. Conversely, weak accountability often results in financial leakages and wasteful spending. The study highlighted the need for governments to strengthen oversight mechanisms to ensure that expenditure patterns align with public needs and national development goals.

In Nigeria, Olubunmi and Adesopo (2017) explored the association between public expenditure and accountability using a mixed research method. Their findings corroborated those of earlier studies, showing that accountability significantly improves public financial management. They found that transparency in budgeting, reporting, and auditing processes ensures better fiscal discipline and reduces the risk of misappropriation. The study also emphasized that poor implementation of accountability frameworks remains a major challenge in Nigeria, largely due to corruption and political interference in public financial systems.

Local government, being the closest tier of government to the people, plays a crucial role in grassroots development. However, several studies have documented poor accountability and financial mismanagement at this level. Adebayo, Dada, and Olarewaju (2019) studied the effectiveness of financial management of local government funds in Ido-Osi Local Government Area, Nigeria. The study found that local governments require urgent improvement in their financial control mechanisms to ensure rationalization of expenditure patterns and enhance performance. The authors recommended stricter enforcement of budgetary control systems and improved internal audits to ensure optimal utilization of financial resources.

Adewale (2022) carried out an empirical analysis of the implications of public sector corruption on economic growth in Nigeria using secondary data from government reports and international databases. The findings showed a significant negative relationship between corruption and economic growth, suggesting that corruption leads to inefficient resource allocation, reduced public investment, and poor fiscal outcomes. The study concluded that fighting corruption is critical to improving public accountability and achieving economic development. It recommended comprehensive anti-corruption reforms, stronger institutional frameworks, and enhanced fiscal governance to restore public confidence in government spending.

Ojo (2021) similarly examined the impact of corruption on economic development in Nigeria using a mixed-methods design. The findings established a strong negative correlation between corruption and economic development, revealing that corruption distorts the allocation of public funds and undermines infrastructural development. The study concluded that the fight against corruption must focus on strengthening public institutions, improving transparency, and enforcing financial regulations to enhance accountability in public fund management.

Okafor and Olatunji (2020) analyzed fiscal accountability and transparency in public sector financial management in Nigeria using descriptive analysis of government data and surveys. Their findings revealed persistent gaps in fiscal accountability despite reforms aimed at improving transparency. Key challenges identified include weak oversight institutions, limited access to financial information, and inadequate enforcement of existing laws. The study concluded that enhancing fiscal accountability requires adoption of international best practices, greater citizen participation, and institutional reforms to ensure openness and responsibility in public financial operations.

3. RESEARCH METHODOLOGY

3.1 Research Design

A survey research method will be adopted in order to elicit the views of the sample of the population of study about the phenomenon whereby questionnaires will be administered to the respondents through a sampling technique called the simple random sampling. The respondents chosen through the simple random sampling will be used to generalize the whole population.

3.2 Population of the Study

For successful research work to be conducted, a well-defined population must be clearly surveyed. This is so because the outcome of the research work is to be based on the information provided by the population. The population of study consists of staff from Surulere Local Government, Mushin Local Government, Yaba Local Government, Oshodi–Isolo Local Government and Shomolu Local Government. The unit of analysis for the study is Director of Administration office, Secretary to Local Government and Director of Finance office in the above selected Local Governments basically in Lagos state.

3.3 Sampling and Sample Size

This study by its nature did not permit the use of large sample sizes. For our sample size, we would use the total number of staff of the selected local government because of the small number we have, there would be no need for a formula to calculate the sample size of the project.

The sampling technique used is simple random sampling. This technique allows every member of the population equal chance to be represented in the sampling exercise. Also, a sample size of 100 was employed using purposive sampling technique.

3.4 Data Collection Instruments

The main instrument used for data collection in this study was a structured questionnaire. The questionnaire was designed by the researcher based on the objectives of the study and the variables identified in the research questions. It consisted of both closed-ended and open-ended items aimed at eliciting relevant information from respondents. The study made questionnaire instruments sectionalized into a five-points Likert scale.

3.5 Techniques of Data Analysis

The study analysed the data collected through the use of the Statistical Package for the Social Sciences (SPSS), version 26.0. SPSS was selected because of its robustness, efficiency, and wide acceptance in social science research. The software facilitated the coding, tabulation, and computation of descriptive and inferential statistics, ensuring accuracy in the interpretation of results. Descriptive statistics such as frequencies, percentages, means, and standard deviations were used to summarize and present the demographic information of the respondents, while analysis of Variance (ANOVA) was employed for the inferential statistics.

4. DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Test of Hypothesis

Having given a careful analysis of the responses to the question, it is necessary to test hypotheses that were generated for this study to know their relevant to the study. Since, hypotheses are statements of assumption about a population parameter, and such a statement is yet to be subject to a test. Therefore, research questions are based on researcher (s) experience and previous knowledge of the subject being investigated, these ideas are believed to be true, but the result of the researcher (s) may prove to be otherwise. As a result of this, the need arises for research questions to be tested. The purpose of testing research questions is to aid the researcher(s) in reaching a decision about a population by examining the data contained as a sample from the population. Therefore, hypotheses are regarded as a guide for the researcher(s) in process of finding solution to a certain problem.

(a) Hypothesis One

H_0: Transparent reporting has no significant effect on fund management in the Local Government of Nigeria.
Decision Rule: Reject H_0 if Sig. (p) < 0.05.

Table 1: Model Summary for Transparent Reporting

Model	R	R Square	Adjusted R Square	Std. Error	Sig. F Change
1	0.830	0.689	0.674	0.368	0.000

Table 2: ANOVA for Transparent Reporting

Source	SS	df	MS	F	Sig.
Regression	29.500	4	7.375	52.100	0.000
Residual	13.000	95	0.137		
Total	42.500	99			

The model summary shows an R value of 0.830, indicating a strong positive correlation between transparent reporting and fund management. The R Square value of 0.689 suggests that 68.9% of the variance in fund management can be explained by transparent reporting practices, indicating that transparent reporting is a key determinant of effective fund management in Local Governments. The ANOVA results reveal that the regression model is statistically significant, $F(4, 95) = 52.100$, $p = 0.000 < 0.05$. Therefore, the null hypothesis (H_0) is rejected, confirming that transparent reporting significantly affects fund management.

(b) Hypothesis Two

H_0: Disclosure of fund beneficiaries has no significant effect on fund management in the Local Government of Nigeria.
Decision Rule: Reject H_0 if Sig. (p) < 0.05.

Table 3: Model Summary for Disclosure of Beneficiaries

Model	R	R Square	Adjusted R Square	Std. Error	Sig. F Change
1	0.775	0.601	0.589	0.382	0.000

Table 4: ANOVA for Disclosure of Beneficiaries

Source	SS	Df	MS	F	Sig.
Regression	21.000	4	5.250	35.100	0.000
Residual	13.800	95	0.145		
Total	34.800	99			

The R value of 0.775 indicates a strong positive relationship between disclosure of fund beneficiaries and fund management. An R Square value of 0.601 shows that 60.1% of the variation in fund management is explained by the extent of disclosure of beneficiaries, highlighting the importance of transparency and accountability in fund allocation. The ANOVA result, $F(4, 95) = 35.100$, $p = 0.000 < 0.05$, confirms that the model is statistically significant. Consequently, the null hypothesis (H_0) is rejected, meaning that disclosure of fund beneficiaries significantly affects fund management in Local Governments.

5. DISCUSSION

The discussion of findings provides an in-depth interpretation of the results presented in the previous section. It connects the statistical analyses to the research objectives and hypotheses and relates them to existing empirical studies reviewed in Chapter Two. The purpose is to validate or refute prior scholarly works and to highlight the implications of the findings on public fund management in Local Governments of Nigeria.

5.1 Transparent Reporting and Fund Management

The regression analysis established a strong positive relationship between transparent reporting and fund management, as indicated by an R value of 0.830 and an R^2 of 0.689 with a significance value of 0.000. This means that 68.9% of the variation in fund management practices can be attributed to transparency in reporting. This finding underscores that local governments with structured, open, and periodic disclosure mechanisms tend to exhibit better accountability and efficiency in managing public funds.

This result corroborates the findings of Owolabi (2019), who asserted that transparent financial reporting strengthens public confidence and promotes responsible fiscal behavior in public institutions. Similarly, Adegboye and Ojo (2021) emphasized that regular and accessible publication of financial information enhances monitoring and discourages the misappropriation of funds. The outcome of this study aligns with these positions, confirming that transparency is a critical instrument for reinforcing good governance and fiscal discipline at the local government level. Furthermore, the finding supports the theoretical postulation of the accountability framework (Gray, Owen, & Adams, 2014), which suggests that openness in financial communication leads to improved decision-making and stakeholder trust.

5.2 Disclosure of Fund Beneficiaries and Fund Management

The study also examined the effect of disclosure of fund beneficiaries on fund management. The regression result ($R = 0.775$, $R^2 = 0.601$, Sig. = 0.000) indicates that 60.1% of the variation in fund management can be explained by the degree of beneficiary disclosure. This demonstrates that making information about fund recipients, contractors, and project stakeholders publicly available has a significant positive impact on the efficiency and credibility of fund utilization.

This finding is consistent with the work of Adams, C. (2018), who found that the publication of beneficiary lists promotes fairness, reduces favoritism, and curtails corrupt practices in local administrations. Likewise, transparency in beneficiary disclosure enhances public oversight and helps in evaluating the performance of government-funded projects. By disclosing who receives public funds and for what purposes, the government encourages accountability, ensuring that resources are used judiciously and in alignment with public expectations. The findings of this study therefore lend empirical support to the notion that disclosure mechanisms serve as deterrents against misuse of funds and foster institutional integrity.

5.3 Combined Effect on Fund Management

Collectively, the results from both transparent reporting and disclosure of beneficiaries explain a substantial portion of the variance in fund management efficiency. The strong correlations and significant F-values indicate that the simultaneous application of these transparency mechanisms leads to measurable improvements in public fund utilization and service delivery outcomes. This conclusion aligns with empirical studies shows that transparency, accountability, and disclosure practices together create a synergistic effect in minimizing corruption and optimizing financial performance in public organizations. The findings further validate theoretical perspectives which argue that open government practices encourage citizens' trust and facilitate the achievement of sustainable governance outcomes.

Overall, the study provides compelling evidence that transparency through accurate reporting and consistent beneficiary disclosure remains indispensable in improving public fund management in Local Governments of Nigeria. These findings reinforce the call for policy reforms that institutionalize regular financial reporting, accessible digital disclosure platforms, and strict compliance mechanisms across all tiers of local governance.

Transparent reporting significantly improves fund management in Local Governments of Nigeria. The high R Square value (68.9%) indicates that a substantial portion of effective fund management practices can be attributed to transparent reporting mechanisms. Disclosure of fund beneficiaries enhances accountability and reduces opportunities for mismanagement or corruption, contributing positively to fund management outcomes. With an R Square of 60.1%, disclosure is clearly a critical factor in ensuring efficient fund utilization.

5.4 Combined effect of transparency and disclosure

Both variables collectively account for a significant portion of the variation in fund management practices, suggesting that Local Government authorities can improve financial performance by implementing robust reporting frameworks and consistently disclosing beneficiary information. These findings emphasize the need for Local

Government administrations to prioritize transparency in reporting and the disclosure of financial transactions to strengthen accountability, reduce corruption, and improve service delivery.

6. CONCLUSION AND RECOMMENDATIONS

This study examined the effect of accountability on public fund management in Local Governments of Nigeria, with a focus on transparency mechanisms such as transparent reporting and disclosure of fund beneficiaries. Data was collected from 93 respondents across various departments and positions within the local government, and analyzed using both descriptive and inferential statistical methods, including regression and ANOVA tests.

The analysis revealed that transparency practices play a crucial role in enhancing fund management effectiveness. Specifically, transparent reporting showed a strong positive relationship with fund management, evidenced by an R value of 0.830 and an R^2 value of 0.689, indicating that approximately 68.9% of variations in fund management performance could be attributed to transparent reporting. Similarly, disclosure of fund beneficiaries demonstrated a significant positive effect, with an R value of 0.775 and R^2 of 0.601, implying that 60.1% of fund management outcomes are influenced by beneficiary disclosure practices. These results confirm that openness, consistency, and accessibility of financial information are essential to accountability and efficient public fund utilization.

The demographic analysis further indicated that respondents were largely well-educated and experienced public servants. The majority held graduate or postgraduate qualifications, suggesting a knowledgeable workforce that can understand and implement accountability mechanisms effectively. This diversity also ensured balanced representation from different departments such as finance, works, personnel, information, and audit, strengthening the reliability of the study's conclusions.

In line with the findings, the study identified several key issues affecting accountability and fund management. These include inadequate enforcement of audit procedures, limited access to financial information by stakeholders, insufficient training of staff, and weak public participation in financial oversight. Despite these challenges, the data indicated progress in some local governments, where regular financial reports and digital disclosure platforms are improving transparency. The study thus underscores that accountability, when reinforced through transparent financial communication and public disclosure of beneficiaries, significantly enhances trust, reduces mismanagement, and promotes responsible governance. Local governments that implement systematic transparency frameworks experience measurable improvements in fund utilization, service delivery, and citizen satisfaction.

The study concludes that accountability mechanisms particularly transparent reporting and disclosure of fund beneficiaries are powerful determinants of effective fund management in Local Governments of Nigeria. The results clearly demonstrated that transparent reporting enables better decision-making, encourages stakeholder trust, and minimizes the risk of corruption or misuse of public funds. Likewise, disclosing the identities and performance of fund beneficiaries promotes fairness, ensures public scrutiny, and enhances confidence in the administration's fiscal integrity.

This study demonstrates that accountability through transparent reporting and disclosure of fund beneficiaries remains a cornerstone of good governance. Strengthening these practices at the local government level will enhance public confidence, improve service delivery, and ensure that public resources are managed in a manner that supports sustainable development and the welfare of all citizens.

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