

A CRITICAL APPRAISAL OF THE OPERATION AND  
MANAGEMENT OF THE STATE AND LOCAL GOVERNMENT  
JOINT ACCOUNT AND THE NEED FOR REVIEW

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AT

A RETREAT ORGANSSED BY INSTITUTE FOR CORRUPTION  
STUDIES UNIVERSITY OF ABUJA FOR HONOURABLE  
COMMISSIONERS AND TOP MANAGEMENT STAFF OF THE  
INDEPENDENT CORRUPT PRACTICE AND OTHER RELATED

OFFENCES COMMISSION

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AT IBOM LE'MERIDEN GOLF RESORT IN UYO  
AKWA IBOM STATE.

## 1.0 INTRODUCTION

I would like to thank the organizer of this workshop for giving my office the opportunity to participate in this retreat for the top management staff of the independent corrupt practices and other related offences commission. The theme of the retreat “Repositioning the ICPC as a foremost Agency in the anti-Corruption crusade” is very timely and necessary especially with the various presidential committee restructuring the Government Agencies. There is need to prove to the world that the Agency has not been found wanting in discharging his mandates as stipulated in the Act.

## 2.0 General Duties of the Commission

According to the Independent Corrupt practices and other related offences Act 2000 section 6 states it shall be the duty of the commission.

- (a) Where reasonable grounds exist for suspecting that any person has conspired to commit or has attempted to commit or has committed an offence under this Act or any other law prohibiting corruption, to receive and investigate any report of the conspiracy to commit, attempt to commit or the commission of such offence and in appropriate cases, to prosecute the offenders.
- (b) To examine the practices, systems and procedures of public bodies and where, in the opinion of the commission, such practices, systems or procedures aid or facilitate fraud or corruption, to direct and supervise a review of them.
- (c) To instruct, advice and assist any officer, agency or parastatals on ways by which fraud or corruption may be eliminated or minimized by such officer, agency or parastatal.
- (d) To advise heads of public bodies of any changes in practices, system or procedures compatible with the effective discharge of the duties of the public bodies as the commission thinks fit to reduce the likelihood or incidence of bribery, corruption and related offences.
- (e) To educate the public on and against bribery corruption and related offences.
- (f) To enlist and foster public support in combating corruption Ladies and Gentlemen out of the six mandates of the commission only one talk on prosecution, all others five duties are in respect

of avoiding fraud or reducing the incidence of frauds. The mandate of any Agency is very important to be understood and any Agency who fail to focus on the mandate, its presence in the society will not be felt.

### **3.0 “A critical Appraisal of the operation and management of the state and Local Government Joint Account and the need for Review”.**

In line with the mandates of the commission b-f it is very important to really critically appraise the operation and management of the Joint Account of Local Government which is the topic assigned to me. It is a known fact that once there is accountability and transparency in our Local Government the level of poverty in Nigeria will be reduced. Local Government is the third tiers of Government and as today we have 774 Local Government and the aim is to bring development to the rural area of the country. The establishment of the Local Government was guaranteed in Section 7 of the Constitution of Federal Republic of Nigeria of 1999 as amended while section 7 (6a & b) states that “National assembly shall make provisions for statutory allocation of public revenue to Local Government council within the state.

Fourth schedule of the 1999 constitution states the functions of Local Government council as Follow:

- The consideration and making of recommendation to a state commission on economic planning or any similar body.
- Collection of rates, radio and Tv licensees.
- Establishment and maintenance of cemeteries, burial grounds, and homes for the destitute or infirm.
- Licensing of bicycles trucks etc.
- Establishment, maintenance and regulation of slaughter houses, slaughter slabs, markets, motor park and public conveniences.
- construction and maintenance of roads, streets, street lightings, drains and other public highways, parks gardens, open spaces etc.

- naming of roads and street and numbering of houses.
- provision and maintenance of public conveniences sewage and refuse disposal etc.

It is common knowledge that none of the functions listed above have been carry out by any of the Local Government Council except few in some states. It is therefore imperative to find out why these local government council have not been able to do so in spite of the financial provision made in the constitution section 7 (6a & b) of 1999 as amended.

#### 4.0 **Distributable Pool Account**

\* Section 2 (i) of the 1999 constitution as amended state that “the Federation Account” into which shall be paid all revenues collected by the Government of the Federation, except the proceeds from the personal income tax of the personnel of the armed forces of the Federation, the Nigeria police force, foreign affair officers and the residents of the Federal Capital Territory Abuja.

\* Section 162(3) states that any amount standing to the credit of the Federation Account shall be distributed among the Federal and state Governments and the Local government councils in each state on such terms and in such manner as may be prescribed by the National Assembly.

#### \* **Share of Federation Account**

The formula below is after 13% Derivation from the oil revenue.

A	FGN	52.68%
B	STATES	26.72%
C	LGS	20.60%
		<u>100.00%</u>

The FGN **52.68** is share as follows:-

-	FGN	48.5%
-	Derivation & Ecological	1.0%
-	FCT	1.0%
-	Stabilization	0.5%
-	Development of Natural Resources	1.68%
		<u>52.68%</u>

\* Section 162 (4) Any amount standing to the credit of the states in the Federation Account shall be distributed among the states in such forms and such manner as may prescribed by the National Assembly.

the local government council, it is therefore very important that the operation and management of the state and local government Joint Account need to be review.

\* Theoretically, Nigeria operates a Federal system of Government with a federal government at the centre-Abuja, 36 state governments and 774 local government units including the six area council's located within the Federal capital territory, Abuja. Each of these levels of government has its sphere of influence and functional competence. The 1999 constitution as amended also assigned sources of revenue to the three levels of the government to be able to carried out all the functions assign to them.

\* Some of the listed functions are exclusive to the local government while others are concurrent, i.e they could be executed in conjunction with state governments or state/private agencies. Irrespective of these constitutional delineation of responsibilities among the three levels of government, the dynamics of our federal structure often subordinate the local government to the other tiers of government.

## **5.0 Challenges Associated with the Local Government and the State & Local Government Joint Account.**

Davidson Iriekpen write on True Federation in this days Monday April 30<sup>th</sup> 2012 that “The last eight years has witnessed an abuse of local government administration in the country as state governor now prefers to handpick their cronies as sole administrators or caretaker/transition committees rather than allow for an election of chairmen and councilors. Even where there is an election, it is so manipulated that the result is always as desired. But these systems clearly negate the principles of true federalism which is the basis of the nations' existence. While sample of views of some of the stakeholders and concludes that it might require something of a constitutional revolution to rescue the third tier of government form its present bondage.

\* The state and local government Joint Account alone cannot be isolated because the problem of lack of independent of local Government from the state Government is a very big issue that can not be addressed at this retreat. This lack of independent of the local government being the third tiers of government that are closer to the majority of people has made it impossible for them to execute their functions as listed in fourth schedule of the 1999 constitution as amended.

\* Another challenge is the lack of financial independence of the local government. State government interference in the Joint Account where three quarter of the allocation will be deducted claiming that some jobs were executed on behalf of the local government, and any chairman who tried to oppose the action may be sacked.

\* Involvement of the state Government in the sharing of the allocation from VAT and Federation Account of the local Government is a big challenge as it is the balance that will be shared to them by the state Government.

## **6.0 Operation and management of State and Local Government Joint Account.**

In line with Section 162(6), 20.60% of the Federation Account are shared between the 774 Local Government taking into account the allocation principles especially those of population, equality of states, internal Revenue generation, land mass, terrain as well as population, density provided the principles of derivation shall apply.

Each state share based on the number of state shall be paid into the states and local Government Joint Account and the VAT share of the local Government. It is the responsibility of the state Government to share the allocation. After various deductions from the Joint Account, by the state government the balance are then shared which can hardly pay staff salary. All the deduction made from the Joint Account does not pass through due process in the award of contract. In view of the above challenges there is need to review the operation and management of the state and local government Joint Account.

## **7.0 Purpose Review of the Operation and Management of State & Local Government Joint Account**

\* In this era of E-payment procedure at the Federal level each local Government Account details should be forwarded to Accountant- General of the Federation for direct payment to each Local Government.

\* Abrogation of State & Local Government Joint Account.

\* Request for the joint execution project should be forwarded by state Government to each chairman for his contribution.

\* Any joint project to be executed by the Local Governments should be paid to a separate account to be managed by the Executive of the chairmen forum of each local Government.

\* During the preparation of the state budget, these project that will require the joint contribution of the Local government must be made available to the Local Government for their input in the budget preparation.

\* Ideally, each local Government suppose also to announce its budget proposal to the communities being the third tiers of the Government.

## **8.0 The Way Forward for Repositioning the ICPC as a foremost Agency in the Anti-Corruption Crusade**

- Manpower development of the staff is required to be able to carry out the mandate of the commission especially b-f
- Employment of experienced Civil Servant with Accounting background will be an asset to the commission.
- Obtain and understand the Government circulars and relevant rules and regulations used in running the affair of public service.
- The operation Department of the commission should be divided into various sections such as Education, Health, Agriculture, Building /Construction etc for each unit to understand the environment of his coverage
- Design a method or a pattern of writing to the agencies quoting the relevant section of the Act advising and instructing the Agency what to do.
- Engaging the Service of consultant is our way out.

## **9.0 Conclusion**

There is no doubt that going through the ICPC Act especially the composition of the Board member and the duties which is the mandate of the commission, one will boldly say that its functions are not police work as people think and even the members of the commission. The major function is system Audit of all the MDAS and advise and instruct the Agency to change where he/she refuses section 6(a) of the Act will now apply which is prosecution.

\* “George Bush – “ Use power to help people. For we are given power not to advance our purpose nor to make a great show in the world. There is but one just use of power, and is to serve people”

\* Warren G Benins – “Leadership is the capacity to translate vision into reality”

\* Most of us learn the hard way that leadership is not merely having a vision. Any one can dream. Effective leadership is knowing how to lay down the action steps for yourself and the organization

so that the vision can be realized. This requires us to be practical and to understand the process along the way.

Thank you and God bless

**REFERENCE**

1. Constitution of the Federal Republic of Nigeria 1999 as amended.
2. O.O. Oyelakin: Local Government administration Bye-law in Nigeria.
3. John c. Maxwell: The power of Leadership. 2001.
4. The corrupt practices and other related offences Act 2000