

## Public Financial Accountability Institutions and Democratic Governance in Nigeria

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### Abstract

The study is based on the examination of the impact of public financial accountability and the pursuit to develop democratic governance in Nigeria between 1999 and 2013. It compared the state of financial accountability institutions and their contributions to the consolidation of democratic governance in some selected states. The study utilised both primary and secondary sources of data collection. Descriptive and inferential statistics were used to analyse the data collected. The study revealed that financial accountability institutions performed significant roles in consolidating democratic governance in the selected states ( $\chi^2 = 113.97$ ;  $p < 0.05$ ), by ensuring the enhancement of transparent financial dealing (70.7%), proper execution of projects by MDAs (81.6%), popular support for government (76%), general participation of the citizens (60.6%) and peaceful co-existence (88.7%). The study concluded that there were reforms in financial accountability institutions and mechanisms in all the sampled states through which democratic consolidation was ensured at different degrees between 1999 and 2013.

**Key words:** Public financial accountability; Accountability; Governance and development

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### INTRODUCTION

The single most worrisome problem of most African states was governance vis-a-vis lack of accountability. Though, the body narrowly conceived the concept to mean exercise of political power to conduct the affairs of the state (World Bank, 1989) to the neglect of economic and social dimension which the International Monetary Fund (IMF, 2007) attempts to address in its definition to capture development requirements of states around the world. In this regard, and, by implication, it is believed that a great part of Nigeria's problem is the absence of opposition or strong counteracting power as well as institutional mechanisms to call public officials to be accountable for every resources (finance) that has accrued to them in the course of their service to the citizenry. This is largely because politics is personalized: patronage is considered to be important to the exercise of power as leadership assumes broad unrestricted authority and also loses its legitimacy along the line. In addition, information is controlled, and voluntary associations are co-opted or disbanded. In an attempt to bring these imbroglios under control, government and the civil societies, between 1999 and 2013, attempted and actually built different institutions and stimulated good number of reforms, especially in the management of public finances.

The realization that part of the most important functions of governments is management and control of public resources further propelled the institutionalization of certain measures to enthrone definite modalities for engendering transparent financial dealings and public service restructuring. The integrity of public financial management and procurement arrangements do not only affect the level of trust citizens have in their governments, but also, fundamentally determines the interactions/relationships that exist among policy, development and the quest to consolidate democracy. Transformational leaders realize that a country's competitiveness in the world, its ability to attract

foreign investors, and its cost of borrowing are affected by the quality of the core public financial activities (Ladipo et al., 2009) as typical condition that can affect consolidation of democratic governance all together. Within this expectation, certain schemes have been advanced by Ladipo et al. (2009) as fundamental measures to create efficient management of public resources with the hope of advancing the course of consolidating democratic governance:

(a) comprehensive and transparent legal frameworks for public financial management and procurement; (b) institutional frameworks made up of agencies with clearly defined responsibilities and adequate numbers of suitably qualified professional staff; (c) leadership that takes seriously its accountability for efficient management of public resources; (d) procurement arrangements that are supportive of governments' strategic goals and that are based on explicit principles of economy, efficiency, competition, and transparency; and (e) independent scrutiny, including from civil society, of governments' stewardship of public resources. (p.ix)

The scholar (Ladipo et al.) believes that the issue surrounding the consolidation of democracy and the quest to have accountable public office holders go beyond participation of citizens in electoral activities. That is, participation in democracy is far beyond the ritualistic activity of voting; it equally embraces active participation of all citizens in the totality of national life (Yorom, 1994) to ensure that their living standard is raised. Hence, there is an appeal by scholars for the erection of structures or institutions through which people can be mobilized to participate in public affairs and provide reasonable checks on the activities of the major actors.

Accountability and democratic governance have acquired diverse colorations within and among nations around the world at different stages of historical epoch. Thus, numerous postulators of the subject matter of democracy have identified some variables such as; institutions, issues, values, process as well as conditions that can influence democracy. Some of these debates support democracy-peace doctrine, development-democracy/democracy-development thesis, democracy participation predicament, to mention but a few.

At the participation period, democratic governance discourse acquired a unique dimension, which is the advocacy for the perspective of active citizen participation and how it can inform habits of civil engagement, build trust and facilitate the rule of law, enhance society's monitoring capacity and elite accountability, and control corruption (Grzegorz & Grnymala-Busse, 2007). It appears axiomatic that the constant drum of agitation for the enthronement and consolidation of democratic governance in Nigeria has largely been to stamp-out corruption, given the quest to have a participatory, open and transparent process of financial management. Implicitly, financial mismanagement has the capacity to create hardship, political apathy, civil unrest and even

determination on the part of the citizen to also engage in corrupt practices. Review of literatures on the possibility of relationship between the two concepts brings to fore the fact that scholars usually focus on voting/electoral accountability and the prospect of its impact on consolidation of democratic crusade with minimal attention being given to institutional and policy-based public financial accountability as a tool to ensure the same.

The inherent lapses of voting accountability become apparent in the democratic process during the period between elections. That is, it stimulates a question on whether misbehaving public office holder can only be held accountable during the election when he would have completely looted the treasury of the state. In the case of Nigeria, some of the popular institutions that were created after 1999 were not resident and naturally part of their financial operations. Among those institutions that are naturally operation in the states include the office of Accountant General, office of Auditor General, State houses of Assembly and Ministry of Finance. Most empirical studies have not given due attention to all these institutions as veritable tools to curb corruption and financial mismanagement. Hence, this study is targeted at addressing this gap by looking at the working interaction among the mentioned institutions as a measure to curtail financial impropriety.

The main focus of this study is to look at the institutional arrangements and policy choices that were resident in some selected states (Osun, Ogun and Ekiti States) in Nigeria which underpinned the management of public finances and public service as well as the implication for the consolidation of democracy. This was done by mediating in the general assumption which states that a well-managed public finance will stimulate adequate execution of budgeted projects, protect procurement process from manipulations and in the long run cut cost of public administration hence engender a meaningful welfare condition for the citizens.

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## 1. CONCEPT CLARIFICATION

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### 1.1 Economic Governance

The general idea of economic governance shows that it is the system of institutions and procedures established in view of achieving some objectives in the economic area, namely the coordination of economic policies for the promotion of economic and social progress for the citizens (Zoppe, 2013). Other scholars have not only attempted to define the term, efforts have equally been made to advance the need for governance of the economic base. Pruffer (2012) identifies the need for mechanisms/institutions that can tackle the problem that usually emanates from impersonal exchange (trade beyond an individual's immediate circles of acquaintances) which he

noted to be the main catalyst for economic governance. Along this line, Dixit (2009) appraises economic governance to mean “the structure and the functioning of the legal and social institutions that support economic activities and economic transaction by protecting property right, enforcing contract and taking collective action to provide physical and organizational infrastructure”. This proposition focuses on institutional and legal application to the protection of property rights, enforcement of contract and taking collective action as a typical step to the advancement of infrastructural projects and to consequently generate an enviable economic height in the face of globalization.

To reduce the burden which globalization has inflicted on economic governance in the developing nations, a great deal of efforts have constantly emanated from international financial bodies to empower these states to have action-oriented mechanisms for sound financial resources mobilization vis-a-vis the intention to attain sustainable development. While all efforts of scholars have not tended toward the same direction on the roles that national government should play in the course of ensuring good economic governance, most national governments have embraced some of the postulated policy recommendations as blue prints to fine-tune their economies. These policy frameworks are summarized thus: Reduction in extravagant expenditure, higher spending on primary education and social protection for the poor and unemployed, creation of level playing field for the private sector, stronger banking sector, reform of tax system and greater transparency and accountability (UN, 2000). The highlighted elements also amount to the basic scope of viable economic governance. Hence, “effective economic governance” entails well structured, harmonious and complementary fiscal, monetary and trade policies and establishment of monitoring and regulatory authorities for the promotion and condition of different economic activities (Ibid).

Emanating from the above discussions are three fundamental conditioning factors of economic governance; effective economic policies, adequate institutional and regulative framework and efficient and well-trained administration. This conception tends to overlook the idea of government and governance as core elements of good economic governance but, a critical look at the same shows that the mentioned elements are product of political process keenly based on good governance. In fact, nearly all the writers of good governance have included economic benefits as a major output of good governance. Another school of thought posits that sound economic governance is a pre-requisite for the attainment of good governance. What is important is a noteworthy fact that there exists an interlocking and mutually reinforcing relationship between the two terms.

Certain number of fundamental requirements were highlighted by UN (2002) and Bradford (2003) as pre-

conditions for economic governance: promotion of private sector; encouragement of Public Private Partnership (PPP); regulatory frameworks; establishment of monitoring authorities; institutionalization of harmonious fiscal, monetary and trade policies; autonomy for Central Bank; institutionalization of planning authority. Nearly all these recommendations have received attention from Nigerian Government since the inception of the current republic. For instance a great chunk of responsibilities have been tailored to grow PPP, build institution and to cede power to the private sector via privatisation, as the major engine in the progressive wheel of the new era of economic governance. All these recommendations favor and support the age long advocacy for limited government and consistent adoption of market-friendly development strategies and fundamentally change the role of the government from “owner and operator to policy maker, facilitator and regulator” (UN, 2002; Mile-Kahler, 2004). Functional market and weaker government are further being made possible by three fundamental trends of globalization, privatisation and deregulation (UN, 2002; Kahler, 2004; Bradford, 2003).

The recent call for active and rigorous administrative programme is targeted at tackling certain identifiable social milieus. In addition, these dwell on issues that affect and shape the focus of economic governance from the perspectives of poverty reduction, eradication of diseases, improvement in the educational sector, creation of job opportunity, rehabilitation and training of labour, to mention but a few (UN, 2002). Among numerous factors that are capable of provoking a lasting strategic solution to these identified imbroglios is the call for restructuring in the administrative set up to make it more effective, efficient and responsive to the extent that it can engage in the management of finances particularly and the active developmental project in general. The later can further be complemented by institutionalizing measures against tax evasion, for fiscal policies and proper financial management. In so doing, constant requests have been made for participation and accountability as well as outstanding “professionalism by attracting bright, energetic, visionary people” (Ibid). The accountability measures vis-a-vis good economic governance and administrative arena will help in curbing corruption which is adjudged to be the greatest single problem of any quest to advance and grow (UN, 2002; Agbaje, 1996; Gboyega, 1996; Maduagwu, 1996; Ogbam-Iyam; 1996, Oyebode, 1996).

## 1.2 Accountability

A review of the concept of accountability is shrouded with confusion and controversy because of its endlessness and personalized justifications that authors usually display. Accountability is used as an alternative for many loosely defined political desires, such as good

governance, transparency, equity, democracy, efficiency, responsiveness, responsibility, and integrity (Mulgan, 2000; Behn, 2001; Dubnick, 2007). The pursuit by scholars to come with their own definition of the concept of accountability has created what Boven (2007) called “disconnection”. This is to the extent that chapters in a book on accountability do not agree on its core definitional attributes. Hence, readers are left with the choice of drowning in the ocean of confusion in the quest to find solution to an already complicated academic expedition.

Boven (2007) avers that some use the concept very loosely, others produce a more narrow definition, but few of these definitions are fully compatible, which makes it very hard to produce cumulative and commensurable research. In addition, a small number of studies move beyond conceptual and theoretical analyses and engage in systematic, comparative empirical research and philosophical ground (Adelberg & Batson, 1978; Tetlock, 1983; 1985; Makinde, 2003).

Regrettably, no attempt is usually made to provide a consistent analytical template for the analysis of this accountability crisis. Most authors define accountability in different ways and therefore address very different accountability dilemmas, practices, and potential crises (Boven, 2007).

The pedigree of the term can be further understood by appealing to its philosophical underpinnings as advanced by early Philosophers like Mill’s utilitarianism, Kant’s categorical imperative and Awolowo’s peoples’ republic, (Makinde, 2003). Drawing from Kant’s admonition of a universally acceptable code of conduct for men, Makinde (2003) avers that public servant should act in a way that their actions could be universalized and worthy of emulation through their honesty, integrity, probity, transparency and accountability. The shortcoming of Kant’s thesis lies in its abnormal formality, which makes it unachievable. The utilitarian principle of Mill also constitutes another realm in the foundational philosophical hypothesis of the concept of accountability. The focus of the utilitarian idea is “the greatest good of the greatest number” which received volume from the analysis of Makinde (2003) when she avers that “corruption such as looting of the public treasury by public office holders is unethical”. According to her, accountability will orchestrate a proper public spending and increase the greatest good for the greatest number of citizens in the long run. Also, one can criticize the utilitarian ethos for its glorification of minority insensitivity. That is, it supports the promotion of the interest of those who constitute the majority to the neglect of the minority groups.

Having agreed that accountability is without bound, four basic yardsticks are adopted in this study to build a definitional boundary for its understanding. This ranges from virtue to mechanism and internal (vertical) to external

values (horizontal) (O’Connell, 1998; Rose-Ackerman, 2007; Boven, 2007; Carrington et al., 2008).

Appealing to pragmatic application through American academic and political dialogue, accountability is used mainly as a normative concept, as a set of standards for the evaluation of the behaviour of public actors. Accountability or, more precisely, ‘being accountable’, is seen as a virtue, as a positive quality of organizations or officials. Along this path, accountability studies usually focus on normative matters vis-a-vis on the assessment of the active behaviour of public agents (Boven, 2007). This justification is problematic because of lack of universal agreement on what constitutes accountable behavior. But in ameliorating this problem, O’Connell (2005) opines that accountability was present when public services have a high quality, at a low cost and are performed in a courteous manner. Koppell (2005) identifies five different dimensions of accountability along this line thus – transparency, liability, controllability, responsibility, and responsiveness. A response to Koppell (2005) shows that the type of organization and the institutional context also determine the applicability of the mentioned variables because many of the defining elements, such as transparency, responsibility, and responsiveness, are each symbolic and independent concepts themselves, which need thorough deliberation. Therefore, it is very difficult to arrive at a single definition or standard for public accountability as a virtue, as standards will vary across a range of public organizations, political systems, and perspectives. Nevertheless, it is evident that those mentioned variables could channel direction to understand and reduce the burden of definition of the term within the range under study. It must also be said that this justification explains the internal model of accountability that is usually encapsulated in the principle of hierarchical structure of an organization where the order flows from the top and accountability is expected from the subordinate to the superior.

In Australian and European scholarly debates, accountability is often used in a narrower and descriptive sense. That is, accountability is seen as a mechanism or institutional relation and arrangement in which an actor could be made to account for his behavior (Day & Klein, 1987; Mulgan, 2003; Bovens 2007). Implicitly, the direction of accountability studies is not toward the appraisal of the behavior of public agents, but the way in which constituted institutional arrangements function. And the focus of accountability studies is not whether the agents have acted in an accountable way, but whether they are or can be held accountable ex post facto by accountability forums (Boven, 2007). This dimension was traced to 1085 when King William I enjoined all the landowners to give account of every property in their custody (Dubnick, 2007). This literarily links accountability to account giving or book-keeping. Boven (2007) defines accountability in this sense as a

“relationship between an actor and a forum, in which the actor has an obligation to explain and to justify his or her conduct, the forum can pose questions and pass judgment, and the actor may face consequences”. This explains the external paradigm of accountability where institutions, elections, agencies, media, labor unions, to mention but a few.

Complementarily, the internal and external variances of accountability principles were given further eulogy, a succinct and epigrammatic picture viz: “External accountability requires state openness to scrutiny by the public and by outsiders, such as international organizations and nonprofits organizations. Meanwhile, “internal accountability involves the use of state institutions to limit incentives for corruption” (Rose-Ackerman, 2007, p.182). The analysis so far has brought to fore the fact that accountability can assume different colorations and operates in diverse environments; private and public. The latter is the concern of this study.

## **2. BACKGROUND TO PUBLIC ACCOUNTABILITY ISSUES IN NIGERIA**

The long year of military dictatorship in Nigeria had distorted normalcy before civilian government took over in 1999. In his address at the swearing-in ceremony of Ministers in Abuja on 30<sup>th</sup> June, 1999, President Olusegun Obasanjo profusely lamented the pathetic state of the Nigerian economy, calamitous political chauvinism, plummeted standard of living and a deteriorated public service. Adegoroye (2006) identifies ten (10) indices that encapsulate the woes that Nigeria inherited from the military regimes. These are “economic downturn, decay and near collapse of social and physical infrastructure, impairment of public sector management, poor economic management, high unemployment, low investor confidence, widespread corruption, excruciating debt overleap, high poverty and lack of confidence in government” (Adegoroye, 2006, p.12). Ayeni (2008, p.5) identifies the deficiencies in Nigeria’s public service advocating for critical reforms to ameliorate the challenges. According to him,

the public service [in Nigeria] faces enormous problems and challenges which must be addressed; a reform service is key to meeting the development challenges of the 21<sup>st</sup> century; Nigeria’s dream of a better future can only be realized by modernizing the machinery of government- the public service; and reform provides the platform for applying a combination of strategies and approaches to resolve the crisis of governance and underdevelopment.

The reality of the changing world characterized by globalization and democratic governance with pressure being exerted on public service is a pointer to the externalized propelling factors. Hence, the accompanied responses could be viewed from internal and external

mechanisms that Nigerian government opted for vis-a-vis the establishment of National Economic Empowerment and Development Strategy (NEEDS), New Partnership for Africa’s Development (NEPAD) as well as Millennium Development Goals (MDGs). The main objectives of these strategic responses were to re-engineer and streamline government and private machineries, so that a significant increase in the quality, quantity and cost-effectiveness of public service can be attained (Ayeni, 2008).

Emanating from the policy objectives of NEPAD are four fundamental thematic areas that Adegoroye (2006) christens as democratic and political governance, economic governance, corporate governance and socio-economic governance. That is, to be able to guarantee the attainment of NEPAD’s objectives which involve, among others, the eradication of poverty; halting of conflicts; accelerating regional cooperation; generating capacity to harness the gains of globalization, those thematic missions must be accomplished. In the same vein, MDGs, which is the initiative of the United Nations, created some outlines of commitments that members must achieve before 2015. At the center of the body’s focus is the idea of empowerment via education, health and reduction of mortality rate. In addition, the establishment of NEEDS in 2003 as a framework for the integration of all initiatives within Nigerian polity was for the purpose of promoting good governance and to facilitate development vis a vis the quest to empower citizens, promote private enterprise and change the operational paradigm of government (Aiyede, 2011).

There is no doubt in the fact that the policy and objectives of the frameworks that were identified above (NEEDS, NEPAD and MDGs) properly capture the key contents of Nigeria’s imbroglios and the means to proffer solution to them though, with many constraints. Most importantly on the issue of constraints are “lack of public accountability arising from the use of oil revenues, weak state-society relations, patronage politics, a personalised rather than institutionalised policy process, the ever present threat of conflict, and value systems that have promoted short-term behaviour and opportunism” (Utomi et al., 2007). Hence, requirement for reform became paramount. This resolution provoked countless number of institutional building/reforms, policy outline, establishment of service charter and institution of due process modalities, to ensure that the very essence of accountability is attained given the need to consolidate democratic governance.

## **3. INSTITUTIONAL INNOVATIONS FOR ACCOUNTABILITY**

In Aiyede’s (2011) view, an institution is an enduring collection of formal laws and informal rules, norms,

customs, codes of conduct and organized practices that shape and govern human interaction. The contradiction or conflicts between formal and informal institutions or behaviours usually necessitate institutional reforms. In addition, the case of the emergence of illegal or amoral disposition in public offices mostly propels the creation/building of a new institutions or structures. It must be emphasized that institutional reform is more than just “modernizing” institutions; it encompasses the fostering of dynamic synergy with civil societies and private sector (Aiyede, 2011). Behind the desire and constant call for progressive comradeship among state actors are the goal of strengthening the paradigms through which the public sector is managed by modulating concerned organisations, performance, and conditions of employees. It sometimes also entails downsizing, effective or judicious use of scarce resources to achieve huge outcome, curbing/curtailing poor decision making processes, management of staff welfare conditions, and boosting of weakened accountability designs (Ibid.).

At the point when the realization to position the Nigerian Public Service for the mission of reform projects, the government organized series of retreats for Ministers, Special Advisers and Permanent Secretaries between 1999 and 2001. Notable among these retreats was the fourth Presidential retreat in Kuru, Jos which gave birth to the Kuru Declaration with series of statement of commitments, national ideology and codes of ethics for public officers. To place the Public Service in a perspective where they will be able to handle public sector reforms, a proposal to establish the Bureau of Public Service Reform (BPSB) was submitted to the President in September 2003. The government established the Bureau in 2004 with the appointment of Goke Adegoroye as the pioneer Director. The BPSR was saddled with the following responsibilities: To initiate action plans; elucidate government policies on reforms; coordinate, monitor and evaluate reform implementation activities; conducting research and implementation; advise; engender a learning atmosphere among MDAs; dissemination of information; and submit quarterly reports on reforms activities (BPSR, 2004).

In a general term, concrete public service reforms that were found to be in operation within the period under study were highlighted under five principal headings (Adegoroye, 2006; Ayeni, 2008). The first categorization can be christened institutional structure for reform implementation which entails the following:

- Budget at the Budget Office
- Public Procurement at the BMPU
- Accounting and Audit at OAGF and OAuGF
- Tax reforms at the Federal Inland Revenue Service (FIRS)
- Information Technology and e-government at NITDA and SIJDA

- Parts and customs reforms at the Nigerian Customs Service
- Anti-corruption at ICPC
- Economic and Financial crime at EFCC
- Judicial reform at the Judiciary
- Public service reforms at BPSR

All these arrangements were further subsumed under four key areas thus: budgeting and financial management embracing procurement system, institutionalization of fiscal responsibility and accounting reforms. The second is the accountability reform, which entails the institution of due process, transparency and accountability in government transactions, establishment of service charters and institutionalization of compliance enforcement. The second stage just mentioned constitutes the focus of the study which includes the various identified mechanisms for its attainment.

Third, there is human resource management aspect of the reform with certain modalities for achieving the same: personnel record and payroll clearing, staff cadre reviews, remodeling the recruitment and promotion pattern, installation of new performance management scheme, professionalism, pay return as a strategic plan of action, capacity development and training and changes in organizational culture. Operation and systems, which constitute the fourth aspect, involves organizational restructuring and right-sizing, work process re-design and ICT application. As earlier noted, the strength and focus of this study are drawn from the accountability issue, which will henceforth be given a systematic and thorough analysis under different headings. Equally, it must be reiterated that the discussion of accountability would largely cover how it can be achieved within the operation of financial management for the purpose of democratic consolidation in Nigeria at large and particularly in some selected states (Ogun, Osun and Ekiti States) in the Southwestern Nigeria.

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#### **4. NEXUS BETWEEN ACCOUNTABILITY AND DEMOCRATIC GOVERNANCE: EXPLORATION OF MULTIFACETED VIEWS**

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Accountability measures and its attending focus on the pursuit to curb corruption has remained one of the characteristics of any meaningful democratization crusade. Hence, it is useful to note that widespread corruption inflicts significant costs on countries making a transition to democracy and at the stage where it is required to ensure the deepening of certain sustainable democratic ethos. Following the assertion of Maduagwu (1996), the two most important obstacles to democratization in Nigeria have been military and corruption. At least, the demise of military autocracy in Nigeria has automatically

enthroned corruption as the only fear to fear along the path to ensure that democratic values are deepened. In this regard, Rose-Ackerman (2007) opines that government corruption involves the illegal use of public power for private or political gain. According to him, this can manifest in various guises viz:

Public officials with the power to dispense benefits or impose costs may use their positions corruptly aggressively to seek private advantage or accept covert payments offered by private actors. Corruption may be an occasional exception to the rule of law or a routine aspect of the way officials, politicians, and the private sector deal with each other. The problem is most serious when payoffs and self-dealing are an integral part of the way a system works. In such cases, the occasional "big case" designed to punish a "bad apple" is not sufficient; more fundamental reforms are needed to restructure the relationships between the public and private sectors.

The appraisal of corruption above was not an attempt to reflect the totality of all that is embedded in the concept but, it captures the major concern of this study which involves diversion of public assets for personal use, disregard for supremacy of fundamental operational rules, and politicization of compliance demand activities. Scholars like Rose-Ackerman (2007), Mauro (1995), Wei (2000), and Friedman, (2000) have alluded to the negative effects that corrupt practices can bestow upon states that desire a sustainable height in the ladder of democratic governance. Their comments parade issues like limitation of economic growth via distortion of foreign direct investment, encouragement of growth of illegal businesses which sometimes undermines the capacity of the state to collect taxes and enforce regulatory and expenditure plans with justice, and they challenge the legitimacy of the democratic experiment by reducing public trust in government (Rose-Ackerman, 2007). Citizens may begin to view all political participants as tainted and hence may limit their involvement in the project of state-building by turning to entirely private concerns. Indeed, such disheartened citizens may also engage in corrupt practices out of sarcasm and hopelessness.

The foregoing has established the fact that the relationship between accountability and democratic governance is not accident given a mutually reinforcing interaction that underlines the same. In the scheme of interaction between the two concepts, one finds out that the meeting point revolves around the need to tackle corruption and other public indisciplines. In this case, the focus is on deepening the democratic values via accountability vis-a-vis the pursuit to eradicate corrupt practices. In line with this study, the kind of governmental inadequacies that are of consequential values to the breeding of corruption include buying of goods and services, distribution of subsidies, organization of privatization of state firms, provision of concessions (Rose-Ackerman, *ibid*) and the management of public finance. Della-Porta and Vannucci (1999) voiced this fact aloud by alluding to how unqualified firms enjoy to

manipulate the process of a contract (and privatization processes) to their advantage.

The realization that excellent investors into a reasonable business would not tender in an atmosphere that lacks accountability, and joined with the fact that potentiality of lack of accountability destroys the value of the exercise, and possibly fuel resentment. Hence, government pledged to ensure that everyone, including foreign investors, should be able to find out what happened to them in dialogue with the government agencies. To this end, regular press updates were promised to be organized in Nigeria and overseas to intimate members of the investing public of the happenings. The outcome of the exercise counteracted any intention to enthrone accountability. Scholars of different status have lamented about the unequal implementation paradigms, shrouded in corrupt dealings, which characterize the entire privatization business in Nigeria (Corradetti, 1999; Igbuzor, 2003; Ibrahim, 2012; Nwogwugu, 2011).

Much low-level corruption involves households that seek to qualify for government benefits such as subsidized housing, welfare payments, medical care, or university admissions into universities. Some of these anomalies usually occur when the benefit is too low to satisfy those who qualify or when officials are compelled to consult their initiative in the course of allocation of resources (Rose-Ackerman, 2007). Among the numerous damages that can ensue from these imbroglios is the social damage of inefficiency as a result of corruption which will enable the highest bribe giver and most scrupulous individual/firm to win a contract to the chagrin of the populace. In fact, the risks of giving and accepting payoffs will decrease and people will be largely deterred from thwarting normalcy by putting in place some internal and external measures to curb corruptions (Rose-Ackerman, 2002, pp.52-59). But, enforcement strategies need to be supplemented both with structural reforms that limit corrupt opportunities and with changes in public and business norms. It is within this accountability mechanism and the impacts on economic development that the nexus between accountability and democracy is discussed.

The interactions that have existed between accountability and democracy right from the Athenian origin of the latter are of the essence for pragmatic evaluation. The agitation of Levellers' (a 17<sup>th</sup> century political group that advocated for an extended franchise and other government reforms based on the inalienable of individual rights and the principle of popular sovereignty- Microsoft-Encarta, 2009) key theoretical moves which became popular during the English Civil War (17<sup>th</sup> century) centered around the mission to familiarize the accountable trust toward genuinely popular bodies and to transfer it from the domain of war and resistance to regular constitutional processes,

including elections. Record palpably proved that the Levellers initiated the appliance of accountability in the pursuit to have consolidated democracy through non-electoral activities, especially audits and impeachments. Popular sovereignty, general participation, as well as other democratic monuments is necessary but not sufficient conditions for consolidating modern democratic governance; the principle of accountability is also considered necessary.

## 5. INTERNAL INSTRUMENT FOR FINANCIAL ACCOUNTABILITY

To balance this discourse, a swift attempt shall be made to explain how internal/vertical model of accountability can orchestrate the government for the purpose of democratic consolidation. The most fundamental paradigmatic style of internal accountability has to do with the empowerment or ability of one part of (the same) government to check other entities (Rose-Ackerman, 2007). This glorifies a pragmatic and statutory division of governmental power via horizontal and vertical line. Sizeable degree of efforts has already been apportioned to the executive-legislative pattern of public finance regulation in this study. Thus, deliberate attention will briefly be given to certain official and non-official models through which accountability in public finance can be sought. Within this scope, the roles of Accountant-General Office, Auditor-General-Office, Civil Societies Organisation and Mass Media are given reasonable treatment in regard to the possibility of accountability in management of public finance through them.

Auditor-General's office basically ensures accountability in public finance by rendering constant auditing of Federal and State's accounts. The Auditor-General's Office in Nigeria is separate and entirely independent, whose powers, duties and status are stipulated in sections 85 (2, 4 and 6) of the 1999 Constitution of the Federal Republic of Nigeria.

Section 85 (2) highlights and expatiates the extent of the Office's power viz: "That the public accounts of the federation and of all offices and courts of the federation shall be audited and reported by the Auditor-General who shall submit his report to the National Assembly" Section 85 (6) of 1999 constitution. Wynne (2007) further elaborated on the status of Auditor-General by asserting that he is "provided with the same level of protection as the president, that is, removable by a two third majority of the National Assembly. This symbolizes how sacred and important the issue of auditing-motivated accountability is to the Nigerian democratic project. In addition, section 85 (4) of the constitution categorically states that the Auditor-General "shall have power to conduct periodic checks on all Government statutory corporations, commissions, authorities, agencies

including all persons and bodies established by an Act of the National Assembly". Section 301 empowers the Auditor-General to audit the account of Area Council in the Federal Capital Territory.

Section 125 of the constitution also highlights the status of AGs for each of Nigeria's 36 state governments. They enjoyed same level of cover/protection against dismissal as their federal counterparts. The appointment and dismissal is by a two third majority of the State House of Assembly on the recommendation of the State Governor (Wynne, 2011). This independent power configuration does not only allow the Auditor-General's offices to appoint its staff up to Grade Level 6, it gives it latitude to scrutinize the account, income and expenditure of Ministries, Departments and Agencies (MDAs).

Also germane to ensure public accountability is the role of the Accountant-General's Office. Some of its responsibilities include capturing of government revenue into the treasury and proper accounting, controlling government expenditure by way of collecting, collating and actual out-turn of expenditure, advising ministries and department on financial and accounting matters.

A swift observation and realization of the role of the Accountant-General to oversee the implementation of budget further concretizes the causer effect of a well monitored budgeting, which is an integral component of constitutional democracy as far as the promotion of transparency and accountability in the management of public fund is concern. Also, it is an instrument for self-assessment within the frameworks of a democratic government (Gwegwe, 2010). The Financial (Control and Management) Act 1958 specifies and enjoins the Accountant-General to prepare the Financial Statement of all funds showing fully the financial position on the last of each financial year (Ofoegbu, 2003).

By the provision of Section 24 of the Act, the financial reports of the Accountant-General are to be submitted to the Auditor-General of the Federation without which the evaluation of prudent and transparent appreciation of financial resources would have been impossible (Ibid.). This process is enhanced by the provision of section 55 (5) of the 1999 Constitution.

Towards this end, it is clear that both accountability and democratization pursuit are two sides that must maintain a mutually reinforcing interaction for the purpose of ensuring the consolidation of the latter. It is understandably visible that a meaningful financial accountability can only emanate from a democratic environment where leaders derive their power from the people and the limits of their powers are shown by the constitution. On the other hand, democratic government will not assume its full and expected status in an atmosphere where financial accountability is not pervasive.



## 6. DATA PRESENTATION AND ANALYSIS

**Table 1**  
**The Role of Public Financial Accountability Institutions in the Consolidation of Democratic Governance Between 1999 and 2013**

	<i>N</i>	Minimum	Maximum	Sum	Mean	Std. deviation	Variance
Consolidated democratic governance is a solution to poor welfare condition of citizen	425	1.00	5.00	861.00	2.0259	.85880	.738
Financial probity/accountability has enhanced transparency thereby consolidating democratic governance	423	1.00	5.00	949.00	2.2435	.94633	.896
Financial probity ensures proper execution of government projects by MDAs thus promoting democratic governance	418	1.00	5.00	838.00	2.0048	.87050	.758
Transparent financial management engenders popular support for government	421	1.00	5.00	885.00	2.1021	1.01020	1.020
Transparent financial affairs can provoke general participation of citizen in politics	423	1.00	5.00	1036.00	2.4492	1.23213	1.518

Source: Field Survey, 2015.

### 6.1 Hypothesis Testing

A null hypothesis is tested on the significance of the role played by public financial accountability institutions in the three states. Table over shows the Chi-square values used to test the hypothesis. The null hypothesis is stated as:

H0: The public financial accountability institutions in Ekiti, Osun and Ogun States did not play a significant role in the consolidation of democratic governance.

Using Chi-square test to test Hypothesis 1  
 Chi-square ( $X^2$ ) calculated is given as

$$\sum \left[ \frac{(oi - ei)^2}{Ei} \right]$$

Where  $oi$  is the observed frequency and  $ei$  is the expected frequency

$$X^2 \text{calculated} = 113.97$$

$$\text{Degree of freedom} = 4 - 1 = 3$$

$$X^2 \text{tab at } 5\% \text{ significance level} = 7.815$$

Since  $X^2 \text{calculated} > X^2 \text{tab}$ , we reject H0 and accept its alternative.

Therefore, we conclude that the public financial accountability institutions in the States played a significant role in the consolidation of democratic governance.

### 6.2 Analysis

There was a popular opinion among questionnaire and interview respondents that consolidated democratic governance is a solution to poor welfare condition of citizen. Within a range of response value between 1 and 5, since the mean score is (2.02) and standard deviation (0.858); a conclusion can be drawn that consolidated democratic governance is a solution to poor welfare condition of the citizen. It was however asserted that as a result of the role of public financial accountability institutions in Ekiti, Osun and Ogun, financial probity/accountability has enhanced transparency thereby

consolidating democratic governance. This position was verified by a second to the highest sum score of 949 with a variance of (0.896).

In a similar manner, it was equally showed that financial probity ensured proper execution of government projects by MDAs thus promoting democratic governance with mean value (2.00) and standard deviation (0.758). It is thus concluded by the study that financial probity ensured proper execution of government projects by MDAs and subsequently promoted democratic governance in the three States of the study.

Another major role of public financial accountability institutions in the consolidation of democratic governance in Ekiti, Osun and Ogun during the period under study was institutionalisation of transparent financial management, which engenders popular support for governments in the States. As shown in table above, more respondents tended towards agreement than disagreement to the assertion that public financial accountability institutions in the States promoted transparent financial management, which subsequently engendered popular support for governments, as shown by mean value (2.10) and standard deviation (1.02). The question of whether or not transparent financial affairs could provide general participation of the citizen in politics was answered in the highest sum score of 1,036. From the analysis above, the study accepts the position of the majority that public financial accountability institutions in Ekiti, Osun and Ogun States promoted peaceful co-existence of the stakeholders.

The roles of the financial accountability institutions in the three states had a remarkable influence on consolidation of democracy, particularly in relation to the welfare conditions of the inhabitants of the states, participation in politics/support for government, peaceful co-existence of the citizens and speedy execution of

projects. The financial accountability mechanisms equally aided the roles of the institutions to consolidate democracy in the States. This is obvious in the case of Ogun State, which was earlier described as having the most robust mechanisms. According to a respondent, since the emergence of democratic rule, there have been tremendous improvements in the treatment of financial transactions in Ogun State, particularly through the Accountant-General and Ministry of Finance cum other institutions. He stated further thus:

The present dispensation in Ogun State could be seen as one of the leading states that believes in good record keeping and that have entrenched themselves into the financial standards that have been known globally. Ogun State is one of the few states that have complied with the details of 'IPSAT. The State, during the forum of the accountant general of the federation in 2014 was adjudged as an exemplary state to others; its financial statements are computerized and well outlined with good structures put in place to deploy various aspect of the document.

Corroborating the above, two respondents declared that, anyone who has been to Ogun State within the last 5 years can testify to the good developments there. According to them, when a leader exalts probity, corruption will be minimized and that there will be enough to touch the people in terms of service delivery which is the dividends of democracy.

It was a unanimous view of the interviewees that when measures were applied to block leakages, less would be spent and cost would be saved, and in effect having more to be diverted into some other needs of the society and in addition creating avenue for future projects and programmes for the populace. The respondents across the states agreed to the above claim and went further to reiterate the fact that financial accountability in the states had resulted in more physical projects, which invariably promoted peoples' welfare and consolidated democratic governance. A respondent specifically posited that there is always a nexus between financial accountability and the welfare condition of the people and that where leaders are of impeccable characters, corruption will be minimized thereby leading to increase in the money that will be available for the common good of the people.

Other impacts of the role of financial accountability institutions on consolidation of democratic governance in the three states were further revealed during the interviews. One of these is the fact that there has been an obvious impact of financial accountability on the lives of the people. This engenders developments such as feeding the students with quality food, construction of roads, bridges etc. Equally, accountability/proper probity has boosted the confidence of the stakeholders to rely on the financial information and the general performance of the government. It also allows the States to tap into other advantageous areas. For instance, collection of the bond

is made easy due to good financial statement which made them credit worthy.

All the democratic essences of financial accountability have received adequate attention from scholars given the need to curb corruption. In fact, it is important to allude to the assertion of Maduagwu (1996) who noted that the two most disastrous obstacles to democratization in Nigeria have been military and corruption. At least, the demise of military autocracy in Nigeria has automatically enthroned corruption as the only fear along the path to ensure that democratic values are deepened. More elaborately, Rose-Ackerman (2007) opines that government corruption involves the illegal use of public power for private or political gain. This can manifest in various guises viz:

Public officials with the power to dispense benefits or impose costs may use their positions corruptly aggressively to seek private advantage or accept covert payments offered by private actors. Corruption may be an occasional exception to the rule of law or a routine aspect of the way officials, politicians, and the private sector deal with each other. The problem is most serious when payoffs and self-dealing are an integral part of the way a system works. In such cases, the occasional "big case" designed to punish a "bad apple" is not sufficient; more fundamental reforms are needed to restructure the relationships between the public and private sectors. (p.190)

Mauro (1995), Wei (2000), and Friedman (2000) have clearly referred to fundamental effects of corruption on the democratic project. Their reflections parade issues like limitation of economic growth via distortion of foreign direct investment, encouragement or growth of illegal businesses which sometimes undermines the capacity of the state to collect taxes and enforce regulatory and expenditure plans with justice, and it challenge the legitimacy of the democratic experiment by reducing public trust in government. Citizens may begin to view all political participants as tainted and hence may limit their involvement in the project of state building and democratic question. Indeed, such disheartened citizens may also engage in corrupt practices out of sarcasm and hopelessness. This clearly buttresses the assertion of respondents that financial accountability will fuel participation and support for the government.

The foregoing has clearly revealed that relationships exist between an environment where there is corruption or otherwise (financial accountability) and democratic governance. The focus therefore is in attempts to stamp out corruption. In line with this study, the kind of governmental inadequacies that breed corruption include buying of goods and services, distribution of subsidies, bidding for and execution of projects, privatization of state firms, provision of concessions (Ackerman, 2007) and utilization of public finance.

The realization that excellent investors will not invest in an atmosphere that lacks accountability and joined with the fact that potentiality of lack of accountability destroys

the value of every business, and possibly fuel resentment constitute part of the reasons for instituting sophisticated measures to ensure that financial accountability is guaranteed. This is in line with the assertion of questionnaire and interview respondents who opined that the role of financial accountability institutions will lead to peaceful co-existence.

Among the numerous damages that can ensue from the financial mismanagement, the inefficiency as a result of corruption, which will enable the highest bribe giver and most unscrupulous individual/firm to win a contract to the chagrin of the populace vis-à-vis the inability of the government to execute developmental projects. This account for the unanimous agreement among respondents who stated that financial accountability will make more money available for other programs of the government. Thus, there is agreement among the views of interview and questionnaire respondents as well as the opinions of scholars who have theorized financial accountability issues and those who have conducted empirical studies.

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## CONCLUSION

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The study concluded that there were financial accountability institutions and mechanisms in all the sampled states through which democratic consolidation was ensured at different degrees. But the degrees of outcomes from their roles were dependent on some inherent factors within the states, such as: Leadership quality of the executive head, rate of party and personality turn-over, political will of the leaders to curb corruption.

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