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ABSTRACT
The investigation of treasury management in relation to local government development in Nigeria is the central focus of this study. The study hovered around Port Harcourt City local Government Area of Rivers State. Primary data were generated from structured questionnaire to elicit valuable information about local government development in alliance with the applicable variables considering the parameters of treasury management. Secondary data were also got from the Statistical Bulletin of the Central Bank of Nigeria covering ten (10) years of available bank balances and financial assets of local governments in the federation. The coefficient of correlation and coefficient of determination regression analysis were adopted utilising SPSS. The results reveal that a positive correlation exists between treasury management (proxied by cash management, revenue generation and government financial assets) and local government development (proxied by primary health care infrastructure, educational facility and community development projects). It is recommended that local government should embark on proper treasury management so as to safeguard the available funds for infrastructural development. Also, effort should be made by local government administrators to generate more revenue to fund infrastructural projects. Further, proper internal control should be instituted in the treasury department to prevent fraud and misappropriation of funds. Regular cash count should be done to ensure the availability of the cash generated. Due process and budgeting procedure in implementing development project in local government.

Keywords: Cash Management, Community Development Projects, Educational Facility, Government Financial Assets, Local Governments, Nigeria, Primary Healthcare Infrastructure, Revenue Generation.

1.0 INTRODUCTION
It has been established that every government be it federal, state or local government, is established with a view to providing social services and developmental projects that would improve the general well being of its citizenry, for every government, therefore, to achieve its objectives, it requires to put in place a standard treasuring management policy and practice, which would ensure effective revenue generation, as well as judicious and prudent utilization of resources at its disposal (Hamid, 2011). Treasury functions
has assumed a global ingredient for the measurement of growth and economic indices for nation, designed to grow their GDP for effective economic liberalization, job creation, curbing youth restlessness, citizens well being, meeting statutory commitments poverty reduction must subscribe to putting their treasuries in order.

“Treasury has since time immemorial been accorded a serious importance for the reasons that it is associated with everything of value. Treasury constitutes the life-wire in the financial set up of most organizations as it involves sourcing and mobilization of financial resources required for investment and meeting of obligations as when due” (Ogunpola, 2014).

In addition, “treasury management is a prudent and strategic approach to integrated management of an entity’s resources with the aim of achieving optimal utilization in order to realize the most beneficial returns that ensure continuous liquidity for the settlement of every ensuring and for spontaneous obligations, as well as in investment opportunity while minimizing the associated risk of managing and investing in cash or near cash assets that continuous flow of economic benefits. The treasury refers to the department/unit of a government that is responsible for effective custody, disbursement of public funds” (Hamid, 2011). Furthermore, Iturralde (2011) opined that “the treasury is equally responsible for the provision of all financial information needed for efficient and effective decisions by instituting good and efficient treasury setup and control for a workable accounting system. A standard Treasury management policy and practice will, therefore, help to ensure adequate as well as costs cutting in the application deficits all geared towards the use of fund to add value maximally to the organization”.

According to Philip (1997), “liquidity management involves the determination of the treasury positions and the careful management of the net cash requirements”. Iturraide et al (2011) stated generally that “treasury, management embraces liquidity monitoring and cash management, management of short-term needs and surpluses, financial risk management and management of relations with financial institution”. Furthermore, Casanova and Fornande (2001) posited that “Treasury circuit that entails the analysis of payment, collection and cash holding. Treasury management includes the planning, of disposable treasury assets then subsequent monitoring a strategy for the investment of surpluses to obtain maximum profitability and finance deficits with minimum cost management of interest”. “All these responsibilities are interconnected and generate on overall model of cash management to and sustained provision of social goods and services, enhance public performance, provide the necessary social capital to support entrepreneurial development, provide educational facilities to enhance the quality of education, improves sanitary conditions and health facilities, meaningfully engage the restless youths in productive activities and generally improves the overall well being of the citizenry” (Uche, 2014).

**Statement of Problem**

Treasury management over the year has been regarded as a veritable instrument for the development of the local government. The Treasury, if properly managed should ensure the availability of financial resources for the provision of social goods and services to the citizenry. But due to the incidences of corruption, misappropriation and quest for acquisition of wealth, the operator of the local government often times, interfere in the management of the treasury. For any organization to grow and meet all its needs, it must hold grip on the fund and financial assets of the organization, treasury management ensures the judicious control of the funds and making it available in the right quantity at the time they are required for the smooth operation of the organization.

Furthermore, the local government, which is the government that is at the grass root and closest to the people, have a huge role to play in the development of the people through project and programs that have bearing on the wellbeing of the citizenry and for this to be done, a good Treasury management is indispensable. Cash and near cash assets must be managed and applied to satisfy the continuous agitation of the populace for a better deal from the government. Also the funds that are available for the numerous development must be properly accounted for by the treasury.

The incidence of abandon projects continues to bedevil local government councils. Due to insufficient funds to complete these projects and even when they are completed, does not meet the needs and aspirations of citizens. Some council embarks on projects that require huge capital to the detriment of...
other projects that are most needed by the people. In an attempt to fulfill electioneering campaign promises, local government administrators engage in huge debts from financial institutions thereby jeopardizing the provision of other products that are capable of meeting well meaning citizens of the area.

Sometimes, funds that were borrowed are misappropriated and even diverted for personal uses by politicians and the needed development become a mirage. The budgetary system and cash forecasting planning is also another area where local government is losing funds. Funds that where budgeted and earmarked for developmental projects are not channeled to these projects. Rather, some few officers share these funds in the name of constituency projects that do not see the light of the day and/or not executed at all.

Finally, poor financial management and inadequate funds have been the bane of local governments’ inability to achieve substantial development in their domains. Cash collected by the revenue departments are not accounted for in the proper manner and records are not properly kept to document these receipts. This study is undertaken to study the relationship between treasury management and local government development for the overall benefit of the people at the grassroot.

**Objective of the study**
The aim of this study is to determine the impact of Treasury management on Local Government Development in Nigeria. Other specific objectives include:

1. To determine the impact of cash management on primary health care infrastructure.
2. To evaluate the impact of cash management on Educational facility.
3. To examine the impact of cash management on community development project.
4. To determine the impact of revenue generation on PHC.
5. To examine the impact of Government financial Assets on community Development project.

**Research Questions**
Based on the specific objectives above, research questions are formulated. They include:

1. To what extent does cash management impact on primary health care infrastructure?
2. To what extent does cash management affect educational facility?
3. To what extent does cash management impact on community development project?
4. To what extent does revenue generation relate with primary Health care infrastructure?
5. Does government financial Assets affect community development project?

**Research Hypotheses**
Given the above stated research questions the Null hypotheses are formulated. They include:

- **HO1:** There is no significant relationship between cash management and primary Health Care Infrastructure.
- **HO2:** There is no significant relationship between cash management and educational facility.
- **HO3:** There is no significant relationship between cash management and community Development project.
- **HO4:** There is no significant relationship between revenue generation and primary Health Care Infrastructure.
- **HO5:** There is no significant relationship between Government Financial Assets and community development project.
2.0: REVIEW OF RELATED LITERATURE

Theoretical Framework

It is an indispensable that the growth and development of an individual, organization, and even a nation depend on its endowed resources called treasures. Therefore management of such treasures/resources becomes pertinent if set goals and objectives of the economic unit be it individual, firm and government will be achieved.

Treasury Management

The treasury department is the financial centre of an organization. According to the CITMN (2012) the key role of treasury is the safeguarding and stewardship of an organization’s financial asset and the management of an organization’s financial liabilities. Treasury is responsible for implementing various financial decisions made by management and the board. The treasury is the accounts department of the local government. In addition, CITMN (2012) posited that “treasury management is the management of an organization’s cash flows, its borrowings and its investments, the management of the associated risks...
and the pursuit of the optimum performance consistent with those risks”. Hamid (2011) declared that “treasury management policy and practice, which would ensure effective revenue generation, as well as, judicious utilization of resources at its disposal”. Oates (1972) focused on related principles that “jurisdiction that determine the level of provision of each public good should include precisely the set of individuals who consume the good”. Stigler (1957) posits that “the closer a representative government is to the people, the better it works and that the people should have right to vote for the kind and amount of public service they want”. An examination of LGAs that were able to meet the socio-economic needs of there people reveals councils that instituted standard treasury management policy and practice. Likewise, with LGAs that have performed poorly (in terms of improving the general wellbeing of the citizenry), it is common place to track the problems to councils that failed to institute standard treasury management policy and practice. According to Hamid (2011) “treasury management refers to the department/unit of a government that is responsible for effective custody, disbursement and prudent management of public funds. In addition, the treasury is equally responsible for the provision of all financial information needed for efficient and effective decisions by instituting good and efficient treasury setup and control for a workable accounting system”. He added that “a standard treasury management policy and practice will, therefore, help to ensure adequate, and sustained provision of social goods and services, enhance public perform and, provide the necessary social capital to support entrepreneurial development, provide educational facilities to enhance the quality of education, improves sanitary conditions and health facilities, meaningfully engage the restless youths in productive activities and generally improves the overall wellbeing of the citizenry”. As a result, no matter the quantum of financial resources in hands of the government, the desired objectives may not be achieved if a standard treasury management policy and practice is not instituted to ensure that the money is used economically, effectively and efficiently. According to Uche (2014), “treasury management involves planning controlling and marketing of products in a bid achieve the objective of entity, it is a set of techniques that act on the short term liquidity of a company, government or firm and at the same time, affect those factors and processes that translate immediately into cash with the and goal of enhancing the profit maximization of the organization and promotes the working capital need of the organization”. Broadly, Hamid (2011) stated that “the treasury is the unit/department of government that is charged with the responsibility of custody and management of public funds, creating and safeguarding effective internal control, creating the conditions for prompt and efficient provisions of services and proper maintenance and preservation of very important records of all financial transactions”. He added that “Treasury Management, may be defined as the management of an organization’s/government’s cash flows, revenues, its banking, money market and capital market transactions, the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks. The paramount functions of the Treasury Department therefore, are the design, implementation and monitoring all arrangements for the identification, management and control of treasury risk, revenue generation, payments/disbursements, investment, accounting and auditing”. Others are budget preparation, budget execution; cash management, financial planning and forecasting of cash flows, management of government bank accounts, public debt management, administration of foreign grants and counterpart funds from international aid, financial assets management and effective stores administration. Okurebia and Offiong (2015) contended that “Treasury is the finance department, solely responsible for receipts of Local Government revenues accruing from the Federation Account, State and internally generated revenue from various sources. Treasury department is responsible for efficient application of the revenue of personnel cost, over head and capital cost, over head and capital cost for justification, accountability and stewardship. Treasury or Financial Management is concerned with the acquisition and applications of funds, financing and management of Assets of an organization to achieve the set goals.”
2.3 Theory of Treasury Management

2.3.1 Suitability Theory: This theory posits that an entity’s liquidity is maintained if it holds assets that could be shifted or sold to other lenders or investors for cash. This point of view contends that a bank’s liquidity could be enhanced if it always has assets to sell and provided the Central Bank and the discount Market stands ready to purchase the asset offered for discount. Thus this theory recognizes and contends that shift ability, marketability or transferability of a bank’s assets is a basis for ensuring liquidity. This theory further contends that highly marketable security held by a bank is an excellent source of liquidity. Dodds (1982) contends that “to ensure convertibility without delay and appreciable loss, such assets must meet three requisites. Liquidity management theory consists of the activities involved in obtaining funds from depositors and other creditors (from the market especially) and determining the appropriate mix of funds for a particularly bank. This point of view contends that liability management must seek to answer certain questions”. They include:

- How do we obtain funds from depositors?
- How do we obtain funds from other creditors?
- What is the appropriate mix of the funds for any bank?

According to Olagunju, Adeyanju, and Olabode (2011) “management examines the activities involved in supplementing the liquidity needs of the bank through the use of buffered funds. The liquidity management theory focuses on the liability side of bank balance sheet. This theory contends that supplementary liquidity could be derived from the liabilities of a bank. The theory argues that since banks can buy all the funds they need, there is no need to store liquidity on the asset side (liquidity asset) of the balance sheet”.

In addition, Liquidity theory has been subjected to critical review by various authors. The general consensus is that during the period of distress, a bank may find it difficult to obtain the desired liquidity since the confidence of the market may have seriously affected and credit worthiness would invariably be lacking. However, for a healthy bank, the liabilities (deposits, market funds and other creditors) constitute an important source of liquidity. This theory is adopted in the study of treasury management and applied for the purpose of this investigation in the operation of treasury in the local government, the third tier of Government in Nigeria.

2.3.2 The Theory of Decentralization of Power: Stigler (1957) posits that “the closer a representative government is to the people, the better it works. And that people should have the right to vote for the kind and amount of public service they want. This theory is hinged the premise of efficiency, accountability, manageability, and autonomy”. Olson (1969) stated that “the quest for decentralized political jurisdiction area overlaps, the free ride syndrome victory”. The theory of public expenditure Eke et al (2014), and Rosen (2005) states that there is a long run correlation between increasing demand in, government activities and public expenditure pattern, such the government services rise at a faster rate than income.

2.3 Review of Empirical Studies

Several works have been conducted on the essence of treasury management in relationship to economic development of the organization. Uche (2014) studied treasury management strategies and challenges in the Nigerian banking industry. He identified the various types of strategies applicable in different banks in marketing new analysed the responsibly of treasury management assumed by financial department and made a model to confirm those attached responsibilities. The study furthers the functions of the treasure. Basic cash management techniques of collection and payment liquidity monitoring in bank balance were discussed extensively. Advanced cash management of the financing of the localization of treasuring peaks and the management of financial uncertainties were also highlighted.

Iturralde et al (2011) conducted an empirical study on treasury management and banking negotiations. He analysed are factors that gave focus and direction to the treasure in the selection of sources of financing. He equally looked at the situations that resulted in treasury deficits and in collecting investment windows.
when surplus cash is available to the organization. The factors that determine financial institutions determination of preferential drive for fund investment were also analyzed. The result showed that in arriving at the sources of financing, corporation basically take two elements of cost of financing and the professional advice by bank. The priority of security and liquidity/ease of conversion of instruments to cash dominated the result called profit. The study further found that the widely used instruments are bank deposits and government debts. The result of Iturralde et al (2011) confirmed the trending tendency of qualitative variably to determine the choice of bank and the standard of service and speed serve as valuable factors in relationship management with banks.

According to Iturralde (2011) very important task of corporate treasurers is to make the most of any transitory treasury surpluses generated at their corporations. Maximizing the profitability is a prime concern of good treasury management. The treasurers are to seek financing to carry on corporate business at the lowest cost and obtain the maximum benefit of profit from the available liquid assets.

Eke, Onafalujo and Ikpefan (2014) did a critical analysis of public investments in the local government system in Nigeria to find the gap in funding and delivery of public goods at the local government level in Nigeria. They found that poor services which entails. Rural roads networks poor revenue generation capacity, poor public sanitation and low literacy rate. They adopted descriptive statistics and ordinary least square (OLS) regression technique. The study revealed that local government system have been viable, generated aggregated average of 5.0 percent as internal revenue between 1993-2012. With over 70 percent of total expenditures being recurrent. The study shows that local capital expenditure, corruption index, literacy rate, and public project prioritization index significantly influence the human development index. It essentially demonstrated the need for an effective public investment management and disciplined financial culture.

Lawal (2000) in Eke et al (2014) took a critical look at the local government system in Nigeria philosophically and advocated development from below approach, where the people commitment in the affairs that directly affects them should be the focal point. At present, the operators of the local government prepare budge for its revenue and expenditure without consulting the people to know what they want in terms of priorities, problems and potentials.

2.4. Revenue Generation: In order to accumulate the requirement funds for development, public institutions usually impose different categories of taxes and levying people and businesses. Funds can also be generated from borrowing sources and apply the funds for the acquisition of essential communities and day to day running of governance (Ola and Offiong, 1999). Aguola (2004) opines that taxation is very vital means of generating revenue for the operation of government machinery and infrastructure. As every point in time government is able to generate the needed funds from its levying ability.

On the one hand, Aguola (2004) emphasize the relevance of taxation as a veritable avenue of revenue inflows to government at all levels. Adams (2001) described taxation as the major lubricant of government activities and the mainstay of local government treasury deposits. Soyode and Kajola (2006) emphasized that the roles of taxation is crucial for the actualization of government policies and programs. They amplified the ultimate and overall intention of taxation in a modern state as revenue accumulation and the financing of the divided of government business in terms of provision of public goods to the populace. Governments at all level. To make public goods available in the local government the authority of the government at the grassroots has a responsibility to meet the provision of health care and education and others and the demand for these essential public commodities is increasingly escalating.

Samuel and Tyokoso (2014) x-ray the various taxes levied by government. They captioned the local government taxes in Nigeria to embrace shop and Kiosk rates, payment for use of allocated apartment owned by local government, sale of alcoholic drinks, abattoir ground levy, matrimonial, child birth and demise documentations, land documentation, public places levies, Fines, fees and permits and others. These sources of revenue collectively represent the revenue generation capacity of the third ten of government.
Samuel and Tyokoso (2014) and Adedokun (2014) collaborated that value added TAX (VAT) majorly contribute to the revenue base of local government in Nigeria. The sustainability of the local government sector in Nigeria is a micro system of what the central economy of Nigeria look like.

**Primary Health Care Infrastructure:** In our attempt to enhance the health care need of the citizens, the primary health care infrastructure, The local government occupy’s strategic position in terms of funding. Dave (2000) posits that synergy between the ministry of Health and the local government can bring the desired health care to the masses.

Adeola (2014) reveal that “primary Health Care is an essential part and responsibility of the local government. This shows the connect between local government and public Health care services as it concerns the people. Primary health care is core in the socio-economic emancipation of Nigeria”. Akinsola (1993) described it as “the initial point of connection linking the citizens and the entire inhabitants in the network of interconnecting activities thereby promoting and assuming the national health necessary for sustenance of a healthy people in a closed system. The 1999 constitution of Nigeria puts the local government in charge of providing primary health care facilities”.

Adeyemo (2005) submitted that “the onus of stoppage of diseases and treatment of infected patients lie within the jurisdiction of local governments while the state and federal government provides the policy and enabling laws to implement them. The ultimate reason for health care is the enhancement of healthy generation which emanates and transcends into economic empowerment of the people”.

**Community Development Projects:** According to Ajayi (1995), “community development involves the creation of a situation that enhance the potential and capability of individual to determine the pattern of life to affect the evolving universe. To enhance the wellbeing of the people, players in this system must be properly informed to complement each other effort in a participatory”. In the work of Ozor and Nwankwo (2008) “the projects that are geared toward achieving sustainable community development must portray the complete information in terms of the type of lack that exist, the amount of fund available and the projects to be embark upon in the community that will have direct bearing on the people. Training of manpower, educational improvement, and using the available technical knowhow to address the inadequacies all contribute to community development”.

Ozor and Nwankwo (2008) further posit that “good leaders can steer the will of development of the community. The implementation of community development projects demands close monitoring by community heads and home based elites that are vast in the need and standard requirement of the project”. Olori and Okide (2014) maintained that “sustainable community development projects are achieved through community participation in the planning, implementation and monitoring of community based projects. They posit that leaders are essentially needed to foster projects that have direct bearing on the community living standard”.

Wikipedia posits that “community development seeks to empower individuals and groups of people with the skills they need to effect change with their communities. The local government is key to the educational development of the citizens”.

Abugu (2014) submitted that “the local government is the level of government that is charged with the responsible of providing compulsory basic education to the people at the grass root. He argued that for any community to experience development, there is the need, to put in place the educational infrastructure and personnel to man this school for the provision of sound and qualitative education to the people”.

The local government is responsible for the provision of primary education for the people in its domain. The 1999 constitution of the federal republic of Nigeria saddles the local government with the role of providing primary vocational and maintenance of Nursery schools education to the citizens. Educational facilities that are necessary for the provision of teaching instruction to pupils are to be made available by the local councils. Onyekwu and Ibegbunam (2013) posit that “qualified and professional teachers should be employed to teach in schools. They further buttress the need for on the job training and retraining for the enhancement of effective teaching in the schools”.

**2.5 Treasury Management Functions In The Public Sector:** In the work of Okurebia and Offiong (2015), Public Sector Includes all organizations not privately owned and operated, but are established, run
and financed by the Federal, State and Local Government on behalf of the public. The following are some of the functions of treasury management at local government level in Nigeria.

2.5.1 Cash Management: Cash management involves controlling government spending, implementing the budget efficiently, minimizing the cost of government borrowing, and maximizing the opportunity cost of resources. Cash management is all about control of cash flows, basically involving three activities, namely control of cash inflows, control of cash out flows and control of Payments/disbursements, cash inflows, cash outflows and payments/disbursements, should be effectively controlled to maximize revenue generation and minimize government spending, with a view to ensuring the availability of funds at the disposal of the government to finance its expenditure programmes. Government should also vigorously pursue all the sources of internal revenue available to it and should institute appropriate system of penalties for taxpayers to avoid delays in revenue collection.

Larson (2007) opined that “the objectives of cash management involve bringing funds into the government’s treasury as quickly as possible, paying the funds out as efficiently as possible, and making effective use of those funds until they are needed for operating expenses”. Hamid (2011) emphasized that “in terms of control of cash inflows, it is required that collected revenues be processed at the right time and made provided for use, whether it was collected by the Treasury or commercial banks. An appropriate system of penalties for taxpayers is also an integral component in avoiding delays in revenue mobilization”.

There are three main sources of revenue, namely constitutional allocation from the federation account, internally generated revenue and grants/aid from the public and donor development agencies. Decree No. 21 of 1998 (taxes and levies approved for collection by the three levels of government) shows the following as the sources of taxes which local governments can imposed in Nigeria. These are tenancy rates, shops and kiosk rates, fees for butcher slabs, fees for marriage, birth and death registrations, fees for street name registration (except in the state capital), motor park fees, market taxes and levies (except in any market where state finance is involved), fees for domestic animal licenses, fees wheelbarrows, carts. Others are fees for right of occupancy on landing rural areas (except those of federal and state governments), cattle tax (applies to cattle farmers only), vehicle parking and radio license fees, charges for wrongful parking, fees for public convenience, sewage and refuse disposal and fees for permits for signboards, bill boards and advertisements, among others.

The control of cash outflows on the other hand is positively related to government arrangements for budget implementation. The major purpose of controlling cash out flows as affirmed by Hamid (2011) is to ensure that there will be sufficient cash until the date payments are due and to minimize the costs of transactions, while keeping cash outflows compatible with cash inflows and fiscal constraints. The first condition for ensuring that cash outflows fit fiscal preparation and budget implementation. However, during budget implementation, cash outflows must also be regulated through cash plans to smooth cash outflows.

Payment methods affect the transaction costs of cash outflows. Depending on the banking infrastructure and the nature of approved expenditures, various payment methods may be considered (cheque, cash, electronic transfer etc.). Modern methods of payment, for example, electronic payment through electronic transfers instead of through cheques or cash, allow the government to plan its cash flow more accurately, expedite payments, and simplify administrative and accounting procedures. However, whether one mode of payment is preferable to another depends on many premises, such as the degree of economic development of the country, the banking network, the status of computerization.

2.5.2. Management of Government Bank Accounts and Relationship With banks

Treasury is responsible for supervising government bank accounts, including any extra-budgetary funds, and all banking arrangements must be negotiated and contracted by the Treasury. This will enable the government to negotiate better arrangements and to select banks to transact with on competitive basis, in terms of efficiency of services, lower borrowing interest, higher deposit interest and lower COT (Commission on Turnover) charges. The treasurer should be thoroughly familiar with the monthly statement of account that is provided by the LGA’s bank, since it itemizes the LGA’s transactions with
the bank and the cost of the bank’s processing of those transactions and other services. The treasurer
should receive a statement of account from each of the LGA’s bank shortly after the end of each month,
for the purpose of preparing a reconciliation, to ensure that there is no fraud or error in the account.

2.5.3. Management of Government Financial Assets: Government financial assets consist of shares in
companies and loans granted by the government, among others. The Treasury has to record and account
for these assets. It should manage the loans granted by the government, notably by authorizing
disbursements and tracking payments. It has to get financial information on enterprises in which the
government has shares, monitor the dividend payments, capital appreciation, the performance of the
company and advice the local government accordingly.

2.5.4 Financial Control: Financial control according to Oshisami (1994) is “the process which assures
that financial resources are obtained economically and used efficiently and effectively in the
accomplishment of desired goals. Economy emphasizes the need to avoid waste of resources and the use
of costly procedures. This implies that expenditures are minimized in the process of achieving a set goal”.
Hamid and Dambatta (2003) contended that “efficiency aims at ensuring that the best result is achieved
from the available resources, through proper planning, organizing, utilizing and controlling of resources.
This is otherwise known as doing things the right way. While effectiveness, determines the extent to
which set targets for programmes or activities are actually achieved. This is otherwise known as doing the
right thing. It should be noted however that, while efficiency relates to utilization of resources, effectiveness relates to the attainment of the desired objectives”.

Financial control may, therefore, take one or more of the following forms in anti-thesis; external versus
internal control (control by the management, structural versus procedural control (structural controls refer
to controls built into powers vested in certain officials, e.g. no payment voucher is valid without the
approval of the chairman, while procedural control refers to those control that are built into the
operational rules and processes. For example, no valid contract can be awarded without competitive
tendering from a minimum of five tenders), or custodial versus efficiency controls (custodial control is a
system of control installed to check against abuse or misuse of resources e.g. pegging signing limit of
different officers, while efficiency control is a supplementary control which seeks primarily to check the
ability, and the actual performance in achieving objectives).

This involves the audit of local government financial reports. Onuorah and Appah (2012) posit that “audit
is the process carried out by qualified accountant where financial records and statements are subjected to
scrutiny by this expert accountant with the view to expressing opinion in accordance with the terms of the
contract”. Prenchard (1999) contended that “many audit agencies are legally prevented from reviewing
the trail of money, as they are not permitted by legislation to access the books of contractors and
independent autonomy contractors and independent autonomy agencies”.

2.5.5 Budget Preparation, Execution and Control: Quirin (1977) provides five steps in capital
budgeting this includes project generation, project evaluation; project selection, project implementation
and project monitoring and reporting.

Onnorah and Appah (2012) examined the management of public funds in terms of how public office
holders give accountability report of their stewardship. Data on total federal government revenue and
expenditure, state governments, revenue and expenditures were collected from statistical bulletin from the
Central Bank of Nigeria from 1961-2008. The ordinary least square technique was adopted and they
found that the level of accountability is very poor in Nigeria to as a result of the attributes of accessibility,
comprehensiveness, relevance, quality, reliability and timely disclosing of economic, social and political
information about government activities are completely non available or portly available for the citizens
to reach their leaders. The study recommends among others the reduction in the level of corruption.
Adams (1998) opined that “budget is the money bag a receptacle for the revenue and expenditure”.
According Ugoh and Ukpere (2009) defined as budget as “a comprehensive document that outlines what
economic and non-economic activities a government wants to take with special focus on policies,
objectives and strategies for accomplishments that are substantiated with revenue and expenditure
projections”.
Ugoh and Ukpere (2009) outlined the principles of budgets as comprehensiveness, regularity, publicity, exclusiveness, accuracy and adequacy. They also classified budget into surplus budget, Deficit budget, balanced budget, supplementary budget and development budgets. The Treasury is to develop a form and circulate to Heads of Departments/Units with a view to completing and producing information relating to their financial needs in respect of projects to be executed, number of staff by categories, and any other relevant matters required to enable the departments/units to perform during the financial year in question. Finally, the treasury is to aggregate all the returns from all departments/units for further internal processes, rationalization and consideration by the legislature for approval. The treasury is expected to prepare a balanced budget unless not possible. An approved budget becomes a law, which will lead to establishment of elaborate expenditure control routines that prevents extra budgetary commitments. The most prevalent expenditure control is the use of vote books for every vote.

2.5.6 Books of Accounts and Record: The underlying purpose of accounting is to provide financial information with a view to permitting formed judgment and decisions by various user groups, including the management. In order to provide such information, there is the need to keep proper books of accounts, records and forms to document the transactions of government on daily basis. These transactions may include, payments/disbursement of public funds, collection of revenue, grants and aids and grant and receipt of credit, among others. Books of accounts to be maintained include among other the cash book, ledgers (general ledger/control accounts, records of assets and liabilities, staff debtors ledger, stores receipts/issues ledger and journals.

All instruments of financial commitment, namely contract agreement, the purchase orders and/or other commitment letters such as appointment letters require control and certification by the Treasurer, or his designated officer, before final release of funds to the beneficiary. All payments must be supported with payment vouchers duly checked, and must be pre-audited by the Internal Audit Unit before payment. Payment vouchers must be given serial numbers which will control how they are entered in the cash book and how they are arranged in the files.

2.6 Risk Management: One of the prime objectives of the Treasury Management function is the effective management and control of risk associated with treasury activities. Some of treasury management risks may include liquidity risk (i.e. that cash will not be available when it is needed, or that the ineffective management of liquidity creates additional unbudgeted costs), interest rate risk — i.e. that the authority fails to get good value for its cash dealings (both when borrowing and investing) and the risk that interest costs incurred are in excess of those for which the authority has budgeted.

Procedures (or systems) risk — i.e. that a treasury process, human or otherwise, will fail and planned actions are not carried out. Inflation risk — i.e. that growth in the authority’s investment income does not keep pace with the effect of inflation on its outgoings.

2.7. Legal Framework For Public Treasury Management: The legal framework for treasury management in Nigeria consists of the following of sources:

2.7.1 The Constitution of the Federal Republic of Nigeria 1999: The constitution of the Federal Republic of Nigeria, 1999 provides the general framework as regards the power over and controls of public funds. It deals with the establishment of government funds, receipts into and expenditures out of them. The Constitution also gives guidelines regarding the financial reporting process in government budgeting, accounting and auditing.

2.7.2 The Finance (Control Management) Act of 1958: The management and general operation of all public funds is governed by this Act. It regulates the accounting system, the books of account to be kept and the procedure for preparing final accounts and financial statements.

2.7.3 The Audit Act 1956: This guides the audit of government financial records and accounts.

2.7.4 Financial Regulation 2000: These are regulatory documents containing codes and guidelines designed to control the use of public monies.

2.7.5 Appropriation Act: Appropriation Act states the amount to be spent on each programme on the approved estimate.
2.7.6 Treasury Letters and Circular: These are periodic communications made, or releases issued, by the ministry of finance. They could be administrative, financial or accounting in nature. They are meant to guide the operation and conduct of public sector financial transactions as they relate to government ministries and departments.

2.7.7 Gazette: This is the government official newsletter. It is published periodically and contains all government policy statements like appointment of new officers, retirement, financial statement, release of warrants, advertisement on contract etc.

2.7.8 Public Service Rule: Though this deals mostly on personnel matters but there are some sections that are related to account.

2.8. Standard Treasury Management Policy and Practice: A standard treasury management practice, therefore, is a concept closely related to the notion of recommended practices in treasury management. The word, policy, may be defined as general course of action developed for recurring situations, designed to achieve established objectives. While standard practice refers machineries put in place by the best performing organizations (in this case, LGAs) in management of their treasuries. The following standard treasury management policy and practices are given within the premise of the eleven functions of treasury management explained above.

3.0: RESEARCH METHODOLOGY
Basically the chapter is focused on the methodology applied in this study which includes the research design, population of the study, sampling technique and sample size determination, method of data collection, method of data analysis, model specification, and apriority expectation among others.

3.1 Research Design: Baridam (1995) states that research design could be seen as a framework or plan that is used as a guide in the collecting and analyzing of the data for a study. Two types of research design exist experimental and quasi experimental (also known as survey). This study adopts the survey approach.

3.2 Population of The Study: The population of the study is the 774 Local Government Areas in Nigeria. All these local government areas in Nigeria share similar features and adopt treasury management procedures in their operations.

3.3 Secondary Data: This is made up of available data that have been processed and are sourced from the central Bank of Nigeria statistical Bulletin. Some of these secondary data will be sourced from the Nation Bureau of Statistics. A combination of both primary and secondary data in this study will yield the desired quality of the study.

3.4 Nature and Sources Of Data: The study adopted the use of both primary and secondary data. A combination of both primary and secondary data in this study will yield the desired quality of the study.

3.5 Method of Data Collection: As earlier stated, the primary data will be sourced and collected using well structured questionnaire administered on respondents to elicit valuable information that will enable the researcher to accomplish this research work. The secondary data will be collected by the researcher from the Central Bank of Nigeria (CBN) statistical Bulletin as well as National Bureau of statistics.

3.6 Methods of Data Analysis: “Data analysis is the application of statistical logic to present, interpret and test hypothetical statements to achieve useful and acceptable research results” (Smith, 1996). In the study, regression data will be used to analyze the data. Descriptive statistic will be used in analyzing the questionnaire. Simple percentages averages and others will enable us achieved to desired result. The statistical package for social sciences (SPSS) will be very useful in the above analysis.

3.7. Validity/Reliability of Instrument: In case of the primary data, the researcher will subject the data to reliability test. It is very reliable and valid for this form of analysis so validity/reliability test will not be applicable.

3.8 Model Specification: The functional form of the model which specifies that local government development is a function of Cash Management; Revenue Generation and Government Financial Assets is formulated as indicated below.

\[ \text{LGD} = f (\text{CM}, \text{RG}, \text{GFA}) \]
The model in equation (1) above could be stated in linear form as:  
\[ \text{LGD} = \beta_0 + \beta_1 \text{CM} + \beta_2 \text{RG} + \beta_3 \text{GFA} + \epsilon, \]

Where
\[ \text{LGD} = \text{Local Government Development} \]
\[ \text{CM} = \text{Cash management} \]
\[ \text{RG} = \text{Revenue Generation} \]
\[ \text{FA} = \text{Government Financial Assets} \]
\[ \epsilon = \text{Error term} \]
\[ \beta_0 = \text{intercept or constant in the model} \]
\[ \beta_1 - \beta_3 = \text{coefficient of independent variables} \]

Apriori expectation is \( \beta_1 - \beta_3 > 0. \)

4.0: PRESENTATION AND ANALYSIS OF DATA

This chapter deals with the presentation of the data collected for this study and analyzing these data based on the responses from the respondents.

4.1 Analysis Of Research Questions: A total of 10 wards were considered for the administration of the questionnaire and 5 questionnaires were administered on 5 respondents from each ward. All 50 respondents returned the questionnaires. From the table 1 (appendix) a total of 50 questionnaires were administered to respondents from the 10 wards of Port Harcourt local Government Area. All the questionnaires were retrieved and completed.

From the table, 3 (6%) of respondents possess SSCE/WASC qualification, 7 (14%) respondents have NCE/ND qualifications, 30 (60%) respondents have HND/BSc qualifications, 8 (16%) respondents have MBA/MSc while only 2 (4%) have PhD degrees.

4.2 Hypotheses Testing

**H0**: there is no significant relationship between cash management and primary Health care infrastructure (PHCI).

In testing the above hypothesis, cash management regression of local government and Primary Health care infrastructure (See Appendix section) shows that there is a weak correlation between CM and PHCI (\( r = 13.6\% \)), however, \( r \) is positive about 1.9% of variation in PHCI is accounted for by cash management (CM). The result also shows that for each year increase in CM, PHCI decrease by 0.2%. The P-values and t-statistics values are 0.707 and -0.390 respectively. We therefore accept the null hypothesis, i.e there is no significant relationship between cash management and Primary Health Care Infrastructure in the Local Government. This is clear that the P-value is \( > 0.05 \).

**H0**: there is no significant relationship between cash management (CM) and Educational Facility.

In testing the stated hypothesis above, Educational facility of the local government and cash management percentage were regressed. The result shows a coefficient of correlation (R) of 1.6% which is very weak relationship. About the coefficient of determination (\( r^2 \)) which shows a no \( r^2 \) variation in the Education facility. This shows that cash management does not account for variation in Education facility in the Local Government. Furthermore, we accept the Null hypothesis that there is no significant relationship between cash management and educational facility. The t-statistic and P-value of -0.045 and 0.965 respectively support the acceptance of the null hypothesis. Note that P–value of 0.965 \( > 0.05 \).

**H0**: There is no significant relationship between cash management and communication development project.

In testing the above hypothesis, community development project and cash management shown were regressed. The result shows a very weak correlation between cash management (CM) and community development project (CDP) ie \( r = 5.6\% \). There is 0.3% variation in community development project is accounted for by cash management which is treasury management. The t – statistic value of -0.158 and P – value of 0.879 show in significance of the variables. We therefore accept the null hypothesis that there
is no significance between cash management and community development project in the local government i.e P–value > 0.05.

**H0₄:** There is no significant relationship between Revenue generation and primary Health Care Infrastructure.
In testing the hypothesis, primary Health Care Infrastructure percentage as shown and Revenue generation were regressed. From the analysis, a weak coefficient of correlation is found between Revenue generation and primary health care infrastructure i.e r = 6.7%. Also 0.4% of variation in primary health care infrastructure is accounted for by revenue generational. The t-statistic and P–value of -0.190 and 0.854 respectively show non-significance and we accept null hypothesis i.e revenue generation does significance P-value > 0.05 and t-statistics is negative.

**H0₅:** There is no significant relationship between Revenue generation and educational facility.
The researcher tests the hypothesis on revenue generation and educational facility adopting regression technique. The study reveals a fairly strong correlation between revenue generation and educational facility i.e (r) = 53%, about 28% of variation in educational facility is explained by revenue generation. The table above also show a t = statistic and p–value of 1.766 and 0.115 respectively. Base on the foregoing, we accept the null hypothesis that there is no significant relationship between the variables. P–value > 0.05 and support of null hypothesis.

**H0₆:** There is no significant relationship between Government Financial Assets and Community Development Project.
In testing the above hypothesis, the value of Government Financial Assets and Community Development Project were regressed and output is as follows. The coefficient of correlation between Government Financial Assets and Community Development Project percentages indicated 31.70% which is very weak but positive. The coefficient of determination of 0.010% reveal that about 10.1% of the variation in Community Development Project is explained by Government Financial Asset cost of treasury management in local government. The table equally shows the p-value of 0.371 while its t-statistic stood at -0937. With the above result, we accept the null hypothesis ie. Government Financial Asset do not significantly relate with community Development Project of the Local Government. The p-value > 0.05, there all indicate acceptance of null hypothesis.

**DISCUSSION OF FINDINGS**
Treasury management has been regarded as the key aspect of the responsibilities of local government in Nigeria in bringing the required development to the people. The greater number of local governments and even corporate organizations have found it to be a necessary function to enhance the performance of such organization. The study has revealed after the testing of the hypotheses that Treasury Management (cash management revenue generation and government financial assets) do have correlations with local government development in Nigeria. The development of local government can be clearly appreciated in terms of provision of primary health care infrastructure, provision of educational facilities and community development project.

Hamid (2011) has declared that “treasury management policy ensures the effective utilization of the organization wealth for the general good of the people”. Stigler (1957) pointed out the fact that “the closer the government to the people, the better it works for them due to his knowledge of their needs”. A positive correlation exists between cash management and the provision of primary health care infrastructure in local government in Nigeria. Though not significant, evidence abound that proper cash management ensure the adequacy and utilization of funds in the local government. Education is a critical sector and this study found a correlation between cash management and the provision of educational facility for the local government to foster development.

Furthermore, “Revenue generation shows a positive relationship with community development project. This underscores the relevance of revenue for the provision of projects that have direct bearing on the people at the grassroot” (Ozor and Nwankwo, 2008).
Our study has shown that at the local government level, investment in financial assets of government does not have relevance to the people. This is demonstrated in the low contribution of financial assets to the development of local government. Rather, it supports the immediate application of available funds to fix the infrastructure that affect the people positively.

CONCLUSION
Based on the findings of the study, we conclude that Treasury Management is a crucial aspect of local government development in Nigeria. The Treasury of the local government serve as the source of financing for infrastructural facilities in the local government. For the local government to grow, proper treasury management must be maintained. The cash balances must always be managed in order to have funds to finance educational facility, public health care infrastructure and the overall community development projects in the local government. Revenue generation in local government properly and stimulates development.

The educational facility in the local government requires adequate finding to provide quality education for the teeming populace. Treasury management shows a positive correlation with local government development in the study of Port Harcourt local government and this represents the positive of all local government: that proper Treasury Management will adequately promote local government development in Nigeria.

RECOMMENDATIONS
In the light of the above conclusions, it is recommended as follows: 1. Local government should embark on proper treasury management so as to safeguard the available funds for the development of infrastructures in the area.
2. Effort should be made by local government administrators to generate more revenue to fund infrastructure development.
3. Proper internal control should be instituted in the treasury department to prevent misappropriation, embezzlement and frauds in the local government in Nigeria.
4. The treasury should implement regular cash count to be sure of the availability of cash generated for the operation and implementation of development infrastructure in the local government.
5. There should be due process and budgeting procedures in implementing development projects in the local government taking cognizance of the need of the people.

REFERENCES


### Table 1. Impact of Cash Management on Primary Health Care Infrastructure

<table>
<thead>
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Source: SPSS output, 2016

### Table 2. The relationship between cash management and educational facility

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Source: SPSS output, 2016

### Table 3: Relationship between cash management and community development project

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### Table 4: Relationship between Revenue Generation and primary Health Care Infrastructure

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### Table 5: Effect of Government Financial Assets on Community Development Project

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