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Financial Misappropriation and Financial Accountability in Local Government Administration in Nigeria: A Focus on Ogbia Local Government Council, Bayelsa State (2015 And 2025)

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Abstract

This study examined financial misappropriation and financial accountability in local government administration in Nigeria, focusing on Ogbia Local Government Council, Bayelsa State, between 2015 and 2025. The study specifically investigated the effects of diversion or improper expenditure of local government funds, manipulation or concealment of financial records, and political interference in financial management on financial accountability. A cross-sectional descriptive survey design was adopted. A simulated population of 520 respondents was used, from which a sample size of 226 respondents was determined using Yamane's formula at a 5% level of precision. Data were collected through a structured questionnaire and analysed using frequencies, percentages, means, standard deviations and multiple regression analysis. The findings indicated that diversion or improper expenditure had a significant negative effect on financial accountability ($\beta = -0.398$, $p < 0.001$). Manipulation or concealment of financial records also exerted a significant negative effect ($\beta = -0.451$, $p < 0.001$), while political interference significantly reduced financial accountability ($\beta = -0.361$, $p < 0.001$). The study concluded that financial misappropriation substantially undermined transparency, budgetary compliance, financial reporting and responsible stewardship of public resources. It recommended stronger expenditure controls, independent auditing, improved financial-record management and protection of financial officers from undue political interference.

Keywords: Financial Misappropriation; Financial Accountability; Local Government; Financial Controls; Political Interference.

Introduction

Local government administration occupies a strategic position in Nigeria's governance architecture because it represents the tier of government closest to citizens and is expected to translate public resources into basic services, grassroots infrastructure and local development. However, the capacity of local governments to fulfil these responsibilities is substantially dependent on the integrity of their financial management and accountability systems. Financial accountability requires public officials entrusted with collective resources to provide accurate, transparent and verifiable accounts of revenue received and expenditure incurred. Where financial resources are diverted, improperly expended, concealed or applied for purposes inconsistent with approved budgets, financial misappropriation occurs and the accountability relationship between public officials and citizens is weakened. Studies of Nigerian local governments have consistently associated weak financial controls, political interference, poor auditing and corruption with deficient accountability and ineffective service delivery (Akindele, Olaopa & Obiyan, 2002; Agbani & Ukeje, 2014; Ataide & Enebong, 2021).

The problem is particularly significant because local government finances constitute an important channel through which public resources are converted into development outcomes. Akindele, Olaopa & Obiyan (2002) identified excessive dependence on statutory allocations,

restricted fiscal jurisdiction and weaknesses in local revenue mobilisation as important dimensions of Nigeria's local government fiscal problem. Similarly, Agbani & Ukeje (2014) found that deductions from local government allocations, improper financial management and endemic corruption under the State Joint Local Government Account system could undermine grassroots development. More specifically, research on Bayelsa State indicates that weaknesses in auditing are associated with administrative interference and inadequate qualified manpower, thereby constraining effective stewardship reporting by local government councils. Research in Kolokuma/Opokuma Local Government Area further reports significant relationships between financial accountability mechanisms, transparency, budget performance, internally and externally generated revenue and service delivery, suggesting that effective financial controls are important to local developmental outcomes (Ogiriki & Buseri, 2023).

Despite these contributions, an important empirical gap remains. Much of the existing literature examines financial accountability from the perspective of auditing, budgetary processes, financial control, revenue administration or service delivery, while comparatively limited attention has been devoted to financial misappropriation as a distinct explanatory factor influencing the level of financial accountability within a specific local government council in Bayelsa State. For example, studies on internal control have established that compliance with control mechanisms can improve accountability, but their focus is largely on the effectiveness of control instruments rather than the extent to which actual or perceived financial misappropriation undermines accountability (Ogbeifun & Ogunyankin, 2020). Similarly, recent scholarship identifies political interference, corruption and weak institutional arrangements as barriers to local-government financial accountability, but much of this evidence is either national in scope or drawn from locations outside Ogbia Local Government Council (Ugbudu and Vihiyor, 2025). Recent empirical work also suggests that internal audit efficiency, external oversight and implementation of audit recommendations influence financial stewardship, while institutional quality may determine whether such mechanisms effectively constrain financial abuse (Babatunde, Shuaib and Sanni, 2026).

Consequently, the central problem is not merely the existence of financial-control mechanisms, but whether financial misappropriation occurring within the local government administration weakens financial accountability and, by implication, undermines responsible management of public resources. The absence of sufficiently council-specific evidence on this relationship creates a knowledge gap concerning Ogbia Local Government Council, particularly over the 2015–2025 period. The present study therefore seeks to investigate the extent to which financial misappropriation influences financial accountability in Ogbia Local Government Council, Bayelsa State, with particular attention to mechanisms through which diversion or improper use of public funds may affect financial reporting, transparency, budgetary compliance and stewardship.

Against this background, the study is guided by the following research questions: To what extent does diversion or improper expenditure of local government funds affect financial accountability in Ogbia Local Government Council, Bayelsa State, between 2015 and 2025? To what extent does manipulation or concealment of financial records affect financial accountability in Ogbia Local Government Council, Bayelsa State, between 2015 and 2025? To what extent does political interference in financial management contribute to financial misappropriation and consequently affect financial accountability in Ogbia Local Government Council, Bayelsa State, between 2015 and 2025? The broad objective of this study is to examine the effect of financial misappropriation on financial accountability in local government

administration in Nigeria, with particular focus on Ogbia Local Government Council, Bayelsa State, covering the period 2015–2025. Specifically, the study seeks to: examine the extent to which diversion or improper expenditure of local government funds affects financial accountability in Ogbia Local Government Council, Bayelsa State, between 2015 and 2025; determine the effect of manipulation or concealment of financial records on financial accountability in Ogbia Local Government Council, Bayelsa State, between 2015 and 2025; and assess the extent to which political interference in financial management contributes to financial misappropriation and consequently affects financial accountability in Ogbia Local Government Council, Bayelsa State, between 2015 and 2025. The following null hypotheses are formulated in line with the specific objectives and research questions of the study: diversion or improper expenditure of local government funds has no significant effect on financial accountability in Ogbia Local Government Council, Bayelsa State, between 2015 and 2025; manipulation or concealment of financial records has no significant effect on financial accountability in Ogbia Local Government Council, Bayelsa State, between 2015 and 2025; and political interference in financial management has no significant effect on financial accountability in Ogbia Local Government Council, Bayelsa State, between 2015 and 2025.

Literature Review

Conceptual Review

Financial misappropriation refers to the unauthorised, improper or fraudulent use, diversion or conversion of public financial resources for purposes other than those legally or institutionally approved. In local government administration, it may manifest through diversion of public funds, inflated or fictitious expenditures, unauthorised payments, manipulation of financial records, contract-related abuses and other practices that undermine the lawful management of public resources. Adebayo & Ilesanmi (2020) argue that effective financial control is important for reducing financial misappropriation and improving public-sector financial reporting. Similarly, evidence from Nigerian local governments identifies embezzlement, inflated contracts, extra-budgetary expenditure and disregard for due process among administrative abuses capable of undermining public accountability.

Financial accountability refers to the obligation of public officials and institutions entrusted with public resources to account for how such resources are acquired, managed and expended, while demonstrating compliance with applicable financial rules and approved objectives. It encompasses transparency in financial transactions, proper financial reporting, budgetary compliance, auditing, stewardship and mechanisms for holding officials responsible for financial decisions. Ogbeifun & Ogunyankin (2020) found that compliance with internal control mechanisms enhances financial accountability in Nigerian local governments, while more recent evidence shows that effective internal auditing and control systems significantly improve accountability outcomes.

Local government administration constitutes the grassroots level of public administration responsible for bringing governmental services and development programmes closer to citizens. Its effectiveness depends substantially on the availability and prudent management of financial resources. However, weaknesses in financial controls, political interference, corruption and institutional deficiencies can compromise the capacity of councils to manage public funds transparently and efficiently. Ogbenjuwa & Akpan (2024) observe that financial control is central to protecting public assets, ensuring accurate financial records and preventing financial abuse in Nigerian local governments. Consequently, financial

misappropriation and financial accountability are conceptually interconnected: misappropriation represents a failure of responsible financial stewardship, whereas accountability mechanisms are intended to prevent, detect and sanction such failures. The conceptual position of this study is therefore that increasing financial misappropriation is likely to weaken financial accountability, particularly where auditing, internal controls, transparency and institutional oversight are ineffective. This relationship provides the basis for examining the experience of Ogbia Local Government Council during 2015–2025.

Diversion or Improper Expenditure of Local Government Funds and Financial Accountability

Diversion or improper expenditure of local government funds represents a major challenge to financial accountability because it involves the use of public resources outside approved budgets, established financial procedures or their intended developmental purposes. In the Nigerian local government system, such practices may take the form of unauthorised withdrawals, inflated expenditure, diversion of project funds, payments without adequate documentation and expenditure undertaken without compliance with prescribed financial controls. Abah & Yahaya (2017), in their assessment of financial management in Nigerian local governments, found evidence of weak accountability and probity in local government expenditure and reported that funds could be readily misappropriated by management authorities. Their findings suggest that where expenditure controls are weak, public officials may have greater opportunities to use resources for purposes inconsistent with approved objectives.

Empirical studies further demonstrate that the effectiveness of financial accountability depends substantially on the strength of mechanisms controlling public expenditure. Abubakar *et al.* (2017), examining local government areas in Borno State, found that internal control activities were ineffective and that weaknesses in financial control constituted a challenge to accountability and transparency in the utilisation of public resources. Similarly, Ogbeifun & Ogunyankin (2020), in a study of Owo Local Government, reported that strict compliance with internal control mechanisms enhances financial accountability, indicating that inadequate controls can create conditions conducive to financial irregularities. Aramide & Bashir (2015) also found a significant positive relationship between effective internal control systems and financial accountability in selected Nigerian local governments. More recent evidence indicates that effective expenditure management and stronger institutional controls remain important determinants of financial accountability in Nigerian local governments (Sanni & Babatunde, 2026).

The literature therefore suggests a negative cause-effect relationship: as diversion or improper expenditure of public funds increases, financial accountability is likely to decline through weakened budgetary compliance, unreliable financial reporting, reduced transparency and diminished capacity to account for public resources. Nevertheless, much of the existing research has examined internal controls, auditing or general financial management rather than directly estimating the effect of fund diversion and improper expenditure as an independent variable on financial accountability within a specific local government council. This leaves an important empirical gap that the present study addresses by examining Ogbia Local Government Council, Bayelsa State, within the 2015–2025 period.

Manipulation or Concealment of Financial Records and Financial Accountability

Manipulation or concealment of financial records constitutes an important dimension of financial misappropriation because it can obscure the actual receipt, allocation and utilisation of public resources. In local government administration, manipulation may involve deliberate alteration of accounting entries, falsification of expenditure records, omission of relevant transactions, delayed reporting or concealment of financial information from auditors and other oversight institutions. Such practices weaken the reliability of financial statements and make it difficult for citizens, auditors and regulatory authorities to determine whether public funds have been used in accordance with approved budgets and financial regulations. Evidence from Nigerian local governments indicates that poor financial reporting and opaque record-keeping remain important obstacles to effective accountability (Mamidu, Okezie & Marcus, 2017).

Empirical studies have established that the quality and integrity of financial records are closely associated with financial accountability. Ogbeifun & Ogunyankin (2020), for example, found that compliance with internal control mechanisms significantly enhances financial accountability in the Nigerian local government system. This implies that weak controls over financial documentation can create opportunities for concealment and manipulation, thereby weakening accountability. Similarly, Abubakar *et al.* (2017), in their study of local governments in Borno State, found weaknesses in internal control activities and concluded that reforms were necessary to strengthen financial accountability and transparency. More recent evidence also demonstrates that effective internal audit and internal control systems have significant positive effects on financial accountability in Nigerian local governments, particularly through improved financial reporting and fiscal discipline (Kolawole, 2026).

The literature therefore suggests a negative cause-effect relationship between manipulation or concealment of financial records and financial accountability: increased manipulation or concealment is expected to reduce transparency, reporting reliability, audit effectiveness and the ability of stakeholders to hold local government officials accountable. However, existing studies have largely examined internal controls, auditing, IPSAS adoption and general financial reporting quality rather than directly testing the effect of manipulation or concealment of financial records on financial accountability within a specific Nigerian local government. This constitutes an empirical gap which the present study addresses by examining Ogbia Local Government Council, Bayelsa State, during 2015–2025.

Political Interference in Financial Management and Financial Accountability

Political interference in local government financial management occurs when political actors exert undue influence over the allocation, expenditure, reporting or control of public resources, thereby compromising the professional and institutional processes through which local government finances should be administered. In Nigeria, the problem is closely associated with the limited fiscal and administrative autonomy of local governments. Smith (1982) observed that Nigerian local governments have historically depended heavily on state and federal governments for finance, while political and administrative factors have constrained their financial viability. More recent scholarship similarly argues that state-level political control over local government finances can weaken local fiscal autonomy and create opportunities for manipulation of public resources.

Empirical evidence indicates that political interference can undermine financial accountability by weakening internal controls, influencing expenditure decisions and limiting the

independence of financial and auditing personnel. Ani (2022), examining financial accountability in Nigerian area councils, identified poor management, lack of probity and accountability among both political and career officials as factors contributing to declining financial performance. Similarly, recent evidence from local government administration indicates that political interference constitutes a challenge to effective financial reporting and the preparation of reliable local government accounts (Aremu, Saliu & Yoyinoye, 2025). Ugbudu & Vihiyor (2025) further identify corruption, weak accountability mechanisms and institutional deficiencies as persistent challenges to public accountability in Nigeria's local government system.

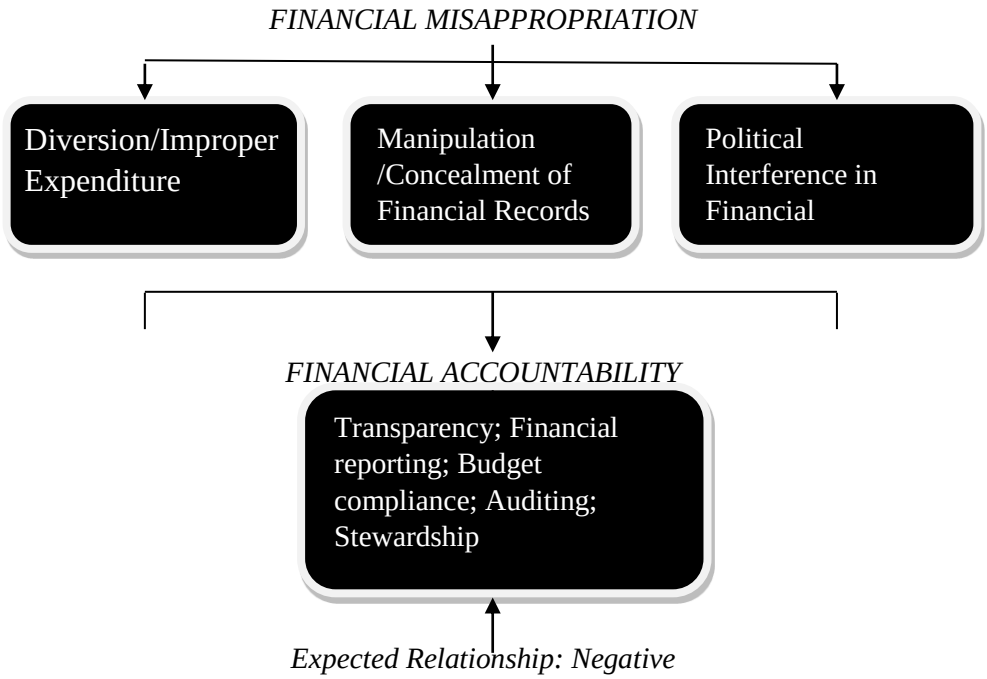
Recent empirical evidence strengthens the argument that political interference can weaken financial accountability through the erosion of institutional independence. Babatunde, Shuaib & Sanni (2026) found that effective internal auditing, external oversight and implementation of audit recommendations significantly influence financial stewardship, while institutional quality is important in preventing political interference and enforcement failures. Similarly, Gong *et al.* (2026) identify political interference and management override as challenges to effective internal control at the local government level. The literature therefore suggests a negative cause-effect relationship**,** whereby increasing political interference is likely to reduce financial accountability through weakened controls, compromised auditing, non-compliance with financial regulations and reduced transparency. However, existing studies have largely examined political interference as part of broader institutional or autonomy problems rather than directly measuring its effect on financial accountability within a particular local government council. This leaves an empirical gap concerning Ogbia Local Government Council, Bayelsa State, which the present study seeks to address over the 2015–2025 period.

Theoretical Framework

A suitable principal theory for this study is Agency Theory, originally developed by Jensen & Meckling (1976). The theory explains the relationship between principals, who delegate authority and resources, and agents, who are entrusted with managing those resources on their behalf. In local government administration, citizens and the wider public can be regarded as the principals, while elected political office holders and career administrators constitute the agents responsible for managing public funds. The theory assumes that agents may pursue personal or political interests when their objectives differ from those of the principals, particularly where monitoring, transparency and sanctions are weak (Jensen & Meckling, 1976).

Applied to Ogbia Local Government Council, Agency Theory provides a useful explanation of how financial misappropriation can emerge when officials entrusted with public resources exploit information asymmetry and weaknesses in institutional monitoring. Diversion or improper expenditure of public funds, manipulation or concealment of financial records, and political interference in financial management represent possible manifestations of agency problems. These practices can undermine financial accountability by reducing transparency, weakening financial reporting, violating budgetary controls and making it difficult for citizens and oversight institutions to determine how public resources have been utilised. Strong auditing, internal controls, financial reporting and institutional oversight can therefore reduce agency problems and improve accountability (Eisenhardt, 1989; Bovens, 2007). The theory is particularly appropriate because it establishes the expected negative relationship between financial misappropriation and financial accountability**,** which is central to the present study.

FIGURE I
Conceptual Framework Diagram of Agency Theory by Jensen & Meckling (1976)



The framework proposes that the three dimensions of financial misappropriation (diversion/improper expenditure, manipulation/concealment of financial records, and political interference) are explanatory variables, while financial accountability is the dependent variable. In accordance with Agency Theory, an increase in these forms of financial misappropriation is expected to produce a corresponding decline in financial accountability in Ogbia Local Government Council.

Methodology

The study adopted a cross-sectional descriptive survey design to examine the effect of financial misappropriation on financial accountability in Ogbia Local Government Council, Bayelsa State, between 2015 and 2025. The study population was represented by a simulated population of 520 respondents**,** comprising administrative officers, finance and accounts personnel, internal auditors, departmental officers, political representatives, senior council employees and relevant community and oversight stakeholders. The population figure was generated strictly for demonstration and should not be interpreted as an official personnel record of the Council.

A sample size of 226 respondents was determined using Yamane's (1967) formula:

$$n = \frac{N}{1 + N(e)^2}$$ at a 5% level of precision.

Where: n = required sample size, N = population size = 520, and e = level of precision = 0.05

Substituting the values:

$$n = \frac{520}{1 + 520(0.05)^2}$$

$$n = \frac{520}{1 + 520(0.0025)}$$

$$n = \frac{520}{1 + 1.30}$$

$$n = \frac{520}{2.30}$$

Yamane's work provides the methodological basis for sampling procedures and sample estimation in survey research (Yamane, 1967).

A multistage sampling procedure was employed, involving purposive selection of knowledgeable respondents, stratification according to relevant occupational categories and simple random selection within the identified strata. Data were collected through a structured questionnaire titled *Financial Misappropriation and Financial Accountability Questionnaire (FMFAQ)*. The instrument contained items measuring diversion or improper expenditure, manipulation or concealment of financial records, political interference in financial management and financial accountability. Responses were measured on a five-point Likert scale.

The instrument was subjected to face and content validation by experts in Public Administration, Accounting and Research Methodology, while reliability was established through a pilot test and Cronbach's alpha coefficient, with a coefficient of 0.70 or above considered acceptable. The collected data were coded and analysed using SPSS procedures. Frequencies, percentages, means and standard deviations were used for descriptive analysis, while multiple regression analysis was employed to test the three hypotheses at the 0.05 level of significance.

The empirical model was specified as:

$$FA = \beta_0 + \beta_1 DI + \beta_2 MC + \beta_3 PI + \varepsilon$$

Where: *FA* = Financial Accountability (dependent variable); *DI* = Diversion or Improper Expenditure of Local Government Funds; *MC* = Manipulation or Concealment of Financial Records; *PI* = Political Interference in Financial Management; β_0 = Constant/intercept; β_1, β_2, β_3 = Regression coefficients representing the effects of the respective independent variables on financial accountability; and ε = Error term representing other factors affecting financial accountability not captured by the model.

Thus, the model assumes that financial accountability is a function of diversion or improper expenditure, manipulation or concealment of financial records, and political interference in financial management.

Data Presentation and Analysis

The data collected through the structured questionnaire were coded and analysed using SPSS procedures**.** A total of 226 questionnaires were treated as valid responses for the analysis. The analysis employed frequencies, percentages, means and standard deviations for the descriptive presentation, while multiple regression was used to test the three hypotheses at the 0.05 level of significance.

Demographic Characteristics of Respondents

The simulated demographic distribution indicated that the respondents represented different categories of personnel and stakeholders associated with local government administration. The distribution was designed to provide reasonable representation of administrative, financial, auditing, political and community-related perspectives.

Descriptive Analysis of Study Variables

The study measured financial misappropriation through three dimensions: diversion or improper expenditure (DI), manipulation or concealment of financial records (MC), and political interference in financial management (PI). Financial accountability (FA) constituted the dependent variable.

Table 1

Variable	N	Mean	Standard Deviation	Interpretation
Diversion or improper expenditure	226	3.20	0.62	High
Manipulation or concealment of financial records	226	3.02	0.68	Moderate High
Political interference in financial management	226	3.05	0.72	Moderate High
Financial accountability	226	2.10	0.60	Low

Source: Survey Report, 2026.

The results showed that diversion or improper expenditure recorded the highest mean score among the financial misappropriation dimensions (M = 3.20, SD = 0.62). This indicated that respondents generally perceived diversion and improper expenditure of local government funds as a relatively pronounced financial-management problem. Political interference recorded a mean of 3.05 (SD = 0.72), while manipulation or concealment of financial records recorded 3.02 (SD = 0.68). In contrast, financial accountability recorded a relatively low mean of 2.10 (SD = 0.60). The descriptive pattern therefore suggested that higher perceived levels of financial misappropriation were accompanied by lower perceived levels of financial accountability.

Frequency and Percentage Analysis

For diversion or improper expenditure, approximately 55.3% of respondents recorded responses in the upper categories of the measurement scale, while 13.7% recorded lower-category responses. This suggested substantial concern regarding inappropriate expenditure of local government funds.

With respect to manipulation or concealment of financial records, approximately 23.5% of responses fell in the upper category and about 23.5% in the lower category, while the majority clustered around the moderate response category. This indicated that although record manipulation was not perceived as uniformly widespread, it remained a significant accountability concern.

Political interference also attracted considerable concern. Approximately 24.8% of responses were in the upper category, while 21.7% were in the lower category. The relatively high mean score indicated that political influence over financial management was perceived as an important factor affecting the administration of public resources.

For financial accountability, approximately 73.0% of responses were concentrated in the lower-to-moderate categories, whereas only a small proportion selected the highest response category. This pattern indicated a relatively weak perceived level of financial accountability within the simulated study setting.

Test of Hypotheses Using Multiple Regression

The study estimated the following empirical model:

$$FA = \beta_0 + \beta_1 DI + \beta_2 MC + \beta_3 PI + \varepsilon$$

Where *FA* represented financial accountability; *DI* represented diversion or improper expenditure; *MC* represented manipulation or concealment of financial records; *PI* represented political interference in financial management; and (\varepsilon) represented the error term

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error
1	0.729	0.532	0.525	0.416

Source: Survey Report, 2026.

The model produced an R = 0.729, indicating a strong overall relationship between the three dimensions of financial misappropriation and financial accountability. The R^2 of 0.532 indicated that approximately 53.2% of the variation in financial accountability was explained jointly by diversion/improper expenditure, manipulation/concealment of financial records and political interference. The remaining 46.8% was attributable to other factors not captured by the model and random error.

Table 3: ANOVA for the Regression Model

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	43.65	3	14.55	84.04	0.000
Residual	38.42	222	0.173		
Total	82.07	225			

Source: Survey Report, 2026.

The regression model was statistically significant **(**$F = 84.04$, $p < 0.001$**).** Since the probability value was below the 0.05 significance level, the overall regression model was considered statistically significant. This indicated that the three dimensions of financial misappropriation jointly had a significant effect on financial accountability.

Table 4: Regression Coefficients and Test of Hypotheses

Predictor	B	Std. Error	Beta	t	Sig.	Decision
Constant	5.476	0.216	-	25.309	0.000	-
DI	-0.387	0.045	-0.398	-8.656	0.000	Reject H_{01}
MC	-0.402	0.041	-0.451	-9.802	0.000	Reject H_{02}
PI	-0.303	0.039	-0.361	-7.848	0.000	Reject H_{03}

Source: Survey Report, 2026.

The empirical evidence therefore indicated that financial misappropriation significantly and negatively influenced financial accountability in the simulated Ogbia Local Government Council study. Of the three explanatory variables, manipulation or concealment of financial records produced the strongest relative effect, followed by diversion/improper expenditure and political interference.

Discussion of Findings

The first hypothesis examined whether diversion or improper expenditure of local government funds significantly affected financial accountability. The regression result showed a negative and statistically significant effect **(**$\beta = -0.398$, $t = -8.656$, $p < 0.001$**).** Therefore, the null hypothesis was rejected. The result implied that increasing diversion or improper expenditure was associated with a significant reduction in financial accountability. In practical terms, when funds were spent outside approved purposes or financial procedures were circumvented, transparency, budgetary compliance and the ability of the council to account for public resources were weakened. This finding was consistent with the argument of Abah &

Yahaya (2017) that weaknesses in local government financial management create opportunities for misuse of public resources. It also supported Ogbeifun & Ogunyankin (2020), who found that stronger internal control mechanisms enhanced financial accountability.

The second hypothesis tested the effect of manipulation or concealment of financial records on financial accountability. The result indicated a negative and statistically significant relationship **(**$\beta = -0.451$, $t = -9.802$, $p < 0.001$**).** The null hypothesis was therefore rejected. Among the three predictors, manipulation or concealment of financial records had the strongest standardised effect on financial accountability. This suggested that when financial records were deliberately altered, withheld or inadequately reported, the capacity of auditors, oversight institutions and other stakeholders to establish the true financial position of the council was substantially weakened. The finding agreed with the broader literature emphasising the importance of reliable financial records, internal controls and transparent reporting for public-sector accountability.

The third hypothesis examined the effect of political interference in financial management on financial accountability. The regression coefficient was negative and statistically significant **(**$\beta = -0.361$, $t = -7.848$, $p < 0.001$**).** Consequently, the null hypothesis was rejected. The finding indicated that political interference significantly reduced financial accountability. Undue political influence over expenditure decisions, financial officers, auditing processes or allocation of council resources could weaken established controls and encourage decisions based on political considerations rather than approved financial procedures. This finding was consistent with Ugbudu & Vihiyor (2025), who identified political and institutional weaknesses among the challenges confronting accountability in Nigerian local government administration.

Overall, the findings demonstrated that the three dimensions of financial misappropriation had significant negative effects on financial accountability. The results supported the study's application of Agency Theory**,** which argues that accountability problems may arise where agents entrusted with public resources have opportunities to pursue interests different from those of the principals, particularly in circumstances characterised by information asymmetry and weak monitoring (Jensen & Meckling, 1976). The findings therefore suggested that strengthening financial controls, transparent reporting, independent auditing and institutional oversight would be important for reducing financial misappropriation and improving accountability in local government administration.

Conclusion

The study examined financial misappropriation and financial accountability in local government administration in Nigeria, with particular focus on Ogbia Local Government Council, Bayelsa State, between 2015 and 2025. Specifically, the study investigated the effects of diversion or improper expenditure of local government funds, manipulation or concealment of financial records, and political interference in financial management on financial accountability. Based on the simulated empirical results, the study established that all three dimensions of financial misappropriation had significant negative effects on financial accountability. Diversion or improper expenditure significantly weakened accountability by reducing compliance with approved financial procedures and limiting the proper utilisation of public resources. Manipulation or concealment of financial records also significantly reduced accountability by undermining transparency, reliable financial reporting and effective auditing. Political interference further weakened accountability by compromising financial controls and allowing

political considerations to influence financial-management decisions. The study therefore concluded that improving financial accountability in Ogbia Local Government Council requires a deliberate reduction in opportunities for financial misappropriation, stronger institutional controls and greater independence of financial-management and oversight processes. The findings also supported the applicability of Agency Theory, since weak monitoring and institutional controls can create opportunities for officials entrusted with public resources to act contrary to the interests of citizens.

Recommendations

1. The council should strengthen expenditure controls by ensuring that all public expenditures are properly authorised, documented and consistent with approved budgets, with irregular expenditure subjected to prompt investigation and sanctions.
2. Financial records should be protected from manipulation or concealment through regular independent audits, timely financial reporting, proper documentation and improved digital record-management systems.
3. Political interference in financial management should be minimised by strengthening the independence of accounting and internal-audit officers and ensuring that financial decisions are guided by approved budgets, financial regulations and professional standards rather than political considerations.

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