

A Comparison of Ife East, Ife North and Ife Central Local Government Reveals Issues With the Efficient use of Funds Available to Local Governments in Nigeria

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Abstract

In Nigeria, local governments encounter challenges in terms of revenue generation and effective maximization of the available revenue. The rate of embezzlement, bad leadership, low level of accountability, and overall laxity of the finance department in local government in Nigeria served as the inspiration for this study. The study looks at issues preventing Nigerian local government from effectively using the resources it has at its disposal: a comparative study of Ife Central, Ife East, and Ife North Local Government, Osun State. It investigates the differences among Ife Central, Ife East, and Ife North Local governments in their utilization of revenue and explore the effects of revenue utilization on Ife Central, Ife East, and Ife North Local Government areas. Primary and secondary sources of data were used in this research to generate data. It was demonstrated that statutory funding from the federal government to the local government was used for rural development without intervention from the federal and state governments; 56.2% strongly agreed, 34.1% agreed, 2.4% disagreed and 7.3% strongly disagreed. Based on if local government revenues had been utilized effectively for grassroots development; 24.3% strongly agreed, 66.1% agreed, 4.8% disagreed and 4.8% strongly disagreed. Based on whether Local Government has always had financial independence in terms of their expenditures; 7.3% agreed, 43.9% disagreed and 44.8% strongly disagreed. It was raised that the expenditure of Ife-East local government had been in line with their internally generated revenues; 7.3% strongly agreed, 2.4% agreed, 44.8% disagreed and 41.5% strongly disagreed. From this, it could be seen

that the expenditure of Ife-East local government had not been in line with their internally generated revenues. This study concluded that local government is unable to drive revenue effectively because of its over-dependency on statutory allocation.

Key words: Local government; Revenue; Internally generated revenue; Rural development; Accountability.

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INTRODUCTION

Nigeria as an independent nation practices federalism, i.e., the division of authority among the three tiers of government (federal, state, and local government) the local government is regarded as the grassroots government. Adedokun A. A. (2004) defined local government as; “government at the grassroots and exercised through representative council established by law to exercise specific powers within a defined area.”

The major motivation behind the creation of local government as the third tier of government, coordinated and independent, or under unitarism as an agent of deconcentration, is to bring government closer to the people (Ibok, 2014). Bringing the government closer to the people entails providing the essential social infrastructure and amenities of life at the grassroots. These are socio-economic goods and services that the central government either ignores because they are too far away or because it is overburdened, overloaded, over-bureaucratized, and unresponsive to such issues (Ekpe *et al.*, 2013).

The local government was established in order to have impact on the generation of revenue for the development

of the populace in the local government area. This marked the beginning of revenue generation and utilization in the local government (1976) local government reform. This (1976) local government reform gave the rural people a sense of belonging in the sharing of the “national-cake,” since the Nigerian constitution presents local government authorities with special and unique opportunities and difficulties to accomplish self-generation of income for economic growth and development (Olowu, 1986). The generation and utilization of revenue is a critical issue for Local Government Councils. It is through this activity that the Councils obtain funding for their operations, thus to a large extent, determining the quantity and quality of services provided to the general public within their domain. In essence, local government as decentralization agencies, have their work well cut out for them in terms of revenue sources of revenue. These are the internal and external sources of revenue generation. The external sources include a 20% Federal Government Statutory allocation, a 10% State Internally Generated Revenues (IGR), Value Added Tax (VAT), Loans and Advances, Special Capital Grants, Investment Proceeds, and Aids. The internal sources of revenue (IGR) include a variety of major and miscellaneous items that are combined to provide the necessary funds for financing the vast and enormous functions assigned to local government as the third tier of government (Abubakar, 1999). The internally generated revenue comes from a variety of sources which can be classified into the market, social, health, and economic sources (Ojo, 2003; Rabi, 2004). According to Adewale (2009), the sources of local government internal revenue include investments of sorts, community tax, market fees, motor park fees, and tenement rates, amongst others. Local governments’ increasing reliance on the statutory allocation from the federal government has not only harmed their autonomy but has constrained and hampered them from carrying out their responsibilities effectively (Edogbanya and Jafaru, 2013).

However, because local governments generate revenue, promote civic engagement, and establish a clear connection between taxes and service delivery, local governments in Nigeria have the potential to play significant social and economic roles. This is because the constitution grants them these responsibilities. According to Uzunoglu and Epelle (2008), every local jurisdiction has distinctive economic, physical, and social traits, as well as historical tradition which its citizens are more familiar with. Thus, as a result of the federal and state governments’ distance from the local communities, the Local Government were created to provide the services.

Fosu M. A (2012) describes the significance of local revenue to Local Governments as follows: Financing administrative costs; Financing upkeep costs to encourage project ownership; Permitting the gathering of small scale and low-yielding revenues; ensuring the independence

of local governments and the sustainability of service delivery; Regulating businesses and providing important infrastructure and services like marketplaces and public restrooms at a charge; Reducing reliance on donors pressure on central governments. Despite the diverse relevance of the local government institution, it is still militated by some factors which have incapacitated it and rendered it an appendage of other tiers of government.

Literature has shown that revenue generation and utilization in Nigeria’s Local Governments are far below expectation and are widely affected by several factors, most of which are attributed to corruption, Olawale (2013) posited that a factor that accounts for effective revenue utilization is corruption, According to Awotokun (1995), high rate of corruption, fraud, and embezzlement among local government revenue officials, leads to financial crises and inability to address the problems of services delivery and mobilization of both human and material resources needed for the functioning and meaningful development of the local government areas. As a result, underdevelopment persists, and people are unaware of or less concerned about the reasons for the formation of local governments. Another problem that affects the utilization of local government revenue is lack of leadership. Odofin (2011) in his report on unsuccessful progress in the local government states that the reason most local governments today are not successful, is due to leaders as well as sub-ordinates working under them. Leadership most often appears to be primarily determined by political party. These people don’t have a clear agenda for the local government; instead, they start a phantom projects and steal money into their private bank accounts. As a result, the local people, suffer from these shortcomings. However, another critical problem is transparency and accountability, council funds are regarded as government funds. Account books are falsified, and funds are embezzled carelessly. Nobody is held accountable, and report ports have become politicized, rendering them less useful in enforcing transparency and accountability in the country’s local council (Ayodele and Anyabe 2012). The lack of trained or competent workers is also one of the major problems of effective utilization of revenue in Nigeria’s local governments. Atakpa *et al.* (2012) noted that many local governments finance, and audits departments lack staffs that are well-trained, qualified, and experienced financial managers, accountants, clerks, auditors, and property valuation officers who would use their skills and initiatives to develop realistic plans and strategies to enable them harness and exploit the internal revenue sources fully and effectively.

Premised on the foregoing, this study seeks to assess the issues with effective utilization of local government revenue available to Local governments with specific reference to the study of Ife Central, Ife East, and Ife North, Osun State.

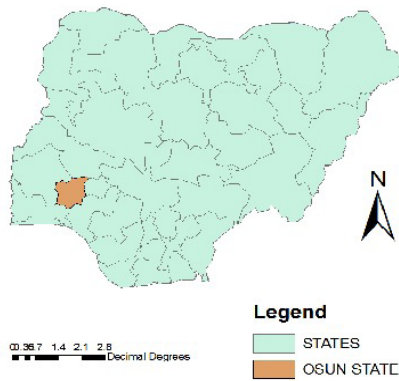
METHODOLOGY

This study is based on the use of survey methodologies employing questionnaires and interviews to collect data from a sample taken from the population of civil servants in each local government under consideration. As a result of the difficulty in reaching all the civil servants in Osun State, the study uses a survey research approach. The study, therefore, makes use of a questionnaire and interview research survey method which is suitable for the study being investigated to selected members of civil servants in Ife East, Ife Central, and Ife North Osun State. The stratified random sample technique was used as the sampling method for this study. It enables every member of the population to have an equal opportunity of being selected. The sample size of the research work is 150 employees for the three local governments: 50 employees for each local government. Using systematic random sampling techniques, the number of employees from each stratum included in the sample size was determined. The primary data encompasses questionnaires and interviews.

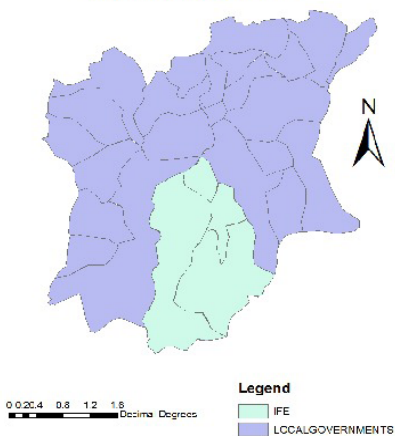
Copies of the questionnaires were distributed to low, middle, and top management officers of the administrative department where relevant data was gathered. The questionnaire contains closed-ended questions and specific questions that relate to the objectives, the research questions, and the research assumption of the study to aid better analyses of the research topics.

The data collected during this study was presented both descriptively and statistically. The descriptive method deals with the presentation of the variables of the study (in relation to the subject) such as the profiles of respondents. The descriptive method was employed in order to explain answers obtained from the interview process and questionnaire presented to respondents. Statistically, data was presented with tables to show the frequency of respondents and their responses to research questions presented in the questionnaire. For the purpose of analyzing the research questions, the Statistical Package for the Social Sciences (SPSS) version 26 Build 1.0.0.1275, was used to perform simple percentage (%) and frequency distribution analysis.

MAP OF NIGERIA SHOWING OSUN STATE



MAP OF OSUN STATE



IFE SHOWING LOCAL GOVERNMENTS AND TOWNS

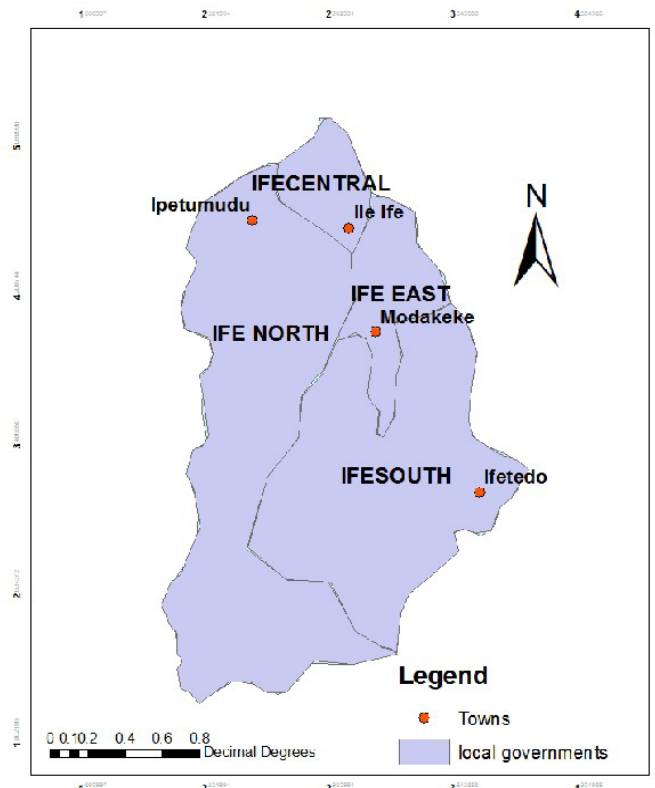


Figure 1
The three local governments studied in Osun State, Nigeria

RESULTS

1. Demographic Biodata of Respondents

This aspect of the study presents the statistics of the biodata of respondents. It comprises gender, age, marital status, religion, and educational qualification. The percentage of male respondents is 44.3% while that of the female respondents is 55.7%. It is evidently clear that the highest number of respondents were females. The respondent within the age range of 20-29 was 8.2%, 31-39 were 17.2%, 40-49 were 65.6% and 9.0% were between 50- 59years of age. This shows that the highest number of respondents came from the age range of 40-49 with 65.6% and the least of the respondents came from the age range of 20-29 years; 70.0% of the distribution are married, 23.3% are single while 6.7% are widowed/widower. Based on the religion of the respondents, 66.2% practice Christianity, 30.8% practice Islam and 3.0% of the distribution are traditional believers. As regards the educational qualification of the respondents, 89.5% are B.Sc. certificate holders, and 10.5 possess MPA/MPA/MSC qualifications. This gives evidence that the highest number of respondents came from the category of B.Sc. certificate holders. These figures implied that vast proportions of the distribution are educated. This implied that respondents were capable of supplying quality information for the study (Table 1)

Table 1
Bio-data Information of Respondents

Variables	Classification	Frequency	Percentage (%)
Gender	Male	59	44.3
	Female	74	55.7
	Total	133	100.0
Age	20-29 years	11	8.2
	30-39 years	23	17.2
	40-49 years	87	65.6
	50-59 years	12	9.0
	Total	133	100.0
Marital status	Married	98	70.0
	Single	31	23.3
	Divorced	0	0
	Widowed	12	6.7
	Total	133	100.0
Religion	Christianity	88	66.2
	Islam	41	30.8
	Traditional	4	3.0
	Others	0	0
	Total	133	100.0
Educational qualification	BSC	119	89.5
	MPA/MPA/MSC	14	10.5
	PHD	0	0
	Total	133	100.0

2. The Challenges of Effective Revenue Utilization Available to Ife East Local Government Area, Osun State

This section of the study presented respondents' views on the problems of effective utilization of revenue available to local governments in Ife East Local Government Area. As presented in Table 2, nine items were presented to achieve this objective. Based on if the revenues available to the local government have been poorly used for development; 41.7% strongly agreed, 34.1% agreed, 12.1% disagreed and 12.1% strongly disagreed. This implied that revenues available to the local government have not been well utilized. It was proposed that the revenue collected internally by the local government, be sufficient for substantive development; 4.8% strongly agreed, 12.1% agreed, 36.5% disagreed and 46.6% strongly disagreed. From these statistics, it could be seen that revenue generated internally by the local government is insufficient to facilitate substantive development in Ife East Local Government Area (Table 2).

It was postulated that statutory funding from the Federal government to Local Governments has been used for rural development without intervention from the Federal or State government; 56.2% strongly agreed, 34.1% agreed, 2.4% disagreed and 7.3% strongly disagreed. On if local government revenues had been utilized effectively for grassroots development; 24.3% strongly agreed, 66.1% agreed, 4.8% disagreed and 4.8% strongly disagreed. The implication of this is that statutory allocation made available to the local government has been tampered with by the State government interference. On if Local Government has traditionally been autonomous when it comes to its expenditures; 7.3% agreed, 43.9% disagreed and 44.8% strongly disagreed. This means that local government authorities lack autonomy in managing her expenditures. It was raised that had an expenditure of Ife-East local government been in accordance with their internally generated revenues; 7.3% strongly agreed, 2.4% agreed, 44.8% disagreed and 41.5% strongly disagreed. From this, it could be seen that the expenditure of the Ife-East local government had not been in accordance with their internally generated revenues (Table 2).

It was asserted that are local government expenditures planned based on allocations from the Federal and State government; 51.4% strongly agreed, 36.5% agreed, 9.7% disagreed and 2.4% strongly disagreed. This implied that local government expenditures are planned based on allocations from the Federal and State government. On if the Local government's internal and external revenues are sufficient for the Local Government expenditures; 7.3% strongly agreed, 4.8% agreed, 39.1% disagreed and 48.8% strongly disagreed. These statistics implied that the Local government's internal and external revenues are not sufficient for Local Government expenditures. In the same vein, it was raised that if the application of financial controlling measures affected the development of the Ife-

East Local Government Area; 14.6% strongly agreed, 12.1% agreed, 31.6% disagreed and 41.7% strongly disagreed. This implied that the development of the Ife-

East Local Government Area has not been significantly impacted by the application of financial regulating measures (Table 2).

Table 2
Distribution of Respondents' Opinion on the Problems with the Effective Use of Revenue Available to Local Governments in Nigeria in Ife East Local Government Area

S/ N	Statement	Strongly agree'		Agree		Strongly disagree		Undecided	
		f	%	f	%	F	%	F	%
1	The revenue of this local government has been poorly utilized for development.	17	41.7	14	34.1	5	12.1	5	12.1
2	Can the revenue generated by the local government internally be sufficient for substantive development?	2	4.8	5	12.1	15	36.5	19	46.6
3	The statutory allocation from Federal to Local Government is to be utilized for rural development by the Local Government without the interference of Federal or State governments.	23	56.2	14	34.1	1	2.4	3	7.3
4	Has the local government efficiently used its revenue for substantive rural development?	10	24.2	27	66.1	2	4.8	2	4.8
5	Has the Local Government been autonomous when it comes to their expenditures?	0	0	3	7.3	18	43.9	20	48.8
6	Has the expenditure of this local government been in accordance with their internally generated revenues?	3	7.3	1	2.4	20	48.8	17	41.5
7	The local government expenditures are planned with the anticipation of receiving funds from the Federal Government and State Government respectively	21	51.4	15	36.5	4	9.7	1	2.4
8	Both Internal and External revenues for local governments are adequate for the Local Government expenditures	3	7.3	2	4.8	16	39.1	20	48.8
9	The development of this Local Government Area is impacted by the Application of Financial controlling Measures	6	14.6	5	12.1	13	31.6	17	41.7

3. Problems With the Effective Use of Revenue Available to Local Governments in Ife-Central Local Government Area

This section examined the problems with the effective use of revenue available to local governments in the Ife-Central Local Government Area. It was hypothesized that revenues in the local government have been poorly utilized for development; 6.3% strongly agreed, 14.8% agreed, 53.4% disagreed and 25.5% strongly disagreed. On if internally generated revenue collected by local government is enough for substantive development in Ife-Central Local Government; 10.6% strongly agreed, 12.7% agreed, 40.6% disagreed and 36.1% strongly disagreed. These figures implied that revenues are inadequate and the available ones to local government are poorly utilized for development. In the same vein, it was proposed that statutory allocation from Federal Government to the Local Governments has been utilized without the interference of the State government; 57.3% strongly agreed, 40.6% agreed, and 2.1% strongly disagreed. This implied that the State government interferes with the statutory allocation that is meant for the Local Government (Table 3).

It was postulated that revenues available to the local government from various sources have been utilized effectively for substantive rural development; 21.2% strongly agreed, 14.8% agreed, 38.5% disagreed and 25.5% strongly disagreed. On if Local Government has been autonomous when it comes to their expenditures; 8.5% strongly agreed, 19.1% agreed, 40.6% disagreed and 31.8% strongly disagreed. This means that revenues

available to the local government from various sources are not effectively utilized for substantive rural development. As regards if the expenditure of Ife Central local government has been in line with their internally generated revenues; 10.6% strongly agreed, 4.2% agreed, 49.1% disagreed and 36.1% strongly disagreed. This revealed that the Local Government lack independence as regards managing their expenditures and the expenditure of Ife Central local government has not been in accordance with their internally generated revenues (Tables 3).

Furthermore, it was posed that are local government expenditures planned with the anticipation of funds from the Federal and State governments; 49.1% strongly agreed, 38.2% agreed, 10.6% disagreed and 2.1% strongly disagreed. On if revenues from internal and external sources are adequate for Local Government expenditures; 53.3% strongly agreed, 36.1% agreed, and 10.6% disagreed. The implication of this is that Ife-Central local government expenditures are planned with the expectation of funding from the higher levels of government and the internal and external sources of revenue are not sufficient for Local Government expenditures. It was asked if Ife-Central Local Government development was affected by the application of financial controlling measures, 6.3% strongly agreed, 14.8% agreed, 36.1% disagreed and 42.8% strongly disagreed. This trend of figures implied that the application of financial controlling measures has no significant effect on the development of the Ife-Central Local Government Area (Table 3).

Table 3
Distribution of Respondents' Opinion on the Problems with the Effective Use of Revenue Available to Local Governments in Ife Central Local Government Area

S/ N	Statement	Strongly agree'		Agree		Strongly disagree		Undecided	
		f	%	F	%	F	%	f	%
1	The revenue of this local government has been poorly utilized for development.	3	6.3	7	14.8	25	53.4	12	25.5
2	Can the revenue generated by the local government internally be sufficient for substantive development?	5	10.6	6	12.7	19	40.6	17	36.1
3	The statutory allocation from Federal to Local Government is to be utilized for rural development by the Local Government without the interference of Federal or State governments.	27	57.3	19	40.6	0	0	1	2.1
4	Has the local government efficiently used its revenue for substantive rural development?	10	21.2	7	14.8	18	38.5	12	25.5
5	Has the Local Government been autonomous when it comes to their expenditures?	4	8.5	9	19.1	19	40.6	15	31.8
6	Has the expenditure of this local government been in accordance with their internally generated revenues?	5	10.6	2	4.2	23	49.1	17	36.1
7	The local government expenditures are planned with the anticipation of receiving funds from the Federal Government and State Government respectively	23	49.1	18	38.2	5	10.6	1	2.1
8	Both Internal and External revenues for local governments are adequate for the Local Government expenditures	25	53.3	17	36.1	5	10.6	0	0
9	The development of this Local Government Area is impacted by the Application of Financial controlling Measures	3	6.3	7	14.8	17	36.1	20	42.8

4. Problems with the Effective Use of Revenue Available to Local Governments U in Ife North Local Government Area

This section evaluated the problems of effective use of revenue available to local governments in the Ife North Local Government Area. It was hypothesized that had revenue available to Ife-North Local Government has been poorly utilized; 62.3% strongly agreed, 33.3% agreed, and 4.4% strongly disagreed. On if internally

generated revenue collected by local government can be enough for substantive development; 22.2% strongly agreed, 6.5% agreed, 46.9% disagreed and 24.4% strongly disagreed. This trend of figures revealed that revenue available to Ife-North Local Government is poorly managed and, internally generated revenue collected by local government is inadequate to effect substantive development in the Local Government Area (Table 4).

Table 4
Distribution of Respondents' Opinion on the Problems with the Effective Use of Revenue Available to Local Governments in Ife North Local Government Area

S/ N	Statement	Strongly agree'		Agree		Strongly disagree		Undecided	
		F	%	F	%	F	%	f	%
1	The revenue of this local government has been poorly utilized for development.	28	62.3	15	33.3	0	0	2	4.4
2	Can the revenue generated by the local government internally be sufficient for substantive development?	10	22.2	3	6.5	21	46.9	11	24.4
3	The statutory allocation from Federal to Local Government is to be utilized for rural development by the Local Government without the interference of Federal or State governments.	30	66.7	15	33.3	0	0	0	0
4	Has the local government efficiently used its revenue for substantive rural development?	9	20.0	11	24.2	23	51.2	2	2.4
5	Has the Local Government been autonomous when it comes to their expenditures?	3	6.5	3	6.5	11	24.4	28	62.3
6	Has the expenditure of this local government been in accordance with their internally generated revenues?	5	11.1	3	6.5	17	37.7	20	44.7
7	The local government expenditures are planned with the anticipation of receiving funds from the Federal Government and State Government respectively	25	55.7	16	35.5	2	4.4	2	4.4
8	Both Internal and External revenues for local governments are adequate for the Local Government expenditures	3	6.5	1	2.2	19	42.2	22	49.1
9	The development of this Local Government Area is impacted by the Application of Financial controlling Measures	7	15.7	5	11.1	16	35.5	17	37.7

It was postulated that statutory funds that were provided by the Federal government to Local Governments have been utilized for the development of rural areas without Federal or State government interference; 66.7% strongly agreed and 33.3% agreed. This implied that the State government interferes with statutory allocation that is meant for Ife-North Local Government Area. On if the Local Government has been autonomous when it comes to its expenditures; 20.0% strongly agreed, 24.4% agreed, 51.2% disagreed and 4.4% strongly disagreed. This revealed that Ife-North Local Government authority lacks financial autonomy due to excessive State government interference. It was posed that had local government's internally generated revenues were in accordance with their expenditures; 11.1% strongly agreed, 6.5% agreed, 37.7% disagreed and 44.7% strongly disagreed. If local government expenditures are planned with the hope of allocations from the Federal and State governments; 55.7% strongly agreed, 35.5% agreed, 4.4% disagreed and 4.4% strongly disagreed (Table 4).

It was posed that are internal and external revenues enough for the Local Government expenditures; 6.5% strongly agreed, 2.2% agreed, 42.2% disagreed and 49.1% strongly disagreed. On if the development of Ife-North Local Government Area had been affected by the application of financial controlling measures; 15.7% strongly agreed, 11.1% agreed, 35.5% disagreed and 37.7% strongly disagreed (Table 4). From these statistics, it could be seen that revenues generated through internal and external are not adequate for the Local Government expenditures and, the application of financial controlling measures has no discernible impact on the growth of the Ife-North Local Government Area.

5. Reports on Interview Conducted on Problems With the Effective Use of Revenue Available to Ife East, Ife North and Ife Central Local Government Areas, Osun State

In an interview with Mr. B.H Oyetola, the Chief Executive Officer of Ife-East Local Government Area noted that constitutionally, Local Government is the third tier of government but, the reverse is the case. The place of Local Government in modern-day administration in Nigeria is not well pronounced in the constitution because most Local Government in Nigeria operates as appendages or subsidiary of the State Government. Ife East Government Council lacks political, fiscal, and administrative autonomy. Based on this, revenue made available to the Local Government through external and internal sources is hardly inadequate due to the absence of independence. The Chief Executive Officer of Ife-East Local Government Area added that there is a significant mismatch between the statutory power and responsibilities of the local government; the flow of financial resources at their disposal, and the restrictive boundaries of their tax-raising powers or fiscal jurisdictions.

On the sources of revenue available to Ife-East Local Government, the Chief Executive Officer noted that there are three major sources of revenue generation to the Local Government. First of it is the statutory allocation paid monthly by the Federal Government from the federations account; second is the grant of 10% of internally generated revenue paid by the State Government to the Local Government, and lastly is the revenue generated by the Local Government internally through taxation, rents, market levies, tenement rates, statutory marriages, fines, and investments established by the Local Government.

In an interview with Mr. M.A Olabisi, a senior administrative officer in Ife-East Local Government Area, he pointed out that the internal revenues and statutory allocations to state and local government have become woefully insufficient given the rising cost of running the local government, including the provision of secretariats, staff salaries and allowances, rental and building costs, provision of utilities and increasing outlays on maintained and new projects.

He added that the main problem of effective utilization of revenue in Ife-East Local Government is the shortage of revenues either from internal or external sources. According to the Local Government official, the biggest problem confronting Ife-East local government is insufficient finances. The formation of a State Joint Local Government Account (SJLGA) in each state of the federation, where funds from the Federal Account are lodged before disbursement to the local councils in the State, is partly responsible for this anomaly. State governments have taken advantage of this structure to deprive local governments in their jurisdiction of the needed funds for project implementation and rural development.

In an interview with Mrs. Fadekemi Oyediran, an Administrative Officer in Ife-North Local Government Area, she noted that sources of revenues available to Ife-North Local Government Area are statutory allocation from the higher-level Government, rates, grants, charges, fines, earnings on investments, loans, and miscellaneous sources. She added that Ife-North Local Government authority generates resources from slaughter and abattoir fees, bake-house licenses, meat, fish, cold room, butchers license fees, marriage registration, town union/organization, naming/registration of streets, reinstatement of births/deaths burial, dispensary/maternity fees, and environmental sanitation services. She added that the operation of the State Joint Local Government account is one of the key factors affecting Local Government revenues and expenditures. Due to multiple charges of account manipulation at the time of disbursement, allocation from the federal account frequently does not actually reach the local government councils during his procedure. The State government hardly makes their own contributions of 10% grants to the Local Government

as stipulated by the constitution. In most cases, before remitting to the council the State Government makes several deductions, such as counterpart funding of projects, income tax (upfront) by Local Government employees (payee), etc.

Furthermore, she added that Local government accounts are not kept properly, and funds intended for the local authorities are not properly accounted for. Most council Chairmen and Councilors consider monthly subventions from the federation account to be part of their share of the funds. In addition, the State Government has hijacked various avenues through which Local Government generates internal revenues. In addition to the problems of effective utilization of revenues in Ife-North Local Government, the State Government has taken control of the more lucrative and collectible revenue sources, leaving the local government with taxation with low revenue bases. In an interview with Mr. B.A Akomolafe, a staff of Ife-Central Local Government, he noted that a problem affecting the effective utilization of revenues at the grassroots is that the State Government control Local Government revenue mobilization capacity such as budgeting for the Local government without little or no involvement of Local Government administrators.

DISCUSSION

The purpose of this chapter is to summarize the research's results in relation to the subject "Problems of Effective Utilization of Revenue Available to Local Governments in Nigeria with specific reference to Ife East, Ife North, and Ife Central Local Government Areas, Osun State. In Ife-East Local Government Area, it was found that revenues available to the local government are not well utilized and revenue generated internally by the local government cannot be sufficient to facilitate substantive development in the Local Government Area. The study revealed that statutory allocation made available to the local government has been tampered with by the State government interference, which is similar to Alo, (2012) assertion that, the state government determines and dictates the spending limits of the local government within its territorial boundaries which is in affirmative with the findings. Also, Ife-East Local Government authorities lack autonomy in managing her expenditures. It was also discovered that Local government internal and external revenues are insufficient to cover their expenditures and that the implementation of financial controlling measures has not significantly impacted the growth of the Ife-East Local Government Area, (Badara, 2013, Olowu, *et al.*, 1992).

In Ife-Central Local Government Area, it was discovered that revenues are inadequate and the available ones to local government are poorly utilized for development. It was also revealed that the State government interferes with statutory allocation meant for the Local Government and revenues available to the

local government from various sources are not effectively utilized for substantive rural development. Furthermore, it was found that Ife-Central Local Government lacks independence as regards managing the expenditures which is in accordance with research carried out by Okafor, (2010) and Anayochukwu *et al*, (2022), it was confirmed that local governments lack financial, political, and administrative autonomy due to excessive state government interference, and their expenditure has not been in accordance with her internally generated revenues. Also, an effective internal control system can influence the effectiveness of internal auditors at the local level but it was revealed that the implementation of financial regulating measures such as the internal control system stated by Badara, (2013) has no significant effect on the development of the Ife-Central Local Government Area, due to corruption among the local government officials, which is in accordance to Awotokun, (1995) findings that, Local government revenue officials are filled with a high level of corruption, fraud, and embezzlement. Some of these dishonest council officers collect revenue for which they issue forged receipts to the payers, and the funds received are not paid into the councils' treasuries. Others collect revenue without giving out receipts.

In Ife-North Local Government Area, the study revealed that revenue available to Ife-North Local Government is poorly managed and, internally generated revenue collected by local government is inadequate to effect substantive development in the Local Government Area. It was also found that the State Government interferes with statutory allocation meant for the development and administration of the Local Government Area and, this finding is similar to Okafor, (2010) and Anayochukwu *et al*, (2022) research that the Local Government lacks financial, political, and administrative autonomy due to excessive State government interference which hinders its performance in providing effective social service delivery to the people in its region.

On a comparative basis, it could be seen that the factors responsible for the ineffective utilization of revenue available to local governments in Ife East are obtainable in Ife North and Ife Central Local Government Areas of Osun State. The Local Government is seen by the State Government as an extension of its political and administrative domain. In fact, since the governors believe that the chairmen of local government councils owe them a duty to 'deliver' whatever their monthly subvention is to them so that they can partake in how they are appropriated, this is because the governors and other top party officials, in most cases placed them in office (Ayodele and Anyabe, 2012). The three Local Government Councils under the study exist as a sub of the Osun State Government and not as an independent tier of government as stipulated in the constitution.

In some instances, mandatory deductions are made from local government accounts under the pretense of

obtaining their fair share of counterpart funding provided by state governments to finance their own initiatives. Such deductions end up in the pocket of either the ruling party, other organizations or specific individuals (Ayodele and Anyabe, 2012). According to Zikai, (2018) in his research about the overview of economical corruption in the US and analysis of its future, also v that corruption has an adverse effect on both developed and developing countries, It leads to slower economic growth through reduced savings, low investments, and wasted resources, which reduces the quality of life of people in developing countries, and increase the cost of business operations in the advance countries, which is similar to this finding as it buttresses the point that corruption is a worldwide issue and that has affected, not just the local government alone but the entire economy of the nation, as development starts from the grassroots.

These findings corroborate with Ibok, (2014) who stated that the local council's ability to act effectively has been hampered by a lack of funding for local government. The author also mentions the federal and state governments' frequent deductions from their monthly allocations for various purposes due to the State Joint Local government joint account (SJLGA). Ojugbeli *et al*, (2014) stated that the state joint local government account (SJLGA) was established to prevent possible manipulation, security of funds, and misappropriation for the local government, the state governments had however turned into a goldmine for themselves by making a number of illegal deductions, diverting funds and delaying the statutory allocation of the councils, turning it into a profit-making venture. Worst still, most state governments refuse to fulfill their monthly statutory obligations to local government by outright refusing to remit 10% of its total revenue accrued to the state monthly as stated by section 162(7) of the Nigerian 1999 constitution as amended that "Each State shall pay to local government councils in its area of jurisdiction such proportion of its total revenue on such terms and in such manner as may be prescribed by the National Assembly." (Ola and Tonwe, 2005) note that although the constitution provided that 10% of the total revenue of state should be disbursed to their local councils, the state governments had in most cases paid in only little fraction of the 10% and in some cases the State government does not pay anything to the local government council. Most councils struggle to get their statutory allocation paid to the State Joint Local Government Account (SJLGA) from the state government, also not getting 10% of the state's total revenue. Some situations have gotten so severe that many local councils are unable to pay staff salaries, let alone provide for basic needs". The lack of adequate funding for local government administration in Nigeria is due to these financial limitations, which also inhibit the efforts of local councils to provide better, more efficient, and more effective social services to the grassroots (Ibok, 2014; Okike, 2020).

Prof. Achebe (1993) in his book, "The trouble with Nigerian local government" stated that "*Corruption has passed the alarming stage and has entered the lethal stage and Nigerian local government will die if it continues to pretend that it is only slightly indisposed*". The local government system in Nigeria is plagued by significant levels of corruption. According to Awotokun (1995), Local government revenue officials are filled with a high level of corruption, fraud, and embezzlement. Some of these dishonest council officers collect revenue for which they issue forged receipts to the payers, and the funds received are not paid into the councils' treasuries. Others collect revenue without giving out receipts. Local governments lose enormous sums of revenue as a result of dishonest and fraudulent rates and fees collectors, licensing officials, collectors of fees and fines, market masters, and valuation officers. For instance, the ministry of housing and local communities (MHCLG) in their published review on the risks of fraud and corruption in local government procurement in England, gives cases of fraud and corruption in local governments in England and how it has affected the local government's purse. This shows that corruption is embedded in local governments, even in the developed world. The local government's internally generated revenue (IGR) is there for them to carry out their duties, but because corruption has grown so rampant among them, they do otherwise.

Furthermore, there is also a lack of transparency and accountability. Council funds are considered government funds. Account books are fabricated, and funds are embezzled carelessly. Nobody is held accountable and audit reports have become politicized, rendering them less useful in enforcing transparency and accountability in the country's local council areas (Ayodele and Anyabe, 2012). From different published literature, meeting the unique needs of the people at the grassroots is the basic rationale behind the establishment of local government. It is however disheartening to note that the local government in Nigeria has demonstrated incompetence in terms of revenue utilization. Some of these local government experience financial crises due to the problems of revenue utilization and are unable to address the challenges of service delivery and the mobilization of both human and material resources required for the functioning and meaningful development of the local government areas.

CONCLUSION

The Constitution of the federal republic of Nigeria recognizes local government as the third tier of government. The study in its evaluation of the problems with effective utilization of revenue available to Local Governments in Nigeria revealed that Local Government Councils are overly reliant on the Federal and State governments. In most local governments, state government interference has taken the central stage. It is obvious

that this inclination is a national malady. The majority of revenues earned internally do not flow into the local government account. It has been noticed during the work that Ife-East, Ife-Central, and Ife-North local government councils depend seriously on their monthly statutory allocation from the federation account and the 10% from the state total IGR, which has been affecting its activities because of this dependency syndrome. It is impossible for any local government to survive without proper financing. They should try as much as possible to depend less on an external generation of revenue and concentrate more on their internal sources. Also, they need to work on efficient and effective ways of collecting their revenue internally. They need to put in place strong way of checks and balances measures on the revenue collectors and other officers in charge. The study comes to the conclusion that in order for the public to have implicit trust in councils as the grassroots government closest to the people the problems must be resolved quickly. When local government service deliveries are prompt, adequate, effective, efficient, and sustainable, the local populace will willingly pay their taxes and fulfill other financial obligations.

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