GENERATION AND MANAGEMENT OF REVENUE BY LOCAL GOVERNMENTS IN NIGERIA

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ABSTRACT
This paper is concerned with the, "Generation and Management of Revenue by Local Government in Nigeria" (A Study of Enugu North Local Government Council) has been carried out. In this study, data was generated and analysed. In the cause of this study, the researcher made use of multiple data gathering to achieve precision and reliable results, whereby there are total of 800 employees in Enugu North Local Government; 250 were returned from a population of 266 sample size and the method of statistical analysis used in arriving at the sample size is called Yaro Yamani formula. The respondents were served with self administered questionnaires, personal interview was also conducted. Research questions 1, 2, 3, 4 and 5 were used and tested, from which the following findings were made. It was discovered that there were two principal sources of Revenue generation available to Local Government Council. These consist of grants from state and federal, internally generated from commercial activities rent from council property etc various problems were identified as factors responsible for low revenue generation, (example tax evasion e.t.c.) based on the analysis the study then concludes and made some recommendations as follows; (1) That there should be proper internal control to checkmate the proper handling of revenue generated from tax. (2) Hiring of qualified staff for the entire revenue department.

INTRODUCTION
Local government as an offshoot of the indirect roles system established in 1900 was introduced with the aim of maintaining law and other provide some limited range of social services and public amenities and encouraged co-operation and participation of the inhabitants toward the improvement of their condition of living and provide the communities with a formal organization framework, which enables them condition their affairs effectively for the general good of the population.

The realization of these hopeful objectives have been characterized by various problem ranging from lack of adequate revenue base, manpower shortage, tax/rate evasion, fraud. Malpractices of local government officers and poor response of the federal land state governments in carrying out their statutory obligations to the local government.

There can be question as to the importance of local government as to its function, when we consider the range, the character and impact upon the daily life of its citizens and the effective of these functions carried out at the Local Government. This assertion was upheld by Alexis de Tocqytere, the distinguished French social scientist who observed that Local Government Institutions are the strength of a nation.

The subject under consideration is to "Generate and manage revenues" vis-a-vis local government Frances. According to Professor Adebayo Agedeji (1992:147), local government has for a very long time constituted a great problem which Longman, practitioners, government functionaries, several authorities and experts through seminar and conferences have attempted to do so. He further opined that the success of failure and the effectiveness or ineffectiveness of local administration is dependent on the financial resources variable to the individual local government and the way these resources are utilized.

These statements sums the important role that financial resources and management play in the administration of local government apart from this, how this revenue is generated, how are they expended and administered. Enugu North local government derives its revenue from several sources. These include municipal under taking, fees, fines, property rates, trades and grants from the state and federal government. The local government with its various functions uses these revenue generation in carrying out its functions.
To further confirm issues, a study on council in urban town was carried out. Nonetheless, it is the intention of this paper to attempt and explain various problems confronting the Local Government Revenue generation drive, identify the causes of the problem and to proffer solution.

Thus, this paper argues first that the local government cannot perform effectively as a third tier of government in the present socio-economic structure of Nigeria without adequate revenue from the Federal and State Governments for financial support. Its ineffective machinery to tap the various Internal Revenue adequately and the lack of management and control of its resources.

The area now called Enugu North Local Government was originally, known as Premier Enugu Local Government Area, before 1976. In 1991, the local government was divided into two which comprised of Enugu South and Enugu North local government areas respectively. Invariably Enugu North by virtue of its size and significance is being referred to as premier local government within the east of the Niger. The local government houses both the State and Federal Ministries as well as parastatals with a population of about 14,600 people within the local government, it has six departments which include works, finance, health, Agric, Admin, Social Welfare and Education departments with staff strength of about six hundred and thirty five, it also operate an extended services in personnel and town planning, in this area they work in conjunction with the state arm concerned.

During those reforms for the generation or creation of local government in 1975, they issued a blue print called guideline. For local government. The guidelines stipulated inter alie that local government should have a population of between 150,000 and 200,000 in order to meet government requirement viz:

a. To make appropriate service development activities responsive to local wishes and initiate development programme and delegating them to local representatives/bodies.

b. To facilitate the exercise of democratic self government close to the local levels of our society and to encourage initiatives and leadership potentials.

c. To mobilize human and materials resources through the involvement of members of public in the local departments.

d. To provide a two way channel communication between local communities and government (both state and federal).

Study Problem

It is a truism that the outright implementation of local government programme is dependent on the resources. The question remains on how long and how well, will local government perform considering the present nature of revenue generation.

The local government play a vital role in the press particularly in development countries like Nigeria and countries which are potentially more capable and importantly to bring about accelerated development including physical infrastructural facilities, then to those of the local government to ensure a firm base for development, we should go down to individual tax payers themselves. The reality of the assertion is rather unfortunate. In Nigeria, as most local government allocation that hardly come and unimpressive internal revenue base. It is however the intention of the researcher to highlight on the need for improvement of various sources of local government revenues and its administration therefore specifically, the writer seeks to answer the following questions:

1. What are the various source of local government revenue?
2. What are the problems militating against generation of revenues?
3. How adequate are the revenues generated vis-a-vis projected, estimated expenditure.
4. What are the possible ways of improving the source of revenue generation for local government?
5. How the revenue generated is administered and expended?
6. Of what importance is local government planning and development?
Local government being a council element in the political program of any system has immense importance in the building of sound foundation. In some countries, recognition of this fact has contributed in their writing to introduce, analyze and exchange views on the concept of local government, its purpose and functions, the structures, its finances, staffing and the inter-governmental relations.

However, there is efficiency of literature on the subject of consideration and the management despite the numerous research which has been carried out over a decade this study would however review literature related area which will help to throw more light to the subject of the study.

The Enugu North local government is headed by a democratically elected chairman and assisted by councilors, representing different electoral wards. The chairman, councilors and top management staff of the local government, makes up the executives committee of local government, headed by the chairman. Among the elected councilors are supervisory councilors chosen to hold key portfolios with the local government in the implementation of the programmes.

The various portfolios assigned to these supervisory councilors include health, finance, works and education, apart from those assigned roles, he also head the committee under his portfolio. Also among those supervisory councilors chosen are vice chairman, who represent the chairman in his absence or where the chairman is Temoled. The executive committee headed by the chairman has a lot of obligations and they are:

a. The implementation and execution of decision of the local government.
b. Review consideration and co-ordination of the activities of the various committees set-up.
c. The implementation and execution of the decision of the local government council with which no other committee is charged.
d. The consideration and award of contract we also have the health committee also headed by the supervisory councilor and is functions are as follows;
   a. The provision and maintenance of public convenience and refuse disposal.
   b. The supervision and maintenance of health service including control and management of health centre materials and dispensaries.
   c. Concurrent responsibility of environment

The education committee is another one that is responsible for;

a. Provision, maintenance and control of primary school education within it area of authority.
b. Audit literacy programme.

The finance committee is the fourth of the committees set up and this is headed by supervisory councilor which has the following functions.

a. The regulation and control of the local government and
b. The rendering of advice to local government finance of the council.

The fifth committee is works which is also headed by a supervisory councilor responsible for the following The construction and maintenance of streets, roads, other public highways, drainages, parks and open space.
ORGANIZATION CHART OF ENUGU NORTH LOCAL GOVERNMENT

Council

Chairman/Chief Executive

Treasurer

Works engineer

Secretary Admin

Principal Health Medical

Chief healthy Supt

Unit Dept

Revenue Dept

Civil Engr. Dept

Mech/w Shop

Principal Secretary

Maternities

Under Secretary

Principal Asst Secretary

Senior Executive Secretary

Open/Conference Registry
Town Planning

There are other sub-committee that guide the council in planning and execution of its various programme. These include the following:

- Public Liquor committee
- Liquor Licensing
- Land Allocation advisory committee

From the above, it could be seen that the council functions through committees in order to arrive at positive guide of action and include in one of the most important political functionaries in the area so decision making.

The management organization of local government is not complete without the participation of the administration sector of the local government. In every organization there are administration functionaries’ structure designed to make a smooth running of such organization work. Administration chairman still leads the local government council supported by the various head of departments, these departments include local government may be classified under the following major headings.

- Taxes
- Rates
- Local License, Fee and Fine
- Earning from Commercial Undertaking
- Rent on Local Government Property
- Grants and Miscellaneous

SOURCE OF REVENUE TO LOCAL GOVERNMENT

According to Gboyega (2001:59) source of local government revenue include the following:

- Local government generates money by taking the communities; this community tax is imposed on all taxable adults living in a particular community. All employees on the pay as you earn scheme are exempted from paying the community tax.
- Local government received grant from the central government. In Nigeria, the grants are known as statutory allocation from both the federal and state government. There are also special grants to enable local government perform certain functions. This may be a matching grants in which case the state or federal government provide money or facilities to cover a certain percentage of the cost required to carryout a particular programme.

According to Ocheoha (2000:225) the function conferred by law on local government councils are listed in the forth schedule of the 1999 constitution. Many of those functions have revenue earning potentials. We saw earlier that the federal board of Inland revenue are responsible for assessment and collection of all federal collected revenue notably the company income tax, petroleum profit tax, capital gain tax and Value Added Tax (VAT) on the other hand, the state board of internal revenues is statutorily charged by ITMA, with responsibility of assessing and collection of income taxes while local government councils of licenses and fees from eligible persons within their respective local government areas. They also serve as agents of the state government.

MANAGEMENT OF LOCAL GOVERNMENT REVENUE

The experience of the author while, serving as sole administrator and later chairman, caretaker committee of Ihiala Local Government Anambra State 1987-1990. Ocheoha (2000:231) stated that local government councils should exploit their various sources of internally generated revenues due to them from all source without deference to some councilors, party stalwarts and rich Lords who evade payment of rates due on their landed property and commercial ventures. The law making vehicle emblems, bicycle license plates, truck and car licenses obtained from any local government in Nigeria valid nation wide, should be fully enforced and respected as a counter-poise to the unhealthy competition and imposition of double levies on rate payers by contiguous local government. Besides, local government council should print their emblem licenses and places before the end of an outgoing year with a view to utilizing them from the first week of the new fiscal year. To avert embezzlement of revenue by some unscrupulous revenue collectors through the temporary receipt syndrome early in the New Year.

A strong field monitoring unit should be introduced, composition of which should include trained accountants, auditors and security personnel to ensure public accountability of all revenue collected. Prosecute swindlers of public funds and break the fake receipts syndicates in the local government revenue systems. The use of revenue agents, party supporters and untrained temporary staff for collection of revenue
by local government should be discouraged while trained career officials who are accountable to their superiors should be allowed to perform their official functions of revenues collection and accounting.

Local government should expose their revenue staff to constant training and courses to update their knowledge and ethics of revenues collection in the field, and combat malpractices. By carrying out the reforms suggested above, local government should be able to generate enough revenue from internal sources to fully augment shorter falls in federal and state morale and motivation of their staff who will then embark on revenue drive with attendant zeal and account for funds collected with due honesty.

STATE AND LOCAL GOVERNMENT PARTNERS IN PROGRESS IN THE THIRD REPUBLIC

According to Awlokun (1995:182), the end of the transition from military rule to civilian governments approach. The most appropriate ways which should catch our attention and imagination is how to have a sustainable and ensuring democracy as we are very close to the frustrations and subsequent failure of the democratic regime of the first and second republic.

Let me also hasten to remark that the paper of this nature is appropriate especially at this time of transition from military to civil rules. The question which faces us today as a country is that how do we sustain an enduring relationship among the level of government within the context of cooperative federalization as we have in Nigeria today? It is against this background that this paper has been set out to discuss the relationship under the umbrella of a presidential system of government. At this juncture, we may ask what does this relationship looks life? The present relationship and historical antecedent.

In order to understand the present relationship between the state and local government, it will be expedient to make allusion to the past. The general principles which characterized the state-local relations has been patron client (master servant) relationship. This development ran from the colonial era through the Independence, at Independence the various regional governments continued with this oppressive relationship since it suited their purpose.

The then native authorities in the country were seen as an extension of the regional administration. This was the general situation until the 1976 local government reforms was put in place. This reform could be regarded as "watershed" in the history of Nigeria local government system and other subsequent reform with the 1976 reform there began a ray of hope in the official recognition of local government as the third tier system, even though the author believed that local government should continue to play a subordinate role to state government. As the chief of staff, supreme headquarters brigadier Shehu-Musa- Yar’Adua (in whose schedule of duty

PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

In analyzing the data collected, tabular method are adopted in the presentation of data.

Question One: How do you access local government council motivation efforts.

Table 4.1. Responses

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Number of Respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Efficient</td>
<td>36</td>
<td>13.54</td>
</tr>
<tr>
<td>Efficient</td>
<td>40</td>
<td>15.03</td>
</tr>
<tr>
<td>Poor</td>
<td>100</td>
<td>37.59</td>
</tr>
<tr>
<td>Very Poor</td>
<td>90</td>
<td>33.84</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>266</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Research Data 2011.

This table 4.1 shows that (13.54) respondents access the local government council motivation efforts very efficient, while 40(15.03) access it efficient, another 100(37.59) said its poor and 90 (33.84) said its strongly very poor.
Question Two: How does inefficiency of local government management affects development?

Table 4.2. Responses

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Number of Respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor Service Delivery</td>
<td>100</td>
<td>37.60</td>
</tr>
<tr>
<td>Low Staff Morale</td>
<td>86</td>
<td>32.33</td>
</tr>
<tr>
<td>All of the above</td>
<td>80</td>
<td>30.07</td>
</tr>
<tr>
<td>Total</td>
<td>266</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research Data 2011.

Analysis

From table 4.2, 100(37.60%) respondents agreed that poor service delivery affects efficiency of local government management, 86(32.33%) are of the opinion that low staff morale affects the located management, while 80(30.07%) shared in different opinion.

Question Three: How does local government utilize its revenue collection from various sources?

Table 4.3. Responses

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Number of Respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly Satisfactory</td>
<td>76</td>
<td>28.57</td>
</tr>
<tr>
<td>Satisfactory</td>
<td>100</td>
<td>39.59</td>
</tr>
<tr>
<td>None of the above</td>
<td>90</td>
<td>31.84</td>
</tr>
<tr>
<td>Total</td>
<td>266</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research Data 2011.

Analysis

Based on the above table it could be seen that 76(28.57%) respondents said highly satisfactory, 100(39.59) said that local government utilizes it's revenue collected from various source to a satisfactory level and 90(31.84) responses opined that funds collected are not utilized in any of the above ways thus having no idea.

Question Four: How does local government source its revenue?
Table 4.1.4 Responses

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Number of Respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internally</td>
<td>50</td>
<td>28.02</td>
</tr>
<tr>
<td>Externally</td>
<td>100</td>
<td>37.67</td>
</tr>
<tr>
<td>All of the above</td>
<td>110</td>
<td>34.37</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>266</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>


**Analysis:**
The table above shows that 50(28.02) responded internally, while 100(37.61) went for external and 110(34.37%) stood for all of the above.

**Question Five:** How does the internal and external generated is being manage?

Table 4.1.5 Responses

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Number of Respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Efficient</td>
<td>40</td>
<td>15.03</td>
</tr>
<tr>
<td>Efficient</td>
<td>51</td>
<td>19.17</td>
</tr>
<tr>
<td>Poor</td>
<td>90</td>
<td>33.84</td>
</tr>
<tr>
<td>Very Poor</td>
<td>85</td>
<td>31.96</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>266</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>


**Analysis:**
The above presentation shows that 40(15.03%) responded very efficient, 51(19.17%) just efficient while 90(33.84%) believe it is poor and 85(31.96%) also said that the internal and external revenues generated is very poor in terms of management.
FINDINGS.
The researcher found out that motivation of Enugu North Local Government Council efforts is poor. The researcher also discovered that poor service delivery affects inefficiency of local government management development.
Thirdly the researcher observed that local government utilizes the revenues collected from various sources to a satisfactory level.
Fourthly, the researcher identified that local government source its revenue in all of the above.
Finally the researcher observed that local government managed its internal and external revenue in a very poor manner.

CONCLUSION
The following conclusions have been drawn from the relevant major findings of the study which entails that Enugu North local government has not been able to manage the revenue generated effectively this situation may be attributed to the value the Nigeria society attaches to revenue generation and the large extent family responsibility that leads the management of Enugu North not to manage the revenues collected appropriately.
However, they have not failed completely because most times the state are found of failing in its statutory obligations to local government council either by failing to give required statutory allocation to the local government by directing such revenues to other areas.

RECOMMENDATION:
The following are the researchers recommendations It is obvious that local government agents cannot give a proper account about the money generated from taxes, fees and rate. This is because they are not properly checked. It is also true that the local government workers always come to work anytime they like, because nobody care to ask them, and at the end of the month, they are being paid. Note that the local government is mismanaged by some of the executives, while corrupt practices have eaten deep into the fabric of some officials because most of the revenue collectors are fraudulent in their day to day collections.
It is quite apparent from the study that the current revenue generation is not enough to meet the needs of the people for the desired development.
REFERENCES


