

An Assessment Of Internally Generated Revenue On Local Government Administration

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Abstract: This study aimed at assessing the effectiveness of internally generated revenue on local government administration and also find out the problems associated with the generation and disbursement of revenue. The population of this study comprises of 1,200 staff but, because of the large population the research takes a sample of 350 to represent the entire population. Data was collected from primary source of data collection and the data generated was analyzed using simple percentage method. Based on the analysis, the following findings were deduced: that internal generated revenue help in day to day running of the local government which further aid development. The study also found that corruption, mismanagement and inadequate supervision of revenue staff are some of the problems associated with the revenue generation in Mubi South Local Government Area. The researcher advanced the following recommendations: that the local government should not depend on subvention but should capitalize on the internal generated revenue in other to function effectively and efficiently. It should also fight corruption by punishing any staff found guilty of corruption and in addition to employing competent staff who can handle the office effectively.

Keywords: Internally, generated, revenue, local, government, administration,

I. INTRODUCTION

In many countries, Nigeria included, the local government is widely acknowledged as a viable instrument for rural transformation and for the effective delivery of social economic services to the people. According to Obadan (2008) the local government in Nigeria is a well-recognized third-tier of government. It is administration or government at the grass roots or local level. At this level, government is expected to be very close to the people, both in the villages, settlements and towns, and to impinge on the day-to-day life of the common-man. Furthermore, local government is expected to be actively involved in the overall national development objective of achieving a broad-based social and economic development and securing an optimum utilization of manpower. Local governments are strategically located to deliver on the functions spelt out for it for three main reasons: proximity to

the people; greater responsiveness to the needs of the local populace; and simplicity of operation in local government organizations usually not complex, (Uhunmwangho, 2013).

Accordingly, the revenue share of local governments in the Federation Account has progressively increased from 10 percent in the early 1980s to 15 percent in 1990. As at 2012, this proportion stood at 20 percent. The prevailing federal government revenue allocation formula stipulates that local government is entitled to twenty percent of the revenue accruable to the federation account and ten percent of the internally generated revenue of the state governments, in addition to their own internally generated revenue, which though, in most cases are usually small. The local governments are therefore in a situation where they depend almost entirely on the federal and state governments for funds for the performance of their statutory functions (Bello-Imam, 2010).

Although local government has existed in one form or the other in Nigeria for quite some time, it was after a number of reforms, particularly the 1976 reforms and the subsequent ones, that it acquired the respectable status it now enjoys today. One compelling reason for the reforms was the need to make local governments perform their economic development functions better. However, Nwankwo (2013), the basic rational behind the creation of local government is to meet the peculiar needs of the people at the grassroots. It is however pathetic to note that the local government has demonstrated incompetence in regards to its revenue utilization and substantive development. The resultant effect of the problems of revenue utilization is that some of these local governments end up in financial crises and are unable to tackle the challenges of services delivery and mobilization of both human and material resources required for the functioning and meaningful development of the local government areas. Therefore, underdevelopments continue to rage and people are ignorant or indifferent to the reasons why local governments are created.

According to Ofoeze (2011), eradication of corruption in the local government as well as corrupt free personnel or officer in the local government will ensure effective management of local government revenue. Indeed, as Prof. Achebe (1993) in his book, "The trouble with Nigerian local government" as put it, Corruption has passed the alarming stage and has entered the fatal stage and Nigeria local government will die if it keeps pretending that it is only slightly indisposed. The local governments must allow the virtues of democracy such as equity, equality, liberty, popular participation, accountability, transparency, plurality of policy options, etc. Nnewi North local government is not exempted, is sick from head to toe with corruption.

As Okereke (2012) would note, that corruption is not fond in the local government but among the personnel who operates in local government although corruption cannot be completely eradicated in the local government councils but should be minimize in a very high rate. There is no financial controlling measure used by local government in the utilization of revenue. Since approval comes directly from the chairman's influence.

The issue of self-sustenance has been the problem in the effective running of local governments in Nigeria. Over the years, the local government has been over depending on the federal allocation to the neglect of their internally revenue generation source. This has affected the effective administration of the local government as many deficit, or shortfall in the revenue allocation will grossly undermine the systems smooth operation. It is known that no organization can be effective unless it enjoys some measure of financial independence, it is worthy to note that finance is the most critical variable for local government to be able to provide effective administration and ultimately provide services. Without enough or sufficient funds, administration system will not be enough and to function well no matter how clear, the objective of the local government. However, well-structured is its administration structure, positive result in relation service delivery can only achieve if there is enough to maintain this structure (Ademulekun, 2003).

For the local government council to render meaningful services, in form of provision of basic amenities, construction and maintenance of roads, creation of employment opportunities for the citizens and payment of staff salaries as at when due, money is undoubtedly required without the availability of revenue, a local government council will not only be incapable of serving the people but will undoubtedly crumble. It therefore, follows that for the local government to discharge its statutory functions effectively, it should not only be adequately funded but such fund should be efficiently applied. In effect, disproportionate fund was often released by the state government to meet the needs of LGs which often fell short to pay staff salaries and for efficient administrative management.

Hence, the scenario of 1983/84 is repeating itself in 2014/2105 whereby salaries remained unpaid for upward of 5 to 10 months to LG staff in most states of the federation necessitating a bail out from Buhari administration Ovaga, (2009). Therefore, as observed by Chukwumeka et al, (2014), Ani et al (2013), Ezeani (2012), and Ugwu (2010), the financial resources directly available to LGs in Nigeria are grossly inadequate placed side by side the societal expectations and constitutionally assigned responsibilities. The over reliance on federated fund or statutory allocation constitute a challenge to LG administration in Nigeria. Hardly could any LG in Nigeria function effective without receiving monthly allocation. The Fourth schedule of the 1999 constitution clearly stated the functions of LG and sources of revenue which are not effectively tapped to the advantage of the system. These include that the state government have taken over most of the juicy sources of internally generated revenue including large markets, naming of street, and tenement rate among others. In addition, the 10 per cent of the internally generated revenue of the state government were not often remitted to LG. All these factors to a large extent strangulated the LG form effective service delivery (Ibok, 2014 and Abada, 2007).

The bloated personnel structure has to a large extent expanded the financial burden of the LG though it may be argued that creation of employment opportunities is an essential attributes of a good government. However, when such employees were not properly engaged, they turned out to be cogs in the wheel of progress (Alao, D. Osakede, K. & Owolabi, T. (2015). However, all states in Nigeria have Local Government Service Commission among other functions to streamline employment issues, most employments were politically motivated through donation of staff rather undergoing real engagement procedure. Considering the lingering problems and challenges faced by local government in Nigeria, the study intends to assess the efficiency of internally Generated Revenue on Local Government Administration specifically Mubi South.

II. LITERATURE REVIEW

This section covers concepts of revenue generation, review of prior studies relating to the concept and reviews of theories that explain the study was covered which will be focused at assessing the effectiveness of internally generated

revenue on local government administration in Nigeria particularly Mubi South local government.

A. CONCEPT OF REVENUE GENERATION

In Nigeria, local governments have never had the kind of financial importance they now recently enjoy. If this is the case, it thus appears as if the argument by the like of Souza (2002), that fiscal decentralization of the higher tiers and expansion of local government fiscal jurisdiction is beginning to lose weight as the problem of local government may not really be that of insufficient funding but probably that of mismanagement of funds or revenue. In Brazil, according to Souza (2002), attempts to readdress the financial and managerial limitations of local governments have been made by the federal government by introducing new policy designs and financial schemes aimed at the localization of two areas of responsibilities, health care and primary education. The reason for this was to create a national standard guaranteeing local citizens access to health care and education. But unfortunately, in Nigeria, responsibilities are often times localized without equal and appropriate increase in the revenue allocation.

Local Government was the most appropriate place where local requirement can be ascertained and mobilized local resources to foster development at the local level. Because of Local Government familiarity with the local communities and conversant to their problems, aspiration of the people is more potentially better placed than at the state or federal government in regard to provision of social services to its people, such as rural feeder road, healthcare services, education, water supply and rural electrification programmed. Therefore, local government has to device means of generating fund to enable her provides these services to her people. Ozore (1976:98) described local government as "the government at the local level exercise specified power within a defined area" that is power should be giving to the council for substantial control over local officer as well as institutional and financial powers to initiate and determine the implementation of project so as to complement the activities' of the state and federal in their areas. Bello (1987) believed that the purpose of local government essentially is to promote democracy at the grassroots level.

The statutory allocation to local government has enhanced their economic fortunes and improved efficiency and effectiveness in service delivery. On the other hand, the financial buoyancy of Nigeria local governments due to the incidence of statutory allocation has conditioned a systematic decline in their internally generated revenue (Bello-Imam, 2010). Local governments are constantly faced with problems of restricted fiscal jurisdiction. In other words, the participation of state and federal components to often generate revenue from local environment encroaches on the fiscal jurisdiction of local government.

A lot has been written and said on the finances of local government in Nigeria. Most of the contributors identified inadequate finance as a major problem hindering the efficient performance of the functions of local government in Nigeria (Adedayo, 2006). In fact, the so called independent sources of revenue are not really independent because they require government authorization before they can be collected. No

local authorities can increase the rate of local tax (Community tax). Independently, there must be legal provisions for local fees and all these are approved by government before inclusion in the estimates.

Ossisioma (2001), says that, the local government serves two basic systematic roles which are as follows: the instrumental role and the mobilization role. The instrumental role facilitates local government control over the local society and serve as data and information collection center's for state and federal government while the mobilization role husbands local energies and serve as avenue for realizing its full potential like internally generated revenue. In Nigeria, the instrumental role is more dominant. On the other hand, Rabiu (2000), identified the problems of revenue generation saying that the fault is from the personnel who may not be honest and some lack adequate training and aptitude to the job. Bawa (2003), traced that the problems of revenue generation are lack of revising the figures to cope with present day realities. Likewise, Boniku, A. (2005), observed with dismay on the problems of evasion which is very rampant in all the revenue set up of the local government, even though she observed that evade because they do not have the money to pay the revenue against them some eligible payers succeeded in getting their names omitted from the nominal roll.

Egowon (1984), viewed that the internally generated revenue base of the local government is poor, inelastic and difficult to collect. He further pointed out that, cases of high incidence of corruption, fraud and embezzlement among revenue officials, is high. He also went to say revenue officials collect and issue fake receipt to the payee. Others collect revenue without receipts and in this process huge sum of money is loss by the council. While According to Osioma and Dean (2002, asserts that, there was a revenue report by a task force on tax administration 1997 which identified five (5) problems of revenue generation: (1) There is difficulty in identifying tax payer due to lack of underlying record of registration of birth and death rates. (2) On the other hand Poor postal and telephone links. Revenue staff could not be sure that their communication has been delivered to the tax payers. (3) Also among the problems identified was Lack of compliance with revenue requirements that is a common preparedness to ignore the revenue authorities or mislead to do without them. (4) Lack of knowledge among tax payers about tax requirements coupled with (5) Difficulties in assessing income or profit for revenue purpose example market trader, subsistence farmers, cattle dealers also affect revenue generation of Nigerian Local Government. Adejoh and Sule, (2013) posit that Revenue could be seen as the funds generated by the government to finance its activities. In other words, revenue is the total fund generated by government (Federal, state, local government) to meet their expenditure for a fiscal year. This refers also to the grand total of money of income received from the source of which expenses are incurred. Revenue could be internal or external revenue

In Nigeria, it has been largely established that local government depends very heavily on external source of funding especially from the federation account. This must have informed submission by Mbanefo and Bello-Imam (2010:180) submission that, —if the instability in federal government revenue as a result of the changing fortunes of oil

price in the international market is not to be allowed to introduce greater instability in the budgetary process of the local governments, then, there is an urgent need for the local governments to explore and exploit their own independent revenue sources. Aborisade (1988), describes revenue as the total income generated from federal, state and local government. He states further that what makes local government a constitutional matter is the revenue sharing perspectives.

a. *SOURCES OF LOCAL GOVERNMENT REVENUE IN NIGERIA*

Ola and Tonwe (2005:2) had noted that the dearth of finance had always been one of the major handicaps that hinder local governments in the performance of their functions in the country. Interestingly, though the 1976 Local Government reform does not only streamline Local Government functions but also "clearly stated the functions and provisions for ensuring adequate human and financial resources. The revenue that accrues to Local Governments in Nigeria according to Olaoye et al (2009:24) is derived from either External sources or internal sources.

EXTERNAL SOURCES: The external sources of Local Government revenue/finance include:

- ✓ Statutory allocation from federation account in accordance with section 162(3) of the 1999 constitution of the Federal Republic of Nigeria.
- ✓ Statutory allocation from State Government to the local governments in its area of jurisdiction.
- ✓ Federal grants
- ✓ State grants
- ✓ Borrowing from State Government and financial institutions.
- ✓ Local government share of value added tax (VAT).

INTERNAL SOURCES The internally government revenue of Local Government includes the following:

This varies from one local council to another and influenced by the cultural, political and cultural setup of the people concerned. Such revenue includes:

- ✓ Rate radio/television license fees
- ✓ Fee charges for the use of cemeteries and burial grounds
- ✓ Bicycles, trucks, canoes, wheel barrow, etc.
- ✓ Fee for the use of slaughter house
- ✓ Fee for the registration of birth, death and marriages
- ✓ Property and tenement rates
- ✓ Registration fee for shops and kiosks, restaurants, etc.
- ✓ Liquor licensing fees.

Apart from the foregoing sources, other sources of revenue could be by donation from public spirited individuals or philanthropists, with a view to assisting the Local Government to carry out a particular project or program. However, it should be noted that out of the major internal revenue sources statutorily allocated to Local governments, the combination of rates, local license, fees and fines, and earnings from commercial undertaking account for upwards of 75% of Local Government internally generate recurrent revenues. Ola and Tonwe (2005:122), on the other hand, noted that statutory allocations from the federal and state government constitute the major source of revenue of local

governments in the country. (Ugwu 2000:41). Having outlined the vital areas of revenue generation to local governments in Nigeria, there is needed to examine the problems of revenue generation in local administration.

b. *THE ROLE OF CATTLE MARKET IN MUBI SOUTH LOCAL GOVERNMENT REVENUE GENERATION*

Cattle market has been the major part of the internally generated revenue to Mubi South local government. The cattle market was the second basic source of revenue in the region, thus second to agricultural product. Cattle market became one of the additional concerns shows by many businessmen throughout the country. This contributed to the increase in the numbers of the cattle dealers throughout the country. The major state that processes cattle in Nigeria are: Adamawa, Borno, Gombe, Bauchi, Taraba, Katsina and Sokoto States. This can be attributed the existence of many Fulani in those states whose most of their life time depended so much on cattle rearing and their situation by the border of Nigerians and others countries like Cameroon, chad, Niger, Sudan and Republic of central Africa contributed in boasting the business, a lot of cattle are imported into Nigeria from those countries.

The role of cattle market in the administration of Mubi South local government or development of this country cannot be overemphasized ranging from the economy, social and cultural aspects.

Economic aspects; the cattle market is the major source of revenue to the local government and revenue being very important for any organization to stand on its own, there is need to look into this major source of revenue with the aim of finding solution to improve the effective collection of revenue in the cattle market of Mubi South local government.

While on the Social aspects, the cattle market has been a source of employment to both public sectors who are civil servants working with local government and the private sectors who operate their business in the cattle market. The operation saves as social interaction between different classes of people within and outside the country who import their cattle into the market and people from western and southern part of the country who come to buy cattle. The Fulani people who are the cattle bearers uses this advantages as meeting point for the Fulani or almost four countries namely: Nigeria, Chad, Cameroon, Niger and Central Africa, make friends and discuss issue of common interest.

c. *PROBLEMS OF REVENUE GENERATION IN LOCAL GOVERNMENT ADMINISTRATION IN NIGERIA*

The Source of finance has been one of the major problems of Local Governments in Nigeria. In the past, Local Government relied on internally generated revenues which were hardly sufficient to meet their needs. This led to the slow pace of development in Local Government Areas, especially in the rural areas (Uhunmwangho & Epelle, 2008). The fact that Local Government requires finances to perform its statutory assigned responsibilities needs no emphasis. While

revenue from the federation account is certain, though actual amount may not be determinedly certain, that of internally generated revenue is always fraught with myriads of problems, resulting in meager collections by local council. Some of such problems were explained in these paragraphs:

Internal revenue generation is impaired as a result of the macro – level of governments (Federal and State) holding on to those functions the performance of which yields high revenue returns. For instance, the State Government cannot devolve to local councils such areas as water supply, motor vehicle licensing, approval of building plans, etc. that are very lucrative.

Failure to remit 10% to Local Government by State Governments is yet another problem associated with revenue generation of Local Governments. Ola and Tonwe (2005:203) noted 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 a small fraction of the 10% to their local government councils, and in some cases, nothing at all was paid to the local government councils by the State Governments. This still remains the position today. Most councils cry to get their statutory allocation paid into the State Joint Local Government Account (SJLGA) from State Government talk less of getting 10% as state revenue to the councils.

Misuse of state might on State Joint Local Government Account (SJLGA) as the constitution provides that funds from the federation account for State and Local government account should be maintained by the State Government. In most cases, the State Governments make several deductions, such as counterpart funding of projects, income tax (upfront) by Local Government employees (payee) etc. before remitting to councils whatever it deems fit. This situation is worsened under transition committee chairmanship of Local Government Councils. As usual, no transition committee chairman has the guts to question the governor of a state that magnanimously appointed him. This is another sorely situation that have had negative effect on the revenue profile of Local Government Council in the country.

Another factor as noted by Gunman (1984:106-7) which has been significantly responsible for low internal revenue generation is that, for fear of incurring the anger of the communities in the constituency they represent, quite a number of councilors prefers to play it safe by dissociating themselves from any move by the council to revise taxes upward, even when desirability of such revision is obvious (Ola and Tonwe 2005:262).

Cynicism and reduction and refusal to pay rates, charges among others due to poor record of performance of Local Government in Nigeria (Ojofeitimi, 1998:3). This view point was corroborated by Ola and Tonwe (2005:278) when they said that there have been incidents by violent attacks by angry villagers on tax collectors of Local Government because of their opinion, Local Government's officials are only seen when they want to collect taxes and not return to render any services. There have been organized agitations to boycott the payment of taxes, with the slogan „no service no pay” (Gunman 1984:108).

Embezzlement of revenue by Local Government revenue collectors have also resulted in widespread unwillingness by

communities to pay taxes. There have been reported cases of revenue collectors helping themselves with funds collected for the councils, thus discouraging would – be tax payers” from taking this civic responsibility seriously. Thus, tax evasion becomes common place.

Orewa and Adwoman (1992:92) posited that one of the factors responsible for Local Government poor revenue collection is the casual attitude of the revenue collectors and other treasury staff. They labour under the illusion that (no matter) whatever revenue they collect directly, the „father charisms” of Federation Account will provide adequate funds for the payment of personal emoluments of the staff. This assumption is deceptive in that with poor revenue generation efforts, some council have found themselves unable to pay salary after deductions made by the State Governments. For example, Oredo Local Government Council more often finds itself in this situation, sometimes leading to unpaid salaries for upwards of two or three months.

Misplacement of council funds by Local Government chairmen is yet another problem. Some Local Government chairmen deposited Local Government allocations into private savings account and loan companies in which the Local Government had no Account. This is done with the intention to collecting the accrueable interests on such funds on maturity. These ugly practices well described by Ugwu (2009:49) when he states that leadership failure and bad governance at all levels of government inhibits attracting external development assistance. This is also coupled with the high level of corruption levelled at local government functionaries of handling local government funds.

Another constraint is imposed to Local Government revenue mobilization capacity through state control over Local Government budgets, which is made to pass through many levels of approval in the hands of State Government. Even after approval, the post – budget control still imposes further restrictions which may be removed when the local government council greases the palms of the powers that be. All of this tells on the financial capability of the councils.

There is also the lack of commitment and dishonesty on the part of some revenue collectors. Some under-collect rates and levies after being tipped by the rate payers. Some revenue collectors print their own receipt booklets for use, thus depriving the council authorities of the much needed funds.

Consequently, local government authorities pay more in terms of salary to collect less revenue. (Edoyugbo 2012:46)

Another problem negating revenue generation efforts of Local Governments is the practice of farming out of revenue sources to persons on the basis of political patronage. These revenue agents are given arbitrary monthly targets to remit to the council, contrary to the Financial Memoranda regulation which states that “where appropriate, a Local Government may appoint a person other than an employee as a revenue collector and such person shall receive an appropriate portion of taxes or fees he collected as commission” (FM 6:2). The implication of not complying with this regulation, as observed by an Audit Inspection Report on Oredo Local Government Council is that the revenue agents cashed on the loophole created by the council to exploit helpless public by fixing rates other than those approved by the council, who could not pay the exorbitant rates. This ugly trend has resulted to loss of dire

needed funds to Local Government councils, as lesser targets were often given to the Revenue Agents. (Edoyugbo (2012:46).

Political observers have long noted that the present revenue sharing formula does not appear to be favorable to Local Governments in view of the enormous functions and responsibilities constitutionally and conventionally assigned to councils (Ugwu, 2000:49). The poor revenue allocation to the local governments, with the exception of those littoral states, that shares 13% derivation funds, has made them to be dependent on their states for bailout in turbulent times. Even then, the clamour for review of the sharing formula is there. The foregoing features, which are by no means exhaustive, have in combination, impacted on revenue generation of Local Government councils in Nigeria.

B. CONCEPT OF LOCAL GOVERNMENT ADMINISTRATION

The most fundamental reforms in local government administration came with the 1976 Local Government Reform as LG government was accorded the third tier status. In addition, the Guidelines for local Government Reform was released while there was also the establishment of the Local Government Service Commission, Local Government Peace and Security Committee and recognition was accorded the position of the traditional rulers as advisers to councils. This arrangement continued to stabilize LG administration but with huge challenges of overhead cost and inability to meet up with salaries up to nine months in some states before the Coup d'état of December 1983 due to state government diversion of LG fund.

The Buhari regime in 1984 dismantled all democratic structures including the new mushroom local government councils created under Shagari administration by the governors and appointed sole administrators for each local government council. To streamline the administration of the LG to enhance efficiency, a 21-member committee headed by Ibrahim Dasuki was set up. The outcome of the committee led to upholding 1976 Reform that was eventually implemented by Babangida administration. The administration increased the number of LG from 304 to 453 and finally to 774. Concerted efforts were made to make LG serve as a training ground for democratic politicking and governance and a spring board for participation of other levels of government (Babangida in Aina (2006:251). On the other hand, the Political Bureau was set up with the view of making local government a mobilizing force for national development and to fully integrate their voluntary and self-help efforts within the actions of government in national transformation.

The Babangida administration in 1985 introduced the executive presidential system of government into the local government and by the Decree 23 of 1991, each local government was to have and operate an executive cabinet composed of the Chairman, with five Supervisory Councilors and Secretary appointed by the Chairman. In terms of function, the responsibilities associated with primary education and primary health infrastructure were transferred to the LG and the statutory allocations to local government was increased from 10 percent to 15 percent and finally to 20

percent from the federation account payable directly to LGs. Elections were first conducted to LG councils on non-party basis followed later on a multi-party basis.

General Abdulsalam Abubakar Military Regime (1998 – 1999) within its short span successfully conducted local government elections on multi-party basis in December, 1998 as its first step to democratization programme and nothing was done negatively to interfere with the structure, functions and funding of LGs.

Between 1999 to date, the local government had witness worst the bastardization of the system from the higher level of governments. The States government hid under Section 7(1) & (6) of the 1999 to forcefully impose Joint Allocation Account on LGs to siphon the resources of LGs and rendered it too weak for performance of its statutory duties. In addition, its internally generated revenue sources that were considered juicy like advertisement, tenement rates, street naming among others were taking over by the state government while the 10 per cent internally revenue generated were not paid to the LGs. This partly explains the precarious positions of the LGs while the available resources were misappropriated by the council official as demonstrated by Aluko (2006). Such oppressive action on LG manifested in Obasanjo's regime unconstitutionally seizing the Lagos State LG fund for more than three years till when Yar Adua took over in 2007 on account of creation of additional council. Hence, the local government administrations since 1999 have more or less been paralyzed. The first ray of hope was the announcement by the current Governor of Kaduna State in July, 2015 cancelling Joint Allocation Account thereby allowing statutory allocation to go directly to the LGs.

However as observed by Mello, (2012) local governments globally strive to meet peoples' demands for goods and services in a cost effective manner particularly at the lowest level of government or government at the grass root. Among the characteristics generally manifested by local government include that it is a subordinate system of government or subunit of a federal/central or state government and charged with powers to perform legislative, administrative and quasi-judicial functions as the case may be. It also has the power to formulate policies, prepare budgets and a measure of control over its own staff, with a view that it is rightly position to ensure unhindered and efficient service delivery (Chukwuemeka et al, 2014, Otinche, 2014, Ezeani, 2012 and Tumini 2011).

Scholars have virtually agreed in what should be the basic elements of local government. These elements put together portray local government as that unit of administration with defined territory, power, and administrative authority, which could be elected or appointed exclusively by the people. However, William Robson (1949:574) views Local Government as involving the conception of territorial, non-sovereign community possessing the legal right and the necessary organization to regulate its own affairs. In support of the above definitions, Barber (1975:4) defines the same as "a system of geographical decentralization in which some functions and responsibilities of government are delegated to governmental units or bodies at the local level" it also defined area are opportune to manage or have a say in their own affairs, but there exists a minimal, if not over riding control

from the state and federal governments. Bello-Imam (2007:4) succinctly defines the concept as: a government at the local level" this according to him is different from local administration as operative at the local level.

Ajayi (2000), Kolawole (1997) and Adewale (1990) argued that among other reasons for the existence of local government are the needs to toy in line with modern administrative practices. This position finds expression in the need for decentralization, democratic participation, speedy socio-economic development at the grassroots, bridging of communication gap and serving as a platform for training of future leaders.

Furthermore, to achieve these goals, for instance, Section 7(6) of the 1999 Constitution provides that: The National Assembly shall make provisions of statutory allocations of public revenue to local government councils in the federation, and the states Houses of Assembly shall make provisions for statutory allocation of public revenue to local government councils within the state.

As noted by Ovaga () and Onah (1995:40), in spite of the fact that the 1976 local government reforms granted greater autonomy, powers and functions to local governments, they still have a long way to go towards the satisfactory performance of their functions in many areas. The above statement is in consonant with the state of affairs in the local government system in Nigeria.

The basic question central to this paper is why the local governments in other systems where there are no direct constitutional provisions and huge resource base as in Britain and United States of America are democratically run and efficient in service delivery while same is not true of Nigeria. What are the lessons that could be learnt from comparative analysis of local government administration in nations like France, USA, Britain and India?

Among previous related studies is Kyenge (2013) that focused on reasons for poor performance. He listed indiscipline, misplaced priority, unskilled staff, financial challenges and autonomy. On the other hand, Ejike, (2014), Adeyemi, (2012), Aina (2006) and Aluko (2006) partly focused on corruption while Gboyega (2001) among others concentrated on undue interference by the state Government and the personnel challenges. Ibok (2014) argued among other reasons that inadequate funding constituted a huge challenge. The focus of this paper is to examine lessons that could be learnt from comparative study of local government as to be able to overcome the challenges faced by local government administration in Nigeria.

Scharticles (2014) posited that one of the major justifications for local government in modern times is that it promotes participation by local communities in governmental activities as well as serving as machinery for harnessing local level efforts for development purposes. And local government he said also serves as a bridge and channel of interactions between local populations and the central arena of government. Local government is therefore not sovereign; it is subordinate to the state and federal authorities. Notwithstanding it possesses some considerable amount of responsibility and discrepancy powers over a variety of functions or services.

Rotimi (2012) capped it all when he declared that the failure of local government to discharge their role well was as a result of the council officials who squander the funds meant for service delivery at the grassroots. The central administration in the other hand complains of inadequate finance to meet up with the numerous responsibilities yearning for attention.

C. THEORETICAL FRAMEWORKS

It is quite imperative to state that these theories remain very central in assessing the impact of Internally Generated revenue on local governments Administration and the study was underpinned by Classical Administrative Theory. The theories were discussed as follows:

a. CLASSICAL ADMINISTRATIVE THEORY

An early form of organization theory, pioneered mainly by Henri Fayol (1841 – 1925), which was concerned principally with achieving the most rational tasks specified by the organization. Fayol was concerned mainly with business management, although he himself makes it clear that his ideas about management were intended to apply to all formal organizations including political and religious undertakings.

b. DEMOCRATIC PARTICIPATORY THEORY

Participatory democracy has been one of the earliest models in social sciences, particularly in political discuss since about 2000BC. Mills (1964) work on Utilitarianism, liberty and representative government that serves as an impetus for renewed commitment to this school of thought, re-emphasizing that local government is the starting point of democratic participation regardless of other intrinsic and extrinsic functions it performs.

The tenets of the school are that local governments are created in order to encourage participatory democracy and serve as training ground for recruitment of leaders, provide channel of self-government and political education at grass root levels. This was demonstrated in the works of Chukwuemeka et al., (2014) Ani et al (2013), Adeyemo, (2011) that the idea of local government is intricately connected to a philosophical commitment to democratic participation in the politics and self-governing at the grassroots level.

c. EFFICIENCY THEORY

This theory/model premises the existence of local government as an efficient agent of government for providing services that are local in character. Mackenzie (1954:14) cited in Adeyemo (2010) and Chukwuemeka et al., (2014) noted that one of the notable proponents of the existence of LG is that local government exists to provide services and it must be judged by its success in providing services up to a standard measured by national inspectorate. This same line of thought was found in the works of Sharpe (1970:168) that given that there is no local government a functionally similar body must be in existence to provide services that are local in nature.

This explains why Eboh & Diejomaoh (2010) adds that local governments worldwide are considered as strategic institutions for the provision, among others, basic socio-economic needs.

d. SOCIAL CONTRACT THEORY

Through a social contract entered into by all, power is transferred to an absolute authority. Its center duty and major justification is to ensure peace and security. The sovereign is to be obeyed without complaint since he is not party to the contract but its product. However, in the event that the Leviathan or absolute sovereign fails to maintain order and peace, the people reserve the right to change the system of government. It is to be noted that Hobbes established that an actual state of nature ever existed. He used the notion as a philosophical premise for his formulations.

This study adopted the Classical Administrative Theory as the reason for the ineffective utilization of revenue especially at the local government area is as a result of workers not been treated as human beings they are instead as machines. Federal/state government sometimes forgets that local government areas exist. Apart from the statutory allocations, federal or state government do no put into consideration the well-being of the people at the helm of affairs in the local level even at times the so called statutory allocation that comes from federal is being stopped or withheld by the state government thereby, making the managers of the local government revenue to be tempted to touch and utilize the internally generated revenue in solving their own personal problems instead of utilizing it to developing the local government areas.

III. METHODOLOGY

This study employed a survey research design method. The study data was collected through primary source of data collected which involve the use of interview and structured questionnaire to gather information for the study. The population of the study is staff strength of the local government under study which is 1200 staff. A sample size of 300 was selected using convenience sampling which was drawn from staff of finance, administrative and works department because of the knowledge on the study area. Furthermore, in analyzing the data the simple percentage statistical tool was used to analyze the respondent's characteristics and for the questionnaire chi-square statistical tool was used to test the hypotheses.

IV. DATA PRESENTATION AND ANALYSIS

This section presents the tables that analysis the responds of the respondents in respect of the research question which is line with the research objectives and the responds in the tables were analyzed using simple percentage

- ✓ Do internally generated revenue aid planning in Mubi South Local Government

Responds	Number of respondents	Percentage
Yes	280	80%
No	70	20%
Total	350	100%

Source: Field survey, 2016

Table 4.1

Table 4.1; shows that 280 respondents which represent 80% are of the opinion that Internally Generated Revenue aid planning in Mubi South Local Government which implies that the said local Government consider what they generate internally in planning their activities.

- ✓ Does Mubi South Local Government uses IGR in infrastructural development (Road, Markets, Water, Health among others)

Responds	Number of respondents	Percentage
Yes	250	71%
No	100	29%
Total	350	100%

Source: Field survey, 2016

Table 4.2

Table 4.2; shows that 250 respondents which represent 71% are of the opinion that Internally Generated Revenue were used for infrastructural development in Mubi South Local Government which implies that the said local Government uses part of the internally generate revenue to fund infrastructures such road, water, health among others.

- ✓ Do Mubi South Local Government uses internally generated revenue in running day to day activities

Responds	Number of respondents	Percentage
Yes	293	85%
No	57	15%
Total	350	100%

Source: Field survey, 2016

Table 4.3

Table 4.3; shows that 297 respondents which represent 85% agreed Mubi South Local Government uses Internally Generated Revenue in running day to day operations of the local government while 57 respondents representing 15% disagree. This implies that the said local Government uses the revenue generate internally in running its routine activities.

Responds	Number of respondents	Percentage
Personnel corruption	165	47%
Mismanagement	113	32%
Manpower and training	72	21%
Total	350	100%

Source: Field survey, 2016

Table 4.4: the major challenges faced revenue generation in Mubi South Local Government

Table 4.4; shows that 165 respondents which represent 47% are of the opinion that corruption among revenue collectors and payers is the major challenge of revenue generation in Mubi South Local Government while 113 respondents representing 32% are of the opinion that mismanagement of revenue funds is the major challenges

affecting revenue generation in Mubi and 72 respondents representing 21% have contrary view that the problem manpower and training affects revenue generation negatively. This implies that corruption, mismanagement, manpower and training are the major challenges that affects the smooth generation of revenue in Mubi South local Government.

V. FINDINGS AND RECOMMENDATIONS

The following findings were deduced from the responds of the respondents analyzed above: Internal generated revenue help in day to day running of the local government which further aid planning and development. It was also found that corruption, mismanagement of revenue funds, lack of manpower and training of revenue staff are some of the problems associated with the revenue generation in Mubi South Local Government Area. The researcher advanced the following recommendations: that the local government should not depend on subvention but should capitalize on the internal generated revenue in other to function effectively and efficiently. It should also fight corruption by punishing any staff found guilty of corruption and in addition to employing competent staff who can handle the responsibility effectively and also involve in retraining of the existing staff.

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