

## **Impacts of Financial Control Mechanisms on Local Government Autonomy in Delta State (1999-2008)**

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### **Abstract**

The paper discusses the impacts of Financial Control Mechanisms on Local Government Autonomy in Delta State, Nigeria, 1999 – 2008. The general objective of the paper is to establish the nature of relationship between financial control mechanisms and autonomy with a view to exposing the contradictions between policy objectives of government and the actual realization of the objectives of government in Delta State. The specific objectives of the paper were to: identify the existing financial control mechanisms put in place by both Federal and State Governments and, the impacts of these mechanisms on autonomy; examine how the whittling down of autonomy of Local Governments as a result of financial control mechanisms affect service delivery. The study observed the negative impact of Section 7(1) of the 1999 Constitution, and current revenue allocation formula which places Local Governments in a disadvantaged position. The paper also noted the poor internal revenue generation efforts and capacity of Delta State Local Government Councils. Some policy options such as review of Section 7(1) of the 1999 Constitution, and review of the current revenue allocation formula from 20.6% to 30% in favour of local government among other were suggested.

### **INTRODUCTION**

Local Government autonomy has inherent problems in our contemporary society. In most Federal systems like Nigeria, the political imperatives of Federation demands exclusive allocation of certain functions to specific levels of government. The Local Government in Nigeria has power to mobilize human and material resources for rapid development, and to ensure effective service delivery to the people at the grassroots. However, over the years, the Local Government has not been able to achieve meaningful development as envisaged by the 1976 Local Government Reform and the Constitutions of the Federal Republic of Nigeria. An apt analysis of the Constitution provisions, particularly as it affects Local Government autonomy shows that both the internal and external financial control mechanisms of local Government are being manipulated by both federal Republic of Nigeria states that:

The system of Local Government by democratically elected local government council under this Constitution is guaranteed; and accordingly, the government of every state shall, subject to section 8 of this constitution, ensure their existence under a law which provides for the establishment, structure, composition, finance and functions of such councils.

The implication of this section of the constitution is that the Local Government was placed under the full control of the State Government, thus making nonsense its administrative and fiscal autonomy. The State has the power to make or unmake Local Governments by the above provision. That explain in part why 1999 – 2008, many Local Government Councils in Nigeria were run by Care-taker Committees or Heads of Personnel Managements. Elections could not be conducted because State Independent Electoral Commission (SIEC) were creation of the State Governments.

Furthermore, central – Local Government relations and States' excessive control over Local Government have frequently been contentious, especially, in relation to the contradictions between democratization at the grassroots and the enduring practice of autonomy.

### **Statement of Problem**

This paper seeks to know the various Financial Control Mechanisms put in place by both Federal and State Governments, and how these control mechanism impact on autonomy and service delivery of Local Government Councils in Delta State.

### **Methodology**

The study adopted the design and procedure of field survey, data were obtained from primary sources (interview/questionnaire), and secondary sources (Books, Journals, Audit Reports from Auditor General Delta State, and Annual Financial Statements from a number of Local Governments in Delta State, etc).

The population of study was carrier staff and political office holder in 25 Delta State Local Government Council. The population size was 15,766. Two Councils were selected from each of the three Senatorial Districts. Sixty-nine (69) from each Council, making a total of four hundred and fourteen (414) respondents. However, instrument return rate was 390, representing 94.2%. Tables and frequency distribution were used for data presentation. Simple percentages and content analysis technique were used for data presentation. Simple percentages and content analysis technique were adopted.

### **Conceptual Clarifications**

#### **Financial Control Mechanisms**

According to Collins Cobuild English Advance English Dictionary 'Finance' is "the commercial or government activity of managing money, debt, credit and investment". 'Control' according to the same Dictionary means "having power to take all important decisions about the way that it is run". 'Mechanisms' means "part often consisting of a set of smaller parts, which performs a particular function".

The Local Government in Nigeria is a third tier of Government. It is a unit of government below the Central, Regional or State government established to exercise political authority, through elected representatives to provide service and maintain law and order in a given area". This definition puts Local Government under the control of both Central (Federal) and State Government. The Local Government Councils derived its revenue from Federal Allocation, 10% internally generated revenue from the State Government and, its internally generated revenue Section 7(6) of the 1999 Constitution provides for the statutory allocation of public revenue to Local Government by both Federal and State Government. While fourth schedule of 1999 Constitution provides the functions and internal revenue sources to Local Government.

#### **Conceptualizing Local Government**

Local Government as a concept has been defined variously by different scholars from different perspectives and orientations. Wraith (1984:2) defines Local Government as "the act of decentralizing powers, which may take the form of deconcentration or devolution". Deconcentration involves delegation of authority to field units of same department and devolution on the other hand refers to a transfer of authority to local units or special bodies such as school bodies.

The 1976 Local Government Reforms as contained in the guideline defined of Local Government as:

Government as the local exercised through representative council established by law to exercise specific powers within defined areas. These powers should give substantial control over local affairs as

well as the staff and institutional and financial powers to initiate and direct the provision of services and to determine and implement projects so as to complement the activities of the State and Federal Government in their areas, and ensure through active participation of the people and their traditional institutions that local initiatives and response to local needs are maximized.

This definition highlights the essential features of Local Government. It recognizes that Local Government has a geographical boundary, legal entity, can sue and be sued, it is a 'subordinate' government under the control of higher authorities (Federal and State Governments); is a constitutional body recognized by law establishing it.

In all the conceptual definition of Local Government, the United Nations Office for Public Administration quoted in Ola and Tonwe (2009:4) defines Local Government as thus:

A political subdivision of a nation of (in a Federal System) State, which is constituted by law and has substantial control of local affairs, including the power to impose taxes or to exact labour for prescribed purposes. The governing body of such as entity is elected or otherwise locally selected.

Democratic Participatory School of thought argues that Local Government is established to provide democratic plat-form for citizen participation, thus providing the rural people the needed training ground to socialize politically. Mechenzie, David Buffer, and William belong to this school of thought.

The Efficiency School of Thought believe that Local Government exist to provide services to the people. This school of thought judge Local Government existence to the efficiency of social services it can provide. Adeyemo (2005:78) quoting Sharpe argued that "the efficient performance of these services is so compelling that, if Local Government did not exist, something else would be created in its place".

The Developmental School believe that Local Government exists in developing world as an effective agent of better life, an improved means to a better share in the national wealth. Logically, the above approaches can be divided into two, General and Developmental categories. The first covers democratic participation, and efficiency service school, which is made up of democratic ideas, political participation, protective services and infrastructure services. Under the developmental category, manpower resources development, social economic development, and national integration are the main focus. All of these interplay at the grassroot political activities. The Local Government has remains vital to both Federal and State Governments in its national policies and strategic planning.

### **Local Government Autonomy Conceptualized**

Dalhatu (2006) observed that the issue of autonomy "has to do with the Local Government, beyond mere constitutional provision that would be organized as the third tier of Government, with power to regulate, to spend and powers to provide services". It is however empirically observable that Local Government can decide and/or act on issues without falling foul of higher levels of government. The extent of Local Government autonomy may be considered from the view-points of the extent to which power is conferred on it within the prevailing system of decentralization, and the amount of control that is exercised over it. Today what do we find, absolute control of Local Government both in structure, composition, finance and functions by the State Governments across the States.

In the forward to Guidelines for 1976 Local Government Reform, government expressed serious concern about how best to make the Local Government an effective instrument of development and the need to generate adequate resources to enable them meet their statutory obligations, the most important of which was to stimulate development at the grassroots level. It must be emphasized that after the 1976 Local Government Reform, adequate safeguard for Local Government was made in the 1979 and 1999 Constitutions of the Federal Republic of Nigeria as a tier of government. Section 7(1) of the 1999 Constitution provides for a democratic Local Government, to that extent, it has powers to carry out its statutory functions as a tier of government.

Ugwu (2003) quoting Nwabueze noted that the constitutional power to establish Local Government, define its structure, composition and functions, belong to the state governments. To them, as far as it is so, the Local Government is a mere State agency or a creation of the State Government it would therefore be erroneous to see it as an independent third tier of government. As such, the issue of autonomy of Local Government becomes a myth and not a reality. He opined that Local Government should not just the legal and physical existence of an apparatus of government like a Legislative Assembly, Governor, Court etc, but that each government must exist not as an appendage of another government.

The failure of government to appreciate the full meaning of autonomy has led to continuous failure of the various reforms and reorganization of Local Government. Odunfa (1991) opined that government reforms that are intended to preserve or extend Local Government autonomy ends up short of their objectives because the full meaning of the term autonomy has not been fully explained. The defunct centre for Democratic Studies states that "Local Government autonomy refers to the relative discretion which Local Government enjoy in regulating their own affairs". The extent to which Local Governments exercise its discretion, and the level of freedom from control by the other higher tiers of government in the management of its local affairs determines the autonomy of Local Government. However, there is no water tight autonomy of Local Government because of the intergovernmental relations between the tiers of government, and considering the sources of power of Local Government existence.

It must be emphasized that Local Government can only enjoy relative autonomy, not absolute autonomy because it operates within a sovereign nation state. Therefore, it is the relationships that exist between the Local Government and the State Government on one hand, and Local Government and the Federal Government on the other that determines the nature and levels of autonomy of Local Government.

As long as the Local Government continues to depend on State and Federal allocation for over 90% of its annual budget, its quest for autonomy will remain an illusion.

### **Theoretical Framework of Analysis**

The theoretical frameworks relevant to analyse the impact of financial control mechanisms on autonomy of Local Government are multifarious. For instance, decision making, dependency and system theory could be appropriate. However, the paper attempts the use of system theory in the analysis of fiscal relationship among the tiers of Government in Nigeria. The import of the system theory presupposes that a given phenomenon, whether physical, biological, social or political is an organized whole, comprising of interrelated functional parts. These parts function collectively for the sustenance of the whole. Therefore, any malfunctioning of any part will affect the existence of the whole.

The system theory can impact on financial control mechanisms on autonomy of Local Government in Delta State as the tiers of Government are integrated functionally, each impact on the other. The impact of financial control mechanisms on the autonomy of Local Government bother on the fiscal

responsibility, and financial control between the three tiers of Government in Nigeria. The Federal State and Local Government are the sub-system of inter-relationship in the federation. The constitution provides the limit of authority between the tiers of government whereas conceptually, federalism implies sharing of powers between the centre (Federal Government) and the State Government. The Local Government, by section 7(1) of the 1999 constitutions of the Federal Republic of Nigeria is the creation of the State. There for any malfunction within any level or tiers of government in Nigeria will affect the entire political system. The resource control demand by the Niger Delta in recent past had impacted on the entire three tiers of government in Nigeria. The current revenue sharing formular between the tiers of government which tended to marginalized the State and Local Governments had led to long agitation for a review. No doubt, more revenue to State and Local Governments will impact more positively on the two tiers of government. Therefore, system theory could be adopted as most appropriate in the analysis of the problem associated with the impacts of financial control mechanisms on autonomy of Local Government in Delta State.

### Measures of Financial Control of Local Government by Federal Government

Section 162(1) of the 1999 Constitution of the Federal Republic of Nigeria provides that the Federal Government shall maintain special account which all monies accruing to the Federal Government shall be paid. No tier of government has access to the fund except authorized and release by the Federal Government through Federation Allocation Account Committee meetings chaired by the Federal Government.

By the power conferred on the Federal Government by Section 7(6) of the 1999 Constitution of the Federal Republic of Nigeria, to allocate public fund to local governments in Nigeria, presupposes that the Local Government is a 'child' to the Federal Government of Nigeria. The 'father' gives the 'child' money for up-keep. Thus the Federal Government has discretionary powers to so allocate whatever fund it pleases to the Local Government. That explain in part why the Local Government has remain the weeping 'child', and disadvantaged, position in the revenue sharing formular over the years. A look at the changes and recommendations made by National Revenue Mobilization Allocation and Fiscal Commission in the vertical allocation formular from May 1999 – June 2004 shows disproportionate sharing of revenue to the advantage of the Federal Government, and to the disadvantage of the Local Governments.

		*1 Revenue Allocation of order 2002 beginning May 1999	*2 Revenue Allocation July order 2002	*3 Ministry of Finance Allocation formular 2004
1	Federal Government	** (i) 56%	** (i) 54.68%	** (i) 52.68%
	Federal Government	48.5%	48.5%	
	General Ecology	2.0%	-	
	Fed. Cap. Territory	1.0%	1.0%	
	Stabilization Account	1.5%	725%	
	Dev. of Natural Resources	3.0%	3.05	
	Derivation (Ecology)	-	1.46%	
2	State Governments	(ii) 24.0%	(ii) 24.72%	(ii) 24.72%
3	Local Governments	(iii) 20.0%	(iii) 20.60%	(iii) 20.60%
	<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: NRMAFC, Abuja.

The shares of the Federal Government throughout the six years allocation periods, shown above, were greater than the States' and Local Governments' own shares put together.

This disproportionate distribution of revenue above captures the mood of Ajayi, (2004:33) when he opined that "the problem of revenue allocation arises from the politics of who gets what, when and how in the economy. This motion has led to the belief that Nigeria Federation is a captive state dominated by powerful ethnic social forces constantly in conflict over material reward of state power". The struggle for power today in Nigeria is akin to resource control. He who pay the piper dictates the tune. The Federal Government allocates fund to both State and Local Government, that explain in part why it can stop the allocation of any State or Local Governments Councils. In the past, the Federal Government, under President Olusegun Obasanjo's administration held the Federal Allocation of Lagos State Government Councils because the State Government created new Local Government Councils without the approval of the Federal Government.

It must be emphasized that the over bearing and domineering tendency of the Federal Government in revenue sharing between the three tiers of government was amplified in 1991, when Revenue Mobilization, Allocation and Fiscal Commission recommended that 5% from the Federation Account be set aside specifically for the funding of Primary Education in Nigeria. The arrangement was such that each tier of government was expected to make contributions to make up the 5% Primary Education Fund (Danjuma, 1994:21). But in January 1992, the Federal Government unilaterally increased the share of the Local Government from 15 percent to 20 percent and reduced the share of the State from 30 percent to 25 percent, without consulting (RMAFC). This did not help matters, as the huge primary education funding remain a serious burden on Local Government. This financial control mechanism, adopted by the Federal Government to decide the resources that gets to Local Government is also similar to the 10% internally generated revenue of the State Governments share to Local Governments. Most of the times the Local Government cannot access such funds for months. In the words of Ekpo (2004:8) "these are observed instrument of usurpation of Local Government functions and revenue sources by Federal and State Government, which to him is a "striking problem". This scenario has far reaching implications on the performance of Local Government in terms of service delivery and project execution. This is made worse when majority of the Local Governments in Delta State could not generate internal revenue up to 6% of its total annual budget for nine (9) years. See Annexure 1, Internal Revenue profile of six Councils, two from each Senatorial District of Delta State 1999 – 2008.

This awful performance of Delta State Local Government Councils in areas of internal revenue generation is rather unfortunate considering the well thought out internal financial control mechanisms put in place for the promotion of efficient Local Government administration.

At various times, the Federal Government had disregarded the recommendations of National Revenue Mobilization and Fiscal Commission (NRMFC) on Vertical Allocation Formular. States and Local Governments have no control over Federal Allocation. Unfortunately, majority of the Local Governments in Nigeria depend heavily on Federal allocation for their survival.

#### **Measures of Financial Control of Local Government by the State Government:**

By the provision of Section 7(1) of the 1999 Constitution of the Federal Republic of Nigeria which granted the State House of Assembly the powers to make laws for the establishment of the Local Government structure, composition, finance and function puts the Local Government squarely under the tutelage of the State Governments. To this end, Delta State Government in Section 3(1) and (2) of the 1999 Local Government Law provided for democratically elected government. The Local Government was subjected to all manners of Legislations, Rules and Resolutions of the House of Assembly. Above all, the Local Governments Councils were subjected to the Public Account Committee of the House of Assembly include oversight functions of the House, where the

Chairman and other Principle Officers of their Councils were invited to the floor of the House to explain any issue bothering on the finances of the Local Government.

The provision of Section 162(3), 6 and 45 of the 1999 Constitution empowers the National Assembly to make provisions for the Statutory Allocation of revenue from the Federation Account to Local Government accounts through the State Joint Local Government Account Committee which each State is expected to establish to enhance prompt service delivery. To this end, Delta State Government promptly established Joint Allocation Account Committee (JAAC) for the State/ Local Government. Furthermore, the House of Assembly also in Section 18(3,iv) of the same Law provides that:

the Local Government Chairman, being accounting officer shall render quarterly returns of the income and expenditure of the local government to the state government for onward transmission to the office of the vice president of the Federal Republic of Nigeria with a copy to the Central Bank of Nigeria.

Section 81 – 83 of the 1999 Local Government Law provides for the appointment of the Chairman and members of the Local Government Service Commission whose functions include the recruitment of staff from grade levels 07 and above, promotion, discipline and dismissal of all staff of the Local Government. While part vii (93) of the same law provides for the appointment of Auditor General for Local Government whose duties is to provide check on the financial management of the Local Government Councils.

The implications of the provisions are the series of abuses by Federal and State Government over the usurpation and excessive control of Local Government. For instance between 1999 -2008, Delta State dissolved the elected Councils Exco or Local Government three times and appointed Caretaker Committees and Heads of Personnel Management to run the affairs of the Councils. For instance, between July 2002 – July 2003, Caretaker Committees were in the saddle; between May 2007 – September 2007, Heads of Personnel Management were in place; while October 2007 – May 2008, Local Governments were run by Transition Committees. This help to fuel corruption, as this illegitimate government cannot be accountable to anybody apart from the man who appointed them. This constitutional breaches by the State Government against the Local Governments has far reaching economic and political implications, some of which has impacted negatively on the democratic dividend of the grassroots administration.

The control of the Local Governments by the State Government through the offices of Auditor General, Local Government Service Commission, Accountant General of the State, Commissioner for the Directorate of Local Government (all appointed by the State Governor) have made autonomy of Local Government impossible mission. These bodies or directorates are responsible to the State Government. They control not only the finances of the Local Government, but also their personnel Local Government. The Joint Allocation Account Committee of the State/ Local Government is chaired by the State Governor or the Commissioner for Local Government, just as the FAAC is chaired by the Federal Government or Minister of Finance. Local Government have no control over such revenue. They take dictation and compliance to all instruction from the State Government.

Other measures of control of the Local Government by the State include circulars emanating from both Federal and State ministries directing and regulating the financial administration of Local Governments. This explain in part why some schools of thought see Local Government as a department of the State Government.

## INTERNAL FINANCIAL CONTROL MECHANISMS

- Financial Memoranda for Local Government, (FM).
- Audit Alarm Committee Functions
- Annual Estimates (Budget).
- Control of Expenditure through the Office of Executive Chairman, Head of Personnel Management, Treasurer to Local Government, and Internal Auditor.
- Finance and General Purpose Committee Functions and Control of Expenditure.
- Activity of the legislature Arm of the Councils in terms of approval, and vetting of Annual Estimates and Programme/project Monitoring

These internal financial control measures were desired to ensure fiscal discipline. The question that comes to mind is to what extent has these bodies or organs able to carry out their responsibilities in ensuring effective and efficient internal generation and service delivery.

### The Major Findings:

- \* Report of finding in this paper indicates that the provision of Section 7(1) of the 1999 Constitution of the Federal Republic of Nigeria, which empowers the State House of Assembly to legislate on the establishment of the structure, composition, functions and finance of the Local Government, has been a fundamental flaw of the Constitution. Between 1999 – 2008, the Delta State Government dissolved the elected Local Government Councils three times, only to appoint a Caretaker/Transition Committee to run the affairs of the councils.
- \* The dominance of the Federal Government over revenue sharing formula is a major setback to Local Government Councils, as all level of government depend on revenue from oil.
- \* From findings, 234 respondents, representing 60% agreed that constitutional powers granted the State Governments to make s for the establishment of structure, composition, finance and function of Local Government is the highest financial control mechanism that had impacted negatively on autonomy of Local Government.
- \* Second finding indicates that 156 respondents, representing 40% agreed that corruption and power accountability accounted for poor service delivery.
- \* The subjugation of Local Government under Federal/State control was responsible for all abuses of Local Government by both Federal and State Governments.
- \* The ability of Local Government to generate its own resource was found be significant in explaining the level of its autonomy. Between 1999 – 2008, no Local Government in Delta State was able to generate revenue up to 6% of her annual budget. The over dependence of Local Government on external sources of revenue was found to be very significant in explaining the autonomy of Local Government.
- \* The existing external financial control mechanisms for Local Government was significant responsible for the whittling down of Local Government autonomy and poor service delivery. The study confirm that it was low internal revenue and lack of compliance with the internal financial control mechanisms that aided poor autonomy of Local Government resulting also in poor service delivery. The paper shows that compliance with the existing internal financial control mechanisms. Less interface by the State will enhance autonomy and promote efficiency in service delivery. Therefore, the efficient implementation of the internal control mechanisms in Local Government will impact positively on the lives of the rural people.
- \* This paper also finds that chunk of the Federal allocation to the Local Government was used to settle teacher salaries and allowances, leaving Local Government with very little resource for capital expenditure.

## Recommendation

In line with the findings of this study, the following recommendations are proffered:

- \* The authority to determine the structure, composition, finance and function of Local Government should rest in the Constitution of the Federal Republic of Nigeria not on the State Government. The paper therefore recommends the amendment of Section 7(1) of 1999 Constitution.
- \* Local Government stake holders or opposition parties should challenge the action of the State Government in court of competence jurisdiction on the illegal appointment of Caretaker Committees, to secure judgment, and to stop such illegality in future.
- \* The revenue to the Local Government from Federation Accounts should be paid directly to the Local Government without passing same through joint State/ Local Government Account Committee. The purpose is to avoid division of Local Government funds by the State Governments and to reduce unnecessary interface of State Government, and this will enhance the desired autonomy.
- \* The paper recommends that the expenditure pattern of Delta State Local Government should change such that more revenue be expended for capital rather than recurrent expenditure. The expenditure pattern should reflect a 60%:40% ratio in favour of capital expenditure.
- \* Above all, there is the urgent need for increase in Federal allocation to Local Government Council if they must remain relevant as the third tiers level of Government. Revenue formula should be reviewed from 20.66% - 30% in favour of Local Government so as to enhance grass root growth and infrastructural development.
- \* It is imperative for Local Government to uniquely assume a third tier status within the Nigeria Federal structure, a lot needs to be done by way of giving concrete expression to this notion. Consequently, the supervising ministries should be made to monitor compliance to Local Government regulations and not interface.
- \* The funding of primary school should be removed from the Local Government Councils, and taken over completely by the State Government to remove huge financial burden on Local Government so that they can have enough revenue for capital development.
- \* The Delta State Local Government should be made to comply with the directive of the Federal Government in the use of revenue from excess Crude and value Added Tax (VAT) accounts for capital expenditure instead of recurrent expenditure. The Federal Government need to place sanction, and enforce same, when and were there are defaults.
- \* The legislature Arm of the Local Government should be made to handle Public Accounts Committee responsibilities instead of the State House of Assembly. This is to further insulate Local Government from the total control of State Government, and it will further strengthen the autonomy of the Local Government.
- \* Internal financial control mechanisms should be strengthened to ensure compliance with Financial Memoranda (FM) and other financial regulations. Where there are breaches, sanction has to be imposed and, enforced promptly too. Audit Alarm Committee should take their responsibilities very seriously and bring sanity to financial impropriety.
- \* Revenue courts should be strengthened to enforce relevant Bye-laws empowering the Local Government to collect prescribed local taxes. This will also enable the Local Government to enforce the collection of such taxes and prosecute individuals or bodies who fail to pay prescribed taxes/rates levies. The most important area where legislation or enabling law is necessary is the area of tenement rating. In view of the amount of resistance put up by tenement owners in Delta State, it is suggested here that a law authorize Local Governments to collect same, with severe Sanction for failure, should be in place. The Local Government should also use revenue collected from such areas for the development of the communities from where the revenue is collected so as to build confidence in the Local Government administration.

- \* Also, an effective and efficient revenue machinery should be put in place to ensure that all local sources of revenue are fully harnessed. Such a machinery should be able to handle the issue of adequacy of human and material resources required for the achievement of its stated goals. The Local Government should rely less on revenue from the Federation Account as it has turned out to be inadequate in meeting the Local Government obligations. Rather, efforts should be geared towards the reactivation of all local source of revenue, many of which had been abandoned. The Local Governments should also venture into small scale industries like soap making, palm oil production, block molding, rubber processing, fish farming, cassava production, saw mill, etc. to boost their revenue base, they can also into short and long term investments, floating of bonds, shares and loans to financially viable business.
- \* The problem of accountability, corruption and lackadaisical attitude on the part of Council revenue collection officers have been a drain of the internal revenue of the Local Governments. Accordingly, only reputable, disciplined, dedicated and boned officers should be assigned with the responsibility of revenue collection. The internal Auditor and other Senior Accountants should be made to carry out prompt check on revenue officers/collectors to reduce fraud. Security and other logistics should also be provided for those involved in revenue drives.
- \* Training and retraining of all category of staff of the Local Government, in particular, the revenue staff, should be carried out and remuneration enhanced to motivate them.

### **Conclusion**

The findings from this study have shown that the Local Government Councils in Delta State have not been able to meet the purpose for the creation of Local Government, which is service delivery. The period covered in this study is significant because it marked the commencement of a stable representative government. The study recognized the structural changes made over the years to advance the course of Local Government in terms of enhancing its revenue profile and to increase autonomy and service and service delivery. Perhaps, the creation of more Local Government Councils has brought about increase in the number of employees, increase in wages, over the years, increase in the cost of maintaining staff and overhead (recurrent expenditure). Empirical evidence from this study showed clearly that Delta State Local Government Councils depend solely on other tiers of government, particularly Federal allocation. The time is now for Local Governments to look inward to improve upon the method of tax and rate collection.

Furthermore, the pattern of relationship between Local Government and other higher tiers of government on the one hand, and inter-relationship between purpose, finance and structure of Local Government on the other hand need to be reviewed, such that dominance determine the administrative structure and financial arrangements, and not other way round.

It is our concentration that the State Government should be made to ensure that the Local Government administration at all times is in the hands of elected representatives not appointed Caretaker or Transition Committees or Directors of Personnel Managements. This way, the purpose and objective for the creation of Local Government can be attained.

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## Unpublished Materials

## Annexure I

Percentage contribution of actual internal revenue in funding actual recurrent expenditure for the six Local Governments under study from 1999-2008.

**Table 1: Contribution of Actual Internal Revenue in Funding Actual Recurrent Expenditure for Sapele Local Government from 1999-2008 (Urban Local Government).**

S/N	Revenue & Expenditure Profile	1	2	3	4	5
	Actual Internal Revenue	Actual External Revenue from Federal & State Allocations	Actual Recurrent Expenditure	Proportion of Actual Internal Revenue to Actual Recurrent Expenditure	Proportion of Federal State Allocations to Actual Recurrent Expenditure	
2008	6,206,722.61	1,232,662,501.24	696,341,361.99	1%	177%	
2007	4,930,092.66	692,622,338.72	496,241,091.76	1%	139%	
2006	4,063,762.70	584,791,256.07	387,165,988.40	1%	151%	
2005	3,574,319.17	395,066,014.06	321,441,870.07	1%	123%	
2004	3,778,329.42	356,143,089.04	291,303,347.09	1%	122%	
2003	4,389,878.52	356,143,089.04	249,610,331.02	1%	118%	
2002	5,655,702.88	204,026,228.09	172,772,766.61	3%	118%	
2001	6,962,162.09	190,114,228.61	146,922,141.38	5%	129%	
2000	6,149,786.16	179,735,837.78	126,072,013.28	5%	143%	
1999	4,963,311.07	136,241,622.03	109,241,662.08	5%	125%	

Source: Compiled by the Researcher. (2011), From the Annual Financial Statements for Sapele Local Government Area, Delta State. (1999- 2008).

## Annexure II

**Table II: Contribution of Actual Internal Revenue in Funding Actual Recurrent Expenditure for Okpe Local Government from 1999-2008 (Rural Local Government).**

S/N	Revenue & Expenditure Profile	1	2	3	4	5
	Actual Internal Revenue	Actual External Revenue from Federal & State Allocations	Actual Recurrent Expenditure	Proportion of Actual Internal Revenue to Actual Recurrent Expenditure	Proportion of Federal State Allocations to Actual Recurrent Expenditure	
2008	16,021,266.80	1,215,678,298.00	589,621,272.00	2.7%	206%	
2007	8,238,718.28	645,452,108.59	397,932,080.00	2.1%	162%	
2006	2,017,826.83	588,595,599.02	305,887,693.57	0.7%	192%	
2005	2,960,586.81	352,934,176.20	289,167,141.87	1.0%	122%	
2004	4,551,108.29	371,334,014.08	269,083,283.47	1.7%	138%	
2003	3,412,369.01	315,800,349.08	260,069,423.33	1.3%	121%	
2002	3,041,118.69	238,092,639.77	181,922,601.31	1.7%	131%	
2001	2,782,722.06	197,114,799.39	147,699,072.10	2.5%	134%	
2000	1,821,422.04	152,492,466.72	89,489,722.04	2.0%	170%	
1999	966,835.39	94,824,339.23	71,875,595.48	23%	131.9%	

Source: Compiled by the Researcher. (2011), From the Annual Financial Statements for Okpe Local Government Area, Delta State. (1999- 2008).

**Annexure III**

**Table III: Contribution of Actual Internal Revenue in Funding Actual Recurrent Expenditure for Isoko Local Government from 1999-2008 (Urban Local Government).**

S/N	Revenue & Expenditure Profile	1	2	3	4	5
	Actual Internal Revenue	Actual External Revenue from Federal & State Allocations	Actual Recurrent Expenditure	Proportion of Actual Internal Revenue to Actual Recurrent Expenditure	Proportion of Federal State Allocations to Actual Recurrent Expenditure	
2008	17,436,808.90	1,159,666,533.00	693,321,063.07	2.5%	167.3%	
2007	7,954,546.01	434,671,946.03	351,587,869.05	2.3%	123.6%	
2006	11,081,860.01	614,109,259.04	438,106,422.01	2.5%	140.2%	
2005	6,091,386.60	432,913,271.02	381,902,429.08	1.8%	113.4%	
2004	5,393,939.49	411,4845.30	308,391,535.04	1.6%	133.4%	
2003	3,245,039.01	318,620,951.08	240,324,544.07	1.4%	132.6%	
2002	3,000,339.50	236,341,552.00	173,947,117.05	1.7%	135.9%	
2001	3,468,362.44	216,891,170.08	170,480,644.01	0.02%	127.2%	
2000	3,888,291.15	189,886,565.06	115,460,71.07	3.4%	146.5%	
1999	2,261,426.00	95,547,914.61	83,344,176.88	2.7%	114%	

Source: Compiled by the Researcher. (2011), From the Annual Financial Statements for Isoko Local Government Area, Delta State. (1999- 2008).

Annexure IV

**Table IV: Contribution of Actual Internal Revenue in Funding Actual Recurrent Expenditure for Isoko Local Government from 1999-2008 (Rural Local Government).**

S/N	Revenue & Expenditure Profile	1	2	3	4	5
	Actual Revenue	Actual External Revenue from Federal & State Allocations	Actual Recurrent Expenditure	Proportion of Actual Internal Revenue to Actual Recurrent Expenditure	Proportion of Federal State Allocations to Actual Recurrent Expenditure	
2008	7,288,221.41	1,218,397,644.52	693,321,063.07	1.3%	221%	
2007	5,617,198.98	642,422,735.18	351,587,869.05	1.2%	136%	
2006	5,098,230.00	621,134,254.90	438,106,422.01	1.1%	135%	
2005	7,226,091.09	464,891,121.91	381,902,429.08	1.9%	118%	
2004	8,211,589.87	404,710,129.90	308,391,535.04	2.6%	126%	
2003	6,622,114.81	334,626,881.60	291,727	2.3%	115%	
2002	4,661,720.06	248,093,412.30	189,667,042.04	2.5%	131%	
2001	4,109,049.16	228,361,118.50	171,336,034.13	3.4%	133%	
2000	3,667,412.18	196,314,880.17	138,639,044.7	2.6%	142%	
1999	2,063,111.84	98,099,360.11	74,639,222.06	2.8%	131%	

Source: Compiled by the Researcher. (2011), From the Annual Financial Statements for Isoko Local Government Area, Delta State. (1999- 2008).

Annexure V

**Table IV: Contribution of Actual Internal Revenue in Funding Actual Recurrent Expenditure for Ika South Local Government from 1999-2008 (Urban Local Government).**

S/N	Revenue & Expenditure Profile	1	2	3	4	5
	Actual Revenue	Actual Internal Revenue	Actual External Revenue from Federal & State Allocations	Actual Recurrent Expenditure	Proportion of Actual Internal Revenue to Actual Recurrent Expenditure	Proportion of Federal State Allocations to Actual Recurrent Expenditure
2008	13,337,690.00	1,087,787,242.3	607,474,680.5	2%	179%	
2007	6,843,994.91	342,899,427.4	399,147,574.5	2%	86%	
2006	15,643,579.18	521,186,347.1	385,782,319.1	4%	135%	
2005	5,530,810.95	361,839,131.7	308,662,105.3	2%	117%	
2004	5,272,174	316,056,630.2	257,166,833.7	2%	123%	
2003	10,562,499.47	219,764,660.7	211,920,898.2	5%	103%	
2002	4,638,830	180,076,452.6	163,538,300.6	3%	110%	
2001	5,272,965.67	159,221,203.4	124,229,871.4	4%	128%	
2000	5,291,738.49	163,775,112.00	119,890,254.8	4%	137%	
1999	4,642,292.02	143,112,792.6	99,696,281.9	5%	144%	

**Source: Compiled by the Researcher. (2011), From the Annual Financial Statements for Ika South Local Government Area, Delta State. (1999- 2008).**

Annexure VI

**Table IV: Contribution of Actual Internal Revenue in Funding Actual Recurrent Expenditure for Ika North-East Local Government from 1999-2008 (Rural Local Government).**

S/N	Revenue & Expenditure Profile	1	2	3	4	5
	Actual Revenue	Actual Internal Revenue from Federal & State Allocations	Actual Recurrent Expenditure	Proportion of Actual Internal Revenue to Actual Recurrent Expenditure	Proportion of Federal State Allocations to Actual Recurrent Expenditure	
2008	10,852,770.00	964,126,322.68	596,994,314.15	1.8%	161%	
2007	7,210,440	4,021,730	402,425,322.36	1.8%	100%	
2006	7,626,168.83	481,958,041.8	397,862,174	1.9%	121%	
2005	9,332,527.15	342,342,367.1	318,595,364.6	2.9%	107%	
2004	9,642,692.2	326,441,724.7	292,421,617.8	3%	112%	
2003	8,999,041.6	321,772,041.2	289,415,331.1	3%	111%	
2002	7,622,411.6	269,417,621.4	212,431,633.8	4%	127%	
2001	5,992,631.8	218,621,332.4	182,311,647.1	3%	119%	
2000	4,664,892.7	182,441,227.6	131,642,896.7	4%	139%	
1999	4,126,894.8	151,621,448.1	101,269,365.3	4%	150%	

Source: Compiled by the Researcher. (2011), From the Annual Financial Statements for Ika North-East (Rural) Local Government Area, Delta State. (1999- 2008).