

## An Examination of Revenue Generation, Service Delivery, and Revenue Generation Issues in Nigerian Local Government Administration From the Viewpoint of Ibaraapa Central Local Government, Igoora, Oyo State (2010–2015)

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**Abstract:** This study examines the connection between Ibarapa Central Local Service Delivery and Revenue Generation Government, 2010–2015, Igboora, Oyo State, Nigeria. It lists the different ways the local government makes money and examines how each one affects the provision of services. To address the socioeconomic and developmental requirements of the local population, local government aims to bring governance closer to the people at the grassroots level. It has been noted over time that excessive traffic and widespread rural-urban migration are making city life more uncomfortable. Others have said that local governments are complacent when it comes to aggressively collecting revenue to supplement the monthly payments they receive from the federation account. Therefore, the main goal of this essay is to identify long-term fixes for the financial issues that local governments are facing. Various methods to lessen the over reliance on federal funding for local government maintenance in Nigeria. The report also suggests, among other things, that officials who embezzle local government funds for their own personal benefit be held accountable under the law, that council employees be encouraged to collect taxes, and that agents who are not council employees no longer be used. The study comes to the conclusion that local governments definitely require adequate funding in order to carry out these duties in a way that is both credible and efficient.

**Key words:** Ibarapa Central Local Government, Nigeria; Internally Generated Revenue; Relevant, Local, Mobilize, Revenue, Autonomy, Allocation

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## 1. OVERVIEW: HISTORY OF THE STUDY

The primary rationale for local government's existence, whether in federalism as the goal of the third-tier government is to bring the government closer to the people by coordinating, becoming autonomous, or uniting as a recon centric agency. Abalaka (2023). Providing the necessities of life at the local level entails bringing the government closer to the people. These socioeconomic products and services are either too far away to catch the central government's attention or the government is overworked, overburdened, overburdened, and under responsive to such issues. However, almost 70% of people reside in rural areas, where the need for these public services and social goods is greater. Ajiteru (2023). To put it another way, one of the reasons local governments was established is the conviction that it is in a prime position to initiate and maintain swift political and socioeconomic growth. This is accomplished by using domestically produced revenues to supplement state and federally provided funding at the local level. Sulaiman (2023). Additionally, local governments are in the greatest position to handle the challenging trade-offs that must always be made when making decisions at the local level. This is due to the fact that local governments frequently interact with communities to learn about their needs, priorities, and preferences. This will allow the local governments to make well-informed decisions about how best to allocate resources to the host communities in a way that is both efficient and satisfactory. For this reason, Akindele (2019) argues that local government structures are effective means of integrating and mobilizing local issues and efficient provision of services.

As decentralization agency, local governments essentially have a difficult time finding sources of funding. These are the sources of revenue generating, both internal and external. Value Added Tax (VAT), 10% State Internally Generated Revenues (IGR), 20% Federal Government Statutory Allocation, Loans and Advances, Special Capital Grants, Investment Proceeds, and Aids are examples of external sources. The various sources that make up Internally Generated Revenue (IGR) can be divided into market, social, health, and economic sources. Ajiteru (2017). However, local governments' growing reliance on federal mandatory funding has not only undermined their independence but also limited and hindered their ability to carry out their responsibilities. Abalaka (2023). Sulaiman (2023) indeed noted that before the 1976 Local Through government reform, the majority of local governments were able to carry out their responsibilities and maximize their IGR without needing help from higher authorities. Between 1962 and 1983, some local governments had an IGR to total revenue ratio of up to 85% (Ajiteru, 2023). The dependency mentality on federal statutory allocation has caused everyone to fall asleep since the advent of centrally appropriated revenue brought on by the oil boom. This has had a negative impact on local governments' ability to function as true agents of rapid development and transformation (Olusola, 2021).

Essentially, the study aims to achieve the following goals:

1. Determine the local government's revenue-generating sources;
2. Evaluate how internally generated revenue affects the provision of services in the research area;
3. Emphasize the reasons for the municipal government's limited resource base

**Ho:** In Ibarapa Central Local Government (ICLG), Oyo State, Nigeria, there is no connection between IGR and service delivery.

Thus, referring to the idea of local government, Tonwe (2017:1) asserts that since the government must handle a wide range of tasks across the nation, it is impossible for one authority to handle all

of them directly and the government itself lacks the necessary understanding of all the various issues that are local in nature (Sulaiman, 2017). Therefore, the ever-declining revenue collection, which is evident from budget deficits and a lack of finances for strong economic growth and development, is one of the ongoing issues facing Nigeria's tiers of government. Local authorities, which Our study's focus is on Nigeria's local administrations, which are the closest to the people. In actuality, local government areas are home to 70% of Nigeria's population. As a result, it is its duty to identify these people's needs and develop plans and strategies to meet them. According to Ajiteru (2023), even urbanized towns are divided into Local Government regions, allowing State Government operations to be intertwined with Local Government operations.

## 2. REVIEW OF LITERATURE AND IDEAL UNDERPINNINGS

- The function, importance, and challenges of local government to the populace are being reiterated or emphasized in scholarly works on the relationship between income generation and performance/service delivery. Local government's existence is only warranted when and if it offers services for the general population. Despite the fact that such services are offered, the effectiveness and efficiency of the offering are the problem (Abalaka, 2023). As a result, research are categorized into three main divisions for the literature discussion: the social-welfarism dimension, the service delivery viewpoint, and the democratic-idealism perspective. One could argue that the taxonomy is merely for scholarly purposes; the three viewpoints are complementary rather than antagonistic.

According to Moulin, who was cited by Ajiteru (2023), local government is extremely constrained, whereas national objectives are more expansive. Local knowledge and experience are scarcely applicable to national issues. Olusola (2018), cited by Sharpe (2020), made a compelling case for local governance, arguing that it was the most effective agency for offering those services, which are basically local in nature. According to him, the institution is essential because of how persuasively these functions are performed, and if local government were to disappear, something else would take its place. Abalaka (2023).

Additionally, Ibok (2014) holds that the fight for the acquisition, consolidation, and use of state authority begins at the local level. It goes without saying that state power can only be utilized for service delivery after it has been captured. However, this position is weak and precarious because the rise of political leaders does not always start at the local level. Sulaiman (2017) really argues that democracy is a procedure rather than a geopolitical enclave issue. He argues that political leadership does not always arise at the local level; in fact, many leaders who would oversee the authoritative distribution of values frequently arise at the national level, where their influence and reach are greater. However, the transformation that service delivery is supposed to bring to people's lives is irrelevant regardless of the level of service supply. According to Jeremy Bentham, the greatest good for the largest number of people is the fundamental component of democracy. Ajiteru (2023).

Furthermore, the argument that the local arena has only been successful in producing a small number of national leaders is not supported by empirical data. Indeed, a large number of national leaders began their careers at the municipal level settings. To argue that local politics and democracy are antonyms is likewise absurdly at odds with reality. Democracy is not unique to any one geopolitical area; it is a process (Afegbua, 2023).

Similar to this, administrative decentralization, also known as public revenue decentralization, happens when a portion of the funds are distributed to lower levels of government via a revenue-sharing formula while the majority of the funds are raised centrally. Wright (2018) proposed what is known as the "Overlapping Authority Model," which Sulaiman (2023) cites. The idea concentrated on circumstances in which a separate level of government produced public goods at efficient levels for those goods whose unique benefit patterns fell within the geographic purview

of their authority. These circumstances became known as Abalaka's definition of "perfect mapping" or "fiscal equivalency" (2023).

However, it was also acknowledged that there was seldom any level of government that could create a "perfect mapping" for all public goods due to the variety of local public goods with different spatial patterns of consumption. Local public goods with cross-jurisdictional spillovers would result from this. For instance, a road may provide public goods qualities, the advantages of which extend beyond the boundaries of the local government. The local government can then fail to supply enough of such a good. The idea then turns to the classic Pigouvian subsidies to get around this, which call for the central government to give matching grants to the lower-level government so that it can absorb the full advantages. In light of the following, the function of the lower levels of government were tasked with providing public goods in order to maximize societal welfare (Ajiteru, 2023).

#### **4. The problem**

This country's urban-to-rural development ratio is unusually imbalanced and completely unsustainable for the equitable and sustainable development of both this country and Africa as a whole. The information that is currently available, however, nevertheless demonstrates that Nigeria's local governments do not rank among the best in the world in fact, they do not rank among the third-world averages. Following the 1976 reform, which resulted in a huge increase in Federation Account money, many local governments spent recklessly on extravagant projects that had no bearing on the demands of the nearby communities. Many of these projects were abandoned as a result of the fluctuating and declining oil revenue, resulting in a massive waste of resources (Abalaka, 2023).

In Nigeria today, it is nearly impossible to find a local government area without the remains of abandoned projects. The majority of local governments' spending is marked by widespread corruption in addition to waste. Despite being characterized as a cankerworm that permeates every aspect of Nigerian culture, corruption is especially concerning at the local government level. The majority of Nigerians think that government officials, their friends, and their political colleagues are the only ones who share public funds. Additionally, former Imo State Governor Ikedi Ohakim recently delivered a harsh assessment of the performance in The Guardian newspaper of regional administrations.

The administration of the council is clearly ineffective. Nigeria's council system has utterly failed. Furthermore, the nation would continue to face issues at the local level if nothing is done to improve the situation. We have squandered so much money that the council system has evolved into a multifaceted business where some wealthy individuals "try to install their housemaids and houseboys so that they can create profits." Only a select few have benefited from the council system, and they are already being pursued by the general public on the streets (Guardian, December 27, 2017).

#### **5. Socioeconomic Development and Local Governance**

The local government is widely recognized as a practical tool for rural transformation in many nations, including Nigeria for the people to receive social and economic services in an efficient manner. Nigeria's local government is a well-known third-tier of government, according to Obadan (2018). It is local government or administration at the grassroots level. At this level, the government is supposed to be very near to the people, in towns, villages, and settlements, and to have an impact on the average person's daily life. Additionally, it is anticipated that local government will actively participate in the overarching national development goal of attaining widespread social and economic growth and guaranteeing the best possible use of human resources. Ajiteru (2023).

For three primary reasons, local governments are positioned strategically to fulfill their designated roles:

- Closeness to the populace;
- Increased reactivity to the local population's requirements; and
- Ease of use, as local government entities are typically not intricate.

In Nigeria, local government has been there for a while, but it wasn't until several changes—most notably the 1976 reforms and the ones that followed—that it gained the respectable standing it currently holds. Improving local governments' ability to carry out their roles in economic growth was a strong argument in favor of the reforms.

The following are some significant changes that have occurred in the local government system since the 1976 reforms:

1. In contrast to the past, the Federal Republic of Nigeria's 1979, 1989, and 1999 Constitutions now guarantee and assign local governments specific developmental responsibilities.
2. A statutory percentage of the Federation Account's revenues, as well as a portion of the states' internally generated revenue, are allocated to local governments in their respective jurisdictions to help them carry out their duties. As a result, local governments' revenue share in the Federation Account has steadily grown, rising from 10% in the early 1980s to 15% in 1990. This percentage was 20 percent as of 2012.

The Federation Account's revenue sharing formula is currently as follows:

**Table 1: Revenue Sharing Formula**

<b>(a) Federal Government</b>	=	<b>50%</b>
<b>(b) State Government</b>	=	<b>24%</b>
<b>(c) Local Government</b>	=	<b>20%</b>
<b>(d) Special Funds</b>	=	<b><u>6.5%</u></b>
<b>Total</b>	=	<b><u>100%</u></b>

The Valued Added Tax (VAT) is also currently distributed as follows:

<b>(1) Federal Government</b>	=	<b>15%</b>
<b>(2) State Government</b>	=	<b>50%</b>
<b>(3i) Local Government</b>	=	<b>35%</b>

**Source:** Federal Office of Statistics, Benin City

### Sources of Local Government Revenue in Nigeria

Lack of funding has always been one of the main obstacles preventing local governments in the nation from carrying out their duties, according to Ola and Tonwe (2015:2). It's interesting to note that the 1976 Local Government reform explicitly outlined the roles and requirements for guaranteeing sufficient financial and human resources in addition to streamlining Local Government operations. According to Abalaka (2023), Nigerian local governments receive their revenue from two main sources, which are:



outside resources and

- a) Internal resources
- b) Outside Sources:

The following are some external sources of funding and revenue for local governments:

- a) Statutory distribution from the federation account in line with Federal Republic of Nigeria Constitution Section 162(3) of 1999.
- b) Statutory distribution to local governments from the state government inside its sphere of influence.
- c) Federal funding and assistance.
- d) Grants from the state
- e) Borrowing from banking institutions and the state government.
- f) f. Value-added tax (VAT) share paid by local governments

### **Internal Resources**

The following are included in the local government's internal revenue:

- a) Local governments receive commissions and local rates in exchange for helping the state government collect certain taxes or dues.
- b) Market prices and taxes, excluding those in markets that receive state funding. c) Fees for bicycles, trucks, canoes, wheelbarrows, and carts—aside from trucks with mechanical propulsion.
- c) Customary court-imposed permits and fines; e) commercial investment by the local government.
- d) Local government-established school fees, tenement rates, etc.

In addition to the above-mentioned sources, additional revenue streams could be through donations made by kindhearted people or philanthropists who want to help the local government implement a specific project or program. It should be mentioned, nevertheless, that of the main internal revenue streams that are legally allotted to local governments, rates, local licenses, fees and fines, and profits from commercial endeavors together account for up to 75% of the recurring revenues that local governments internally generate. However, Sulaiman (2017) pointed out that the primary source of funding for local governments nationwide is statutory grants from the federal and state governments. (Ugwu 2020:41).

After outlining the key areas of revenue generating for Nigerian local governments, it is necessary to look at the issues surrounding revenue generation in local administration.

### **Issues with Revenue Generation in Nigerian Local Government Management**

One of the main issues facing Nigerian local governments has been the availability of funding. Local governments used to rely on locally generated income, which was barely enough to cover their expenses. As a result, Local Government Areas developed slowly, particularly in rural areas (Abalaka, 2023). It goes without saying that local government needs funding in order to carry out its legally mandated duties. While the federation account's revenue is guaranteed, the precise amount may not be known, internally generated revenue is always laden with numerous issues, which leaves local councils with minimal collections. Here are a few examples of these issues:

1. **Government at the Macro Level:** Internal because the federal and state governments retain those functions whose performance generates high revenue returns; revenue creation is

hampered. For example, local councils cannot be given authority over highly profitable areas like water supply, automobile licensing, construction plan approval, etc. by the state government. Ajiteru (2023)

2. Another issue pertaining to local governments' ability to generate revenue is the state governments' failure to pay 10% to local governments. As Ola and Tonwe (2015:203) pointed out, the constitution stipulated that local councils should receive 10% of the state's total revenue, but in the majority of cases, state governments only gave a small portion of that amount and in certain instances, the state governments paid the local government councils absolutely nothing. Even now, this is still the case. The majority of councils beg the state government to pay their statutory contribution into the State Joint Local Government Account (SJLGA), and they seldom mention receiving 10% of state revenue.
3. **The State Joint Local Government Account (SJLGA) is being misused.** According to the constitution, the State Government is responsible for maintaining the federation account's funds for State and Local Government accounts. Before sending anything to councils, the state governments typically withhold a number of things, including income tax paid beforehand by local government personnel (payees), counterpart funding of projects, etc. This circumstance is made worse by Local Government Council chairmanship on transition committees. As is customary, no chairman of a transition committee has the courage to challenge the governor of a state that generously appointed him. This is just another unfortunate circumstance that has impacted the nation's Local Government Council's revenue profile.
4. According to Gunman (2014:106–7), another factor that has contributed significantly to low internal revenue generation is that many councilors choose to play it safe by avoiding any action by the council to raise taxes, even when it is clear that such a revision is desirable, out of concern for upsetting the communities they represent (Abalaka, 2023).
5. The cynicism and reduction/refusal of citizens has also been noted as a concern to pay rates, fees, etc. because of Nigeria's local government's dismal performance history (Ajiteru, 2013). Ola and Tonwe (2015:278) supported this viewpoint when they stated that there have been instances of violent attacks on local government tax collectors by irate villagers because they believe that local government officials are only present when they wish to collect taxes and never return to provide any services. There have been coordinated campaigns to boycott tax payments under the motto "no service, no pay." One such campaign was launched by agitators in Lagos State's Epe Local Government Area (Sulaiman, 2023).

## 6. Financial Autonomy of Local Governments

Autonomy is defined as the capacity to act and make choices without being under someone else's authority. For starters, local governments don't have that much power. Financial autonomy in terms of revenue generation is also impractical as long as local governments are state-created entities with constitutionally specified funding sources. Not even the municipal governments required 10% internally generated revenue is forthcoming.

Furthermore, the State Government occasionally issues orders that can negatively impact a council's attempts to raise money. For example, an order prohibiting the Oredo Local Government from collecting any kind of fees within the council's jurisdiction was issued in November 2008, the first month of Comrade Governor Adams Oshiomhole's term in office, and before it was loosened, that position persisted for several months. Oredo Local Government could not go beyond any such directive to carry out its revenue generating program since it is a level of government that is subordinate to the state (Sulaiman, 2023).

Therefore, it might be claimed that local government autonomy, in whatever sense it is interpreted, cannot support or strengthen Nigerian local governments' efforts to generate revenue.

As previously said, the constitution clearly defines the revenue bounds of the several tiers of government, and no local authority is permitted to exceed its allotted revenue sources without giving careful consideration to the general laws of the land (Sulaiman, 2023).

## 6. METHODOLOGY

The study aims to evaluate the effects of domestically produced income from the provision of services in Oyo State's Ibarapa Central Local Government Area (ICLCA). Internally created revenue records, departmental vote expenditure account documents, statutory allocation books, ledgers, cash books, and annual budgets are all part of the study's secondary source data collection technique. Statements of accounts and annual reports from 2016 to 2020 are among the others. The study region was selected due to its distinctiveness as Oyo State's food basket; when fully developed, its agrarian potential may support the local government with domestically generated income without relying on the federal government's monthly "handouts." The ability of indigenous people to do historical traditional arts and crafts, such as weaving, blacksmithing, soap making, and traditional fabric dyeing, is another potentiality sundry domestic production operations. Additionally, the council has the "Towobowo" market, which functions as a hub for trade and a nodal point for residents of nearby states, like Lagos, Ogun, Osun, Ondo, and Kwara, to name a few. One hundred and two thousand, nine hundred and seventy-nine (102,979) is the census number per the National Population Commission (NPC) (2006). Over 75% of the 440 sq km land mass is arable all year round, according to Ajiteru (2023).

The study's secondary methodology is based on internal income papers produced by the local government, departmental expenditure account documents, statutory allocation records, ledgers, cash books, and annual budget predictions from 2016 to 2020. Characteristic statistical tools for frequency, percentages, and table distributions in addition to The data was interpreted using the inferential statistical methods of Analysis of Variance (ANOVA). Internally Generated Revenue (IGR) and Service Delivery in Ibarapa Central Local Government, Igboora are related, according to the tested hypothesis's findings ( $F = 2.154$  at the 0.05 level of significance). However, due to the small amount of Internally Generated Revenue (IGR), the relationship does not have the expected effect in the local government. By drawing conclusions from the provided data, the analytical review approach was used to assess the data (Abalaka, 2023).

### Important conclusions

The study's heuristic values are threefold. First, it will increase understanding of the function and significance of local government as a public finance institution in general. Additionally, it will offer insight on how Strategies for increasing their domestically generated revenue can be developed. Third, it will offer suggestions on how Sulaiman might be managed more prudently, successfully, and efficiently by local governments in general. (2023).

## 7. OUTCOMES AND CONVERSATION

The report lists the different revenue-generating options that the Ibarapa Central Local Government in Oyo State, Nigeria, has at its disposal. It analyzes or appraises how internally generated money affects the local government's capacity to carry out its mandated responsibilities. As a result, the different revenue-generating sources are listed in the different tables from 2016 to 2020. The percentage of each revenue source as a variable of total revenue is shown in Table 5. This suggests that the centrally or federally produced statutory allocation and with 52.5% of total revenue, centrally authorized revenue makes up the majority. The amount allocated by statute was \$1676,607,400.94. According to Abalaka (2023), this implies that the local government is essentially non-existent in the absence of the Federal Statutory Allocation, making it an unviable tier of government.



**Table 1. Stationary Allocation Table (2016–2020)**

S/N	YEAR	ALLOCATION#
1.	2016	328,303,874.78
2.	2017	299,802,133.60
3.	2018	359,792,895.72
4.	2019	305,710,157.34
5.	2020	382,998,339.50
	<b>TOTAL</b>	<b>1,676,607,400.94</b>

**Source: Statutory Allocation CBN Record, Jan 2016 – Dec 2020.**

The total revenue received from the federation account as a statutory allocation to ICLG is displayed in Table 1. According to Ajiteru (2023), the total was 1,676,607,400.94k, or one billion, six hundred and seventy-six million, six hundred and seven thousand, four hundred naira, and ninety-four kobo.

**Table 2. Revenue Table (2016–2020) allocated to ICLG**

S/N	YEAR	ALLOCATION#
1.	2016	34,026,241.55
2.	2017	19,200,298.04
3.	2018	34,815,173.38
4.	2019	21,424,722.08
5.	2020	26,780,902.54
	<b>TOTAL</b>	<b>136,247,337.59</b>

**Source: Oyo State Ministry of Finance, Ibadan, 2021.**

The total revenue allotted to ICLG from the 10% state revenue from January 2016 to December 2020 is displayed in Table 2. Two hundred forty-seven thousand, three hundred thirty-seven-thousand-naira, fifty-nine kobo, and one hundred thirty-six million were the total, according to Sulaiman (2017).

**Table 3. VAT Revenue from Federation account (2016–2020)**

S/N	YEAR	ALLOCATION#
1.	2016	178,506,697.60
2.	2017	136,088,344.25
3.	2018	234,899,915.11
4.	2019	155,699,017.41
5.	2020	214, 285,205.57
	<b>TOTAL</b>	<b>919,449,179.94</b>

**Source: Statutory Allocation, CBN Record, 2020.**

According to Sulaiman (2017), **Table 3** demonstrates that the entire amount of VAT money allocated to ICLG from January 2016 to December 2020 was 919,449,179.94, or 197 million, 449,49,000, 197 naira, and 94 kobo.

**Table 4. Excess Crude Oil Account from Federation Account (2016–2020)**

S/N	YEAR	ALLOCATION#
1.	2016	300,000,000
2.	2017	2951,895.20
3.	2018	–
4.	2019	150,000.00
5.	2020	–
	<b>TOTAL</b>	<b>452,951,895.20</b>

Source: Statutory Allocation, CBN Record, 2020.

**Table 4** In total, four hundred and fifty-two million, nine hundred and fifty-one thousand, eight hundred and ninety-five naira, and twenty kobo (452,951,895.20) were made from the federal excess crude oil account and distributed to ICLG, according to Table 4. Sulaiman (2017) found that the total amount of internally generated revenue from 2016 to 2020 was #6,806,595.32 (six million, eight hundred and six thousand, five hundred- and ninety-five-naira, thirty-two kobo), based on all internally generated revenue documents sourced in ICLG.

**Table 5** shows how each revenue kind contributes to overall revenue.

**Table 5. The proportion of the different revenues to the total revenue**

S/N	PARTICULAR	AMOUNT (N)	%
1.	Statutory allocation	1,676,607,400.94	52.5
2.	Value added tax	919,449,179.94	28.8
3.	Excess crude oil	452,951,895.20	14.2
4.	Internally generated revenue	6,806,595.32	0.21
5.	State revenue (10& allocation)	136,247,337.59	4.27
	<b>Total</b>	<b>3,192,062,409</b>	<b>100</b>

Source: own work, 2016.

In order to balance the analysis, Table 5 indicates capital and recurrent expenditures undertaken between 2016–2020.

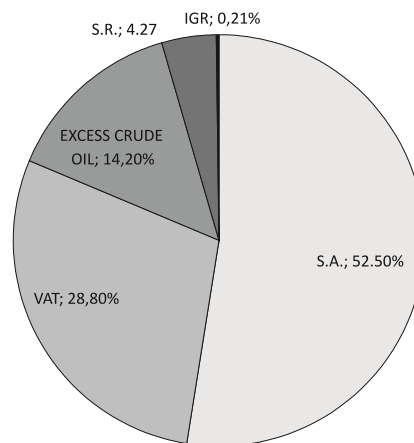
**Table 6. Capital and Recurrent Expenditures Record**

S/N	Year	Capital expenditure (N)	Recurrent (N)	Total (N)
1.	2016	300367,450.89	259940,823.93	560,308,274.83
2.	2017	389123382.65	316,296,001.76	705,419,384.41
3.	2018	207,383632.45	402,164,974.99	609548607.44
4.	2019	180,401157.34	131,980609.06	312381,766.40
5.	2020	175,311683.23	211812216.08	387,123,899.31
	<b>TOTAL</b>	<b>1,252,587,306.56</b>	<b>1322194625.83</b>	<b>2,574781932.39</b>

Source: ICLG Statement of Accounts, 2021.

This table shows that spending has consistently outpaced revenue sources' potential, especially their internal rate of return (IGR). This results from the wide disparity between the local council's needs and its financial capabilities. For instance, between 2010 and 2014, N 3,192,062,409 was earned overall, while N 2,574,781,932.39 was spent, leaving a pitiful N 617,280,477 in the balance. The capital expenditure to total expenditure ratio is 48.6, meaning that recurring expenses account for 51% of the expenditure profile. The local government is unable to provide many social services and development initiatives with this budget. Decadent infrastructure and inadequate service delivery, or their virtual equivalent, are manifestations of the citizens' low level of living Abalaka, (2023).

The total value of internally generated revenue from 2016 to 2020 was #6,806,595.32 (six million, eight hundred and six thousand, five hundred- and ninety-five-naira, thirty-two kobo, or 0.21%), according to all internally generated document sources in ICLG.



**Figure 1:** According to Sulaiman (2017), the pie chart illustrates the proportionate distribution of the various revenue streams from 2016 to 2020.

**Based on inferential statistical analysis, the source is the author's own.**

Ho: There is no connection between money generated internally and

(IGR) and service provision in Oyo State's ICLG

**Coefficients of inferential statistical analysis**

**Table 8.** Anova Test

Internally generated revenue has no significant relationship with service delivery	Unstandardised coefficients		Beta	T	Sig.
	B	Std. error			
(Constant)	-.577 3.596	1.060	-.384	-1.763 3.392	.095 1003

ANOVA

Model	Sum of square	df	Mean square	F	Significance
1. Regression	4.286	4			
Residual	7464	15	17072 .498	2.154	1124a
Total	11750	19			

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**Source: ANOVA TABLE.**

Since the p-value exceeds the significance level of 0.051, we accept the hypothesis that there is a significant relationship between internally generated revenue and service delivery in ICLG and reject the hypothesis that there is no significant relationship. Using an  $\alpha$  of 0.05, the test statistics show an F-Value of 2.154 in the above table; the F distribution table shows  $F_{0.05, 4, 15} = 3.06$ . We have determined that there is no statistically significant difference between the population means and rejected the null hypothesis of equal population means because the test statistics are higher than the critical threshold. The test statistics are not significant at that level, as indicated by the p-value of 2.154, which is 0.095. Consequently, the p-value is higher than the degree to which internally generated revenue and service delivery in ICLG are significantly correlated, and acknowledge that there is a considerable correlation between the two. This is due to the fact that a sustainable local government cannot exist without internally generated money (Abalaka, 2023).

## **8. FINAL COMMENT**

It is impossible to overstate the function and significance of internally generated money in the management of local governments. In actuality, arguing that IGR is a euphemism for local government administration is not hyperbole. This is due to the fact that local councils are unable to accomplish their goals and objectives if it is not viable. In the instance of ICLG, it has been extremely challenging to carry out its developmental programs when statutory allocation is not forthcoming when it is due. Due to the country's economic difficulties, local council operations frequently stall out.

Likewise, there are other issues such as unclear leadership, inept personnel, poor fund-raising techniques, poor documentation, political favoritism, nepotism, perennialism, patrimonialism, and indiscriminate federal and state government intrusion. The outcome shows that Hi, which argues that there is a substantial correlation between Internally Generated Revenue (IGR), which is what truly constitutes local government, and Service Delivery. It is not powerful enough, nevertheless, to convince the populace that it is a level of government deserving of their taxes and rates. Therefore, policy actions must be formalized to demonstrate the internally generated income of the area under examination. Therefore, the suggestions listed below have been made.

## **9. ADVICE**

The following suggestions are made to address the issues with revenue creation in Nigerian local government administration:

1. The council's internal auditor shall regularly examine revenue collectors in accordance with financial regulation regulations, and those found to have engaged in corrupt activities should face appropriate disciplinary action.
2. It is advisable to promote the usage of council employees. Therefore, the council needs hire enough employees to staff the several local government income departments.
3. Adequate revenue tariff legislation is essential. In order to prevent instances of revenue collectors using their discretion, the council should make sure that its legislative body creates an updated tariff.
4. Income Agents ought to be fired and replaced by employees of the local government.
5. Local government authorities should support their indigenous people by giving them sufficient amenities so that some people won't charge them. They will undoubtedly be encouraged to pay their taxes and levies without protest as a result.

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