

**IMPACT OF REVENUE GENERATION ON RURAL DEVELOPMENT**

***(A case study of Baruteen Local Government Area, Kwara State)***

**BY**

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## **CERTIFICATION**

This is certifying that this research project has been read and approved as part of requirement for the award of Higher National Diploma in Public Administration.

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## **DEDICATION**

## **ACKNOWLEDGEMENT**

## **TABLE OF CONTENT**

Title page	i
Certification	ii
Dedication	iii
Acknowledgment	iv
Table of contents	v

## **CHAPTER ONE**

1.0	Introduction	1
1.1	Background of the study	2
1.2	Aims and objectives	2
1.3	Scope and limitation of the study	2
1.4	Significance of the study	3
1.5	Definition of term	5
1.6	Organization of the study	5
	Reference	6

## **CHAPTER TWO**

2.0	Literature Review	7
2.1	Meaning of Local Government	7
2.2	How to enhance Revenue generation	10
2.3	Function of Local Government	12
2.4	Sources of Revenue under local Government	17

References	18
 CHAPTER THREE	 19
3.0 Research Methodology	19
3.1 Method of Data Collection	19
3.2 Source of Data	20
3.3 Research Problems	21
 CHAPTER FOUR	 
4.0 Interpretation of Data analysis	23
4.1 Revenue Generation strategies	23
4.2 Problem of revenue generation	26
4.3 Utilization of revenue generation	28
 CHAPTER FIVE	 
5.0 Summary, Conclusion and Recommendation	35
5.1 Summary	35
5.2 Conclusion	35
5.3 Recommendation	36
 Bibliography	 37

## **CHAPTER ONE**

### **1.0 INTRODUCTION**

### **1.1 BACKGROUND OF THE STUDY**

There are three tiers of government in Nigeria, Federal, State and Local Government. Local government being the last in the hierarchy of governance, on the closeness of this segment confers on it an enormous task of various amenities for betterment of the citizenry. However, the summary of the aims and objectives of the local government are contained in the 1999 constitution section 2.

The constitution conferred on the local government such power and duties within specific areas matters so as ensure that the citizen feels it's imparts. These are under any enactment. It shall be the only duty of these of every local government established under this edict.

- a. To discharge the duties and objective imposed by or under this edict or any other enactment.
- b. Generally to assist in maintaining order and good government with the area of its authority. Sub – section two of 1999 constitution state as follows:

Any account standing to the credit of the federation account shall be distributed among the federal, state, and local government in each state on such terms and in such manner by the national assembly.

Any amount standing on the credit of the state on such terms and manner may be prescribed by the national assembly. The second part of internal revenue generation

falls within those revenues sourced from the judicator of the local government in the case of Ikorodu local government area lagos state

## **1.2 RESEARCH OBJECTIVES**

1. what are the major sources of revenue in ikorodu local government area lagos state
2. what is the methods used in generating internal revenue ?
3. what are the challenges associated with revenue generations in local government?
4. what is the historical events developments inikorodu local government?

## **1.3 AIMS AND OBJECTIVES**

The aims and objectives are to:-

- 1). To know the sources of revenue available to ikorodu local government area lagos state.
- 2). To know the method of its internally generated revenue.
- 3). To know the problem associated with the collection of its internally generated revenue.
- 4). Advice on how to increase its internally generated revenue.
- 5) To know the historical background of Ikorodu local government area lagos state

## **1.3 SCOPE AND LIMITATION OF THE STUDY**

The research work would cover the period of 1999-2003 and see to the extent on revenue generation and utilization by Ikorodu local government area lagos state within the period above.

The limitation arose from the time factor and financial requirement. That's the research work is being conducted at the same time the researcher receive lectures. Financial implication forced the researcher to limit the scope to the Ikorodu local government area lagos state.



#### **1.4 SIGNIFICANCE OF THE STUDY**

This project is important in the following ways. It will contribute to the existing scholarly initiative and provide additional knowledge on the performance of local government in Nigeria. In addition, it will help to generate more revenue and judicious utilization. Of such revenue. It will also help local government officers to discover their problems and enable them improve the standard of performances.

#### **1.5 DEFINITION OF TERMS**

Local Government is commonly used to refer to local self-government it's defined as the government by local bodies freely elected, which subject to the government supremacy of national or state government endowed with power discretion and responsibility which they can exercise without control over their decision by higher authority.

In addition to the allocation from the federation account each state government is also mandated to allocate 10% of its own total revenue to the local government under its jurisdiction. Besides this local government have since 1994 been enjoying revenue from VAT which is shared to the three tiers of government in the federation on the basis of criteria provided by the revenue mobilization allocation and Fiscal Commission (RMAFC) Local government in Nigeria derives most of their finance, resources principally from both the federal and state government which as increased its grant to 20% of the national budget shared and pays directly to all the local

governments in the country as statutory allocation from state to local government within the states

In other words both the federal and state government are constitutionally required to contribute towards sustaining the third tier of government. It is an allocation from state, federal to the local government which local government can utilize as it thinks fit whereas when specific grants are given, they are tied to a particular project which a local government is obliged to use the specific grants to prosecute. Local government finance is concerned with the raising of resources necessary to meet the expenditure needed to between the various services and ensuring that value for money is being obtained (Hepworth, 1970)

Local authorities are concerned with the prosperity of their area. Abuja all criteria and parameters used in sharing both the federation account and proceeds of VAT have by law be approved by the national assembly (Halidu 2008).

Local government derived their revenue essentially from two major sources, internal and external. The internal sources include local taxes, fees, rate, user charges and income from investment while external sources is made up mainly of revenue from statutory allocation and value added tax (VAT).

## **1.6 ORGANIZATION OF THE STUDY**

The study is divided in five chapters:-

Chapter one is devoted to the background, introduction of the study, scope of the study and scope and limitation of the study, significances of the study are used in this study.

Chapter two, focuses on the literature review, on the concept of local government. It also deals with functions of the local government and their sources of revenue.

Chapter three, deals with the research methodology and method of data collection and sources of data and the research problems.

Chapter four, centers on the analysis of revenue generation strategies sources and problem of revenue generation.

Chapter five has the summary, conclusions and recommendations.

### **1.7 DEFINITION OF TERMS**

**REVENUE GENERATION:** according to (Gambo 2012) is the overarching process whereby businesses find ways to drive income and increase profitability. In other word is the process of planning, marketing, and selling products, with the ultimate aim of generating income and increasing profitability

**UTILILIZATION:** the act of using something in an effective way

**LOCAL GOVERNMENT:** is a third tier of government responsible for utilization of local resources, training people in the act of government

**REFERENCE:**

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*Gambo a. (2004) Introduction to Public Administration volume one  
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## **CHAPTER TWO**

### **2.0 LITERATURE REVIEW**

Since the provision of social amenities and improvement of the standard of living of the people in local government is part of local government aims and objectives; therefore there is a need to analyse the sources and utilization of the revenue generation.

Local government finance can be defined as the sum total of the fiscal and monetary obligation of the government at the local level. It is concerned with how the local government sources and manages its funds in order to achieve the common goals. Ediet on Federal Republic of Nigeria (1976). Guidelines for Local Government Reform.

Finance makes possible the execution of plan, programmes and project and it is the oil that lubricates the engine of individual, organizational and societal activities. The lack of adequate finance to the local government makes them vulnerable.

### **2.1 MEANING OF LOCAL GOVERNMENT**

S.A Oladosu (1981) defines local government as an opportunity for local government community to determine their own political, economic and social destiny by actively participating in the making and execution of decision that affect them in their every day lives. Local government is an essential instrument for the performance of certain basic and administered locally in the intimate knowledge of the need, conditions and peculiarities of the area concerned.

According to Akamere (2001) local government is “simply and precisely, government at the local level, a system of devolution of powers to the local authority to provide services of a local nature. It is an autonomous or independent body created by law and charged with the responsibility of administering and dealing with matters of local importance within a defined area by the laws that created them.

Ola (1984) defines local government as “a political sub division of a nation or 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 purpose”

According to sady (1962:132) the term local government refers to “a political sub – division of a nation or (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 purpose. The government body of such an entity is elected or otherwise locally selected”

Emezi (1980 defines local government as “that system of local administration under which local communities are organized to maintain law and order, provide some limited range of social service and public amenities and encourages the cooperation and participation of the inhabitants towards the improvement to their conditions of living” essentially complementary to those of the central government and in the interest of the local residence for statisfaction for common community needs.

It is a means by which local communities address jointly its common problems and needsConsequently its effectiveness is judged through the development it generates, social amenities it provides and to the extend that it has catered satisfactory for the happiness and generate well being of the communities it has been established to

serve. Local government is concerned with the regulation and administration of local affairs by the people inhabiting the locally through their on representative body made up of largely elected members. Another scholar a quest mae king (1998) say local government reflected a quest to reconcile the desire for economic viability and administrative efficiency the aspiration and demand of local communities”

Local government serves as a means for redistributing the balance of power between the state governments whose feeling must always be taking into consideration in the formation of the policies. Local governments were established to make appropriate services and development services and development activities and democratic governance of grassroots levels, encourage local initiatives and to increase leadership potentials.

Local government is expected to mobilized human and material resources through the involvement of members of the public in the government. To provide a two way of communication between the ruler and the ruled (government and the people) to avoid in balance and neglect. In fact, some of the factors that distinguished local government from the central government have been during the babagida’s administration.

Local government areas were created to exercise specific powers within the defined area.

This make local government closer to the majority of the citizen than the state, the people were allowed to vote for the candidate of their choice. Because of the existing intimacy and familiarities between the people and the elected representatives

usually creates grassroots link which enables people of the communities to make their complain, (request and problems) before their chairman and councilors.

Local government emerged as an important multipurpose institution, disposing of a considerable share of the national sources and through over shadowed in many ways by the central government, yet having manifest advantages including its status opportunity to bring together, if not completely to meet the communities needs as whole. I have also noted that the local authority's future depends to small extent. On their ability to co- operate with one another and with their agencies both public and private.

According to Richard 2013, the important of public revenue to underdeveloped countries can hardly be exaggerated, if they are to achieve their hope to accelerated economic progress. Whatever the prevailing ideological or political nature of a particular government, it must steadily expand a whole host of non revenue yielding services such as education, health, communication system and so on. Thus Richard observed that those non revenue yielding service which are majorly finance out government revenue usually consumed a lot of capital.

Revenue is defined as the addition to wealth increase in liability.

According to Charles" it is the income that generated for the state to meets its obligation and it has a wide coverage.

## **2.2 HOW TO ENHANCE REVENUE GENERATION EDUCATION OF THE PUBLIC**

Regular education of members of the society to be alert to their responsibilities in terms of tax payment to the government when due, cannot be over emphasized. The



area of co-ercives it give people needs to be consoled by one way or the other as to make dance to ones tune. The remitted effect and benefit derived from public education and enlighten will be very great.

## **COMMUNICATION**

Communication should be made effective. The need for surgical operation to allow for efficiency and devotion of duty. The local government must set up number all house in the town and villages now that Nitel has gone commercial, it is hope remarkable improvement has recorded.

## **CO -PERATION FROM TAX PAYER**

In order to achieve maximum cooperation from the tax payers, the officers must be courteous, polite and must be prepared to listen to any form of explanation from the payers.

## **GOVERNMENT POLICY /MANAGEMENT**

The tax payer have duties to perform to his / her state and local government, likewise the local government has obligation to render to citizens. The tax payer must be able to feel the impact of the tax or levies paid by them if a tax is collected from people at a particular area, the local government must be able to provide certain basic amenities to ginger the citizens,

To community members would then have a sense of belonging and such action will certain encourage future payments. Money collected in form of tax must be used for what is is intended. Local government must be able to provide for unemployment, subsidy and basic

### **2.3 FUNCTIONS OF LOCAL GOVERNMENT**

However, the Nigeria constitution defined the following as the basic responsibilities of the local government namely the exclusive functions are task attached to the local government only while concurrent function are the task which combine the federal, state and local government. The exclusive function of the local government therefore are listed below:-

- i. Building of markets and motor parks
- ii. Sanitary inspection, refuse and right soil disposal sewage
- iii. Control and keeping of animals
- iv. Slaughter house and slabs
- v. Public conveniences (toilet )
- vi. Registration of birth, death and marriages
- vii. Parks garden and public open spaces

- viii. Provision of recreation centers
- ix. Burial grounds and cemetery
- x. Naming of streets, roads and numbering of plots and buildings
- xi. control and registration of :-
  - a. Outdoor advertising and hoarding
  - b. Shops and kiosks
  - c. Laundries.
  - d. Restaurant and other place for sale of food to the public.

#### **CONCURRENT FUNCTIONS ARE**

- i. Building and maintenance of health and maternity centers
- ii. Information and public enlargement
- iii. Maintenance of peace, law and order
- iv. Provision of scholarship and bursary
- v. Provision of libraries and reading rooms
- vi. Control of water and atmospheric pollution
- vii. The clinic, ambulance services and leprosy clinic

The state should under such circumstance perform these above listed functions the is not exhaustive

Oyewole,2010 identified the following as the functions performed by local government

- i. Collection of rates radio, television license. It is quite unfortunate today that many people owned these electronic gadgets without paying kobo on them. This attitude is robbing the government of a lot of revenue.
- ii. Establishment, maintenance of regulation of market motor park and public convenience/toilet. Users of these various facilities are made to pay a token amount of money to the coffer of government
- iii. Licensing of vehicle, trucks, canoes, wheel barrow and carts These are local means of transportation often use for commercial purposes.
- iv. Establishment and maintenance of cemeteries burial ground and home for destitute.
- v. Construction and maintenance of Roads on Street, drains and other public highway parks open space of such public facilities as may be described from time to time by the house of assembly of a state.
- vi. Naming of roads and street. And numbering of houses also attracts some few from those benefiting from such exercise.
- vii. Provision and maintenance of refuse disposal. These government facilities have help to keep environment clean, thus eradicating disease that could have been spread by the rubbish resulting from this.
- viii. Among the function is the registration of all birth death and marriage. These enable the government to have proper record of the citizens in the localities
- ix. Assessment of privately owned houses or tenement for the purpose of levying such rates as may be presented by the house of assembly of a state. Essentially local government should have adequate and assured funds so to be able to discharge duties entrusted to them and how such funds are raised would be discussed.

## **2.4 SOURCES OF REVENUE UNDER LOCAL GOVERNMENT**

The revenue realizable from the sources listed in the 1999 constitution may be summarized as follows:

1. Rate television license fee
2. Fees charges for use of cemetery or burial ground
3. Bicycles, truck, wheel barrow licensing
4. Fees/charges for use of slaughter- house and slabs markets and motor park
5. Property and tenement rate.
6. Outdoor advertise fees charges
7. Liquor licensing fees.
8. Fees/ registration charges for shops and kiosk
9. Bakeries and other places for sales of food

In order to cater for the expenditure needs of Ikorodu local government area lagos state there must be regular source of income. While certain form of revenue are necessary to meet current expenditure, other are useful for meeting capital expenditure.

- 1). Source of revenue for meeting current expenditure
- 2). Source of revenue for meeting capital expenditure

### **A. SOURCE OF REVENUE FOR MEETING CURRENT EXPENDITURE**

- i. Local rate imposed on all tax payers for execution of certain specific project.
- ii. Fees from licences and permits for bicycle, liquor, hawker and dogs
- iii. Income from commercial activities e.g. users of market stalls and motor park built by the local government
- iv. Grants and subsidies from the federal and state government

- v. Rent recovery on the premises
- vi. Income tax payable by people living within local government area
- vii. Sales of properties or fines
- viii. Cattle tax paid on animal belonging to individual
- ix. Property tax levied on immovable properties such as building and plants e.g tenement rates.
- x. Miscellaneous sources.

## **B SOURCE OF REVENUE FOR MEETING CAPITAL EXPENDITURE**

- i. Surplus left over from current expenditure
- ii. Loan obtained from state or federal government.
- iii. Institutional loan e.g. from commercial banks and World Bank.
- iv. Money raised through open market boards
- v. Special tax on properties
- vi. Statutory allocation
- vii. Grant from federal or state government

This grant often constitutes a substantial part of local government revenue. Grant is given for both re – current and capital expenditure.

Section 165 (5) of the 1999 constitution provides that the amount standing to the credit of local government councils in the federation accounts shall also be allocated to the states for the benefit of their local government councils on such terms and in such manner as may be prescribe by the national assembly.

## **SOURCE OF REVENUE**

1. The national assembly:- the national assembly make provision for statutory allocation of public revenue to local government councils.
2. House of assembly of state house of assembly make provision for statutory allocation of public revenue to local government councils
3. Grants:- another sources of finance is the special grants they receive from both the central and state government. However, in most cases, these grants are for specific projects.
4. Collection of rates:- revenue are equally generated through collection of rates on radio and television lincseses, ,markets, shops and stalls e.t.c
5. Commercial ventures:- in recent times some local government were involved in commercial ventures like transportation
6. Payment of fines:- fines are paid by those that have offended the rules and regulation and it form part of the local government revenues.

## **REFERENCES**

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Oladosun, A.S (1981) Kaduna Essay in Local Government. Ilorin Gbenle press

The Constitution of Federal Republic of Nigeria (1976) Guidelines for Local Government Reform.



## **CHAPTER THREE**

### **3.0 RESEARCH METHODOLOGY**

Research method is the study of ways of understanding the world. It is a procedure designed to discover facts or carry out investigation. A strategy (ies) used in collection and analysis of data.

The guide a researcher may process is to have a thorough knowledge about the method(s) to use in order to solve the research problem.

The researcher in his finding adopt descriptive as well as descriptive method of research. It is pertinent to state at this point categorically that the research in his effort adopt the said descriptive and descriptive method of data collection based on the social and scientific nature of the researches problems. During the course of the findings and interpretation or historical value to have clear view of the finding.

### **3.1 METHOD OF DATA COLLECTION**

The topic, aim and problem to be studied, determine what data to collect. Basically there are two sources or method of data, primary and secondary source. Primary data are data generated or raw materials collected for a specific purpose. The benefit of this is that the exact information required is obtained and they show originality. For examples interview, observation, questionnaire and original reports.

The instruments used in research fall under many categories:- However gathering data through a list of question normally referred to as questionnaires and interviews has been found to be most reliable.

The method of data collections is basically ON secondary method of findings. During the research findings data gathered from existing and publicated articles in the

field of the study i.e revenue generation and utilization. However, the research effort should be considered valid not because of the adoption of purely secondary method of data collection.

The researcher keep necessary activities and effort to have a active report on the findings.

### **3.2 SOURCES OF DATA**

Historically, research data could be obtained either from primary or secondary sources.

Primary sources data are data provided by witness to the problem of the study. These are the report of those who were present and who witness the past.

Secondary sources of data usually come from the middlemen, who act as intermediaries between the original witness and the present user of the data. These are data provided by people who did not directly participate in the past events.

Secondary sources are subject to an inherent danger of inaccuracy because they are susceptible to distortions.

When ever there are enough data from the primary sources, the use of secondary sources could be considered as a serious mistake for the obvious reason that evidence are transimitted from one person to another hence, it can be distorted. However data could be sourced out or derived from journals, periodicals, encyclopedia etc

The sources of data for these project certified on secondary sources such as journal, magazines, textbooks, and newspaper etc. these sources provide an avenue to have cross fact finding of data using old and existing view and contribution from numerous scholars in the field of revenue generation and utilization.

### **3.3 RESEARCH PROBLEMS**

Basically our environment is full of problem which research is not excluded from. These problem is not in anyway exceptional to the research findings. It should be appreciated that continuous survival of any country depends on research findings. Nevertheless both research institution and individual researchers face many problems while carrying out their exercise or even after the exercise.

A research problem can be said to be a question that requires an answer or a solution. The research problem is a need and how this need is to be satisfied or solved from the problem. Hence the research problem calls for an answer from the scientific investigation. Consequently the first step in conducting research is the identification of the problem to be solved and or an unsatisfactory state of affairs that needs to be satisfied in form of scientific enquiry.

There is no aspect of research that is more arduous to student or researcher than the aspect of selecting a research topic. In spite of the benefit of research, some people still do not appreciate its usefulness. Whereas it is through research that we can know why and how the transportation system, water supply, electricity, roads, employment are in these bad and how they could be improved upon.

Since the basic reason of conducting research is to solve or find solution to an existing problem, or to bring more light to the findings of others, every researcher must make sure that they are ready to face the problems and challenges they come across when embarking on this job.

The problems entails include the following:-

1. The reliance of most industries and individuals on foreign findings and products. Some foreign industries belief on the findings of their countries inspite the fact that their industry are here, there research work is in their native land which is rendering the research findings here irrelevant.
2. High rate of illiterates and lack of basic education:- there is the tendency that research will have problem of convincing the illitrates to respond to his/her interview or questionnaire.
3. Communication problem:- communication also is a prominent problem researchers do face. Communication do hinder interrraction which does not encourage research to be carried out in some areas.
4. Most managers and industries do not appreciate the value of research findings to industrialization and economic growth.
5. Some organizations find it difficult to disclose data needed by researchers which leads to scanty statistic.
6. Researchers sometimes find some task cumbersome which make them lazy to carryout the necessary things their research entailed. However research is a very rigorous exercise which must be ready to face.
7. Financial and time constraints lack of funds and sponsorship of research is another factors. Research requires much time and money which has to be provided by the interested stakeholders and the researcher themselves must be ready to put in all their time and effort require to have fact findings.

## **CHAPTER FOUR**

### **4.0 INTERPRETATION OF DATA AND ANALYSIS**

#### **4.1 REVENUE GENERATION STRATEGIES**

Basically divided into two parts, the revenue budget and expenditure budget, however certain statement are always included to serve one purpose or the other. This will normally include statement such as liquidity of the council at the beginning of the budget years, made of appropriation of disbursable funds of the proposed budget and the consolidated financial statement based on the budget.

The consolidated financial statement is the summary of the budget, it depicts in a nut shell, what to spend, what will be lefty at the end of the financial year/estimated revenue is usually highlighted in the budget, therefore, the budget has to be approved by the legislator before it is presented to the chairmen for his assent.

Our primary concern is not just how the budget is prepared and approved, but how revenue is being generated. This is, the source and mode of revenue generation.

Collection of revenue is a primary responsibility of accounting officer and treasure of the local government. They however, collect revenue by appointing individual revenue collector. After the professional who are referred to as values might have assessed the industry, residential building or whatever, bill are written in respect of each property. These bills are served on rate payers to inform them of their civic responsibilities.

They are expected to either accept or object the assessments expected to be communicated to the council within thirty (30) days of service bills

If payment are not made by some rate payers within a certain time to enhance revenue generation, reminder letters are sent to those defaulters to remind them of the need to pay after a certain time, if some of the defaulters still refused to pay, payment is enforced by charging their defaulters to court of law and the court ordered would be passed on them to pay within a stipulated time, head 1003, local license fees and fines there are many items place under this head. This is because the budget has been prepared in line with a national format. They are fees chargeable for providing certain services for the people or fees payable as contribution to the local services of importance under this head are radio and television license fees, trade permit license fees, advertisement control, food and regulated premises fees and liquid license fees. For some of these items, fees are fixed e.g the fees chargeable for radio, television license in most council is N1 per-set, though in Ikorodu local government area lagos state council assessment are based on liquor license, whole sale liquor sellers are assessed differently from retailers. As this head is another major source of internally generated revenue. It is important that appropriate bases of assessment to adopted if possible standardized this will block loopholes that may be created if the system in operation is based in irrational reasoning.

After assessment have been made, bill are served on prospective revenue payers most local government councils have generation task forces, but in Ikorodu local government area lagos state it is the revenue collector that performs the duty of this so call task forces, they sometimes go about there area of jurisdiction to ensure that members of the public have obtained their license permits as appropriate defaulters are usually serves warning letters and advised to come and pay. Revenue can however only

be minimized if efficient coverage of area are achieved. It is worthily of mention that maximization of revenue implies adequate and efficient local government finance.

The local government council (Ilorin West) generates funds on sales of lands, they are also generating funds through chairs and table rentage for event by those that needs it. Local government reservation area (G.R.A) the occupants of this local government quarters, rentages are usually deducted from their salaries at the end of every month.

Entertainment permits fees, as regards this, any indigenous (residents) who which to celebrate any ceremony would be compel to pay certain amount of money to the local government. In the process the revenue collector would go to any area where sight any sign of ceremony (entertainment) the revenue collector will ask of the celebrant, and him/her would show his/her identification card to ascertain that the revenue collector standing before them is a local government representative and not a false collector.

And after which his/her reason going to the place shall be explained to the celebrant, and they will compel to any. This type of revenue is vey constant by December and January period as period when indigenous citizen both at home and outside usually fix there ceremonies.

Revenue generation is by and large one of the most important policy making tasks to be faced by management council the prevalent custere time even add to be pressure of their need in considering revenue generating measure of ogbomosho south, the council would need to maintain prevrious balance and would need to pay attention to the following consideration.

- a. The possible over exploitation of the concept e.g levy to the detriment of user charge.
- b. The improvement of rate administration, so as to reduce evasion, avoidance or under assessment because it may be a good workable arrangement for a member of local government to pool expertise to enable better administration and collection effort sometimes additional revenue is required as a source of diversification strategy this case as to be taken, to ensure that the source chosen those not suffer from the same effects as existing sources.

In addition, the new source must have to behave in an inverse fashion to existing source or else a perpetual cycle of revenue depression may result. Local government (Ilorin West) council now start considering public/private investment programme in their jurisdiction as a viable alternative source of revenue and special development levies instead of linking a rate e.t.c

#### **4.2 PROBLEMS OF REVENUE GENERATION.**

Good and useful as the third tier of government is, there is also attendant problem which often militate against the smooth running of the system.

According to J.A Egonwean, the following are some of these problems:

The effect of party on power often exercise undue influence upon the effective running of the government at the local level. There is usually victimization of the minority party in appointment, promotion transfer and distribution of port folio. Financial constraints also hinder progress at the local government level. Although rates and taxes are usually collected from citizens the amount is often negligible in very poor local government or where incidence defaults are rampant. Closely connected with this



problem of poor machinery of rate collection is the corrupt nature of the officer in charge.

According to Ola, other problem encountered by local government include:

The problem of corruption, misappropriation and embezzlement of available fund is also base of government at the local level. The people at the helm of affairs often fraudulently divert government money to their coffers or deliberately over value contracts awards in order to make their unauthorized gains.

One can also mention the size of the local government as a major problem unhering the effective running of local government. While some local government are too large for effective administration, some are too small, leading to the unviability of such local government.

The problems bedeviling local government financing has been the focus of several scholars. Adamolekun (1989) opned that local government have not been able to perform their functions effectively because they have been consistently given functions and responsibilities which are beyond their financial strength and capabilities for instance the transfer in 1989 And 1990 primary education and primary health care to the local government without a corresponding increase in federal allocation has been cited as some of these reasons why it is difficult for most local government to execute and adequately perform their constitutional responsibilities and function effectively.

Furthermore, most state government have not been forth coming with the 10 percent of their internally generated revenue to the local government, in defiance of the constitution. It is the case of not paying 10 percent at all or not paying promptly as when due.

Yet the inability of the local government to improve their revenue collection base and the colossal amount of under – collection of revenue has contributed significantly to the low finance of the local government.

However; how local government go about resolving these obstacles which has hampered their operations will go a long way in determining their efficiency and effectiveness

#### **4.4 UTILIZATION OF THE REVENUE GENERATED**

Revenue utilization is very essential because it gives accountability of the revenue within fiscal year.

In view of the above, it becomes essentially necessary to expand revenue generated on meaningful programmed that would be beneficial to the entire citizens within the jurisdiction of the local government. Unfortunately this is not always the case in many local governments, Ikorodu local government area lagos state being one of them.

It is assumed that all the local government; internally generated revenue should be enough in paying the staff salaries.

The federal allocation coming from both federal and state is expected to be used for capital project. Unfortunately some local government cannot generate enough revenue to pay their staff salaries and running cost, they depend solely on the statutory allocation for both the federal and state government ikorodu local government area lagos state falls with the categories of the local government having problems.

Agriculture:- Since majority of the people of Ikorodu Area are predominantly farmers, Ikorodu local government area lagos state therefore, gives serious attentions

to this sector, which serves as the life wire of our economy, the local government administration introduced the tractor hiring scheme to assist the farmers which will enhance their farming activities. They also succeed in handling the purchase and distribution of fertilizer to the interested farmers in the local government.

Transportation:-Ilorin – west local government made all effort to alleviate the problems faced by the local government councils personnel due to the shortage of vehicle in the area.

Health:- Health of any nation, well all say it her wealth (the same thing applicable to the communities) to this effect the local government administration have been given frontiers attracts both preventive and narrative health care services. The local government ensure that health care delivery is brought to the door step of all people of the area. They also made purpose effort to increase the number of the health care center.

Community assistance: community assistance is the process by which the efforts of the people themselves are limited with those of government authorities to improve the economic, social and cultured condition of communities in to the life of the nation and to enable them contribute fully to the national progress or to back bone for promoting socio economic growth.

	CURRENTYEAR2020	PREVIOUSYEAR2021
CASHFLOWFROMOPERATINGACTIVITIES:	=N=	=N=
CASHINFLOW:		
Statutory Allocation	1,905,091,580.27	1,698,809,746.79
Grant/Subvention	60,726,666.66	356,511,764.42
Internally Generated Revenue(IGR)	201,377,428.63	376,289,948.81
Miscellaneous	28,827,151.14	28,272,899.36
Value AddedT ax	231,905,853.18	68,643,281.33
Gainon Disposal of Assets	300,000.00	725,000.00
<b>TOTAL CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>2,428,228,679.88</b>	<b>2,529,252,640.71</b>

<b>CASHOUTFLOWFROMOPERATING ACTIVITIES:</b>		
<b>Personnel Emolument</b>	<b>393,948,689.05</b>	<b>313,140,383.35</b>
<b>Other General Nature</b>	<b>1,165,210,328.56</b>	<b>898,206,345.44</b>
<b>Educational Services</b>	<b>44,306,200.00</b>	<b>47,335,000.00</b>
<b>Health and Environment Services</b>	<b>153,191,410.30</b>	<b>129,624,560.00</b>
<b>Women Affairs and Poverty Alleviation</b>	<b>60,997,000.00</b>	<b>129,421,353.44</b>
<b>Agricultural Services</b>	<b>87,790,600.00</b>	<b>118,515,611.03</b>
<b>Works and Housing</b>	<b>151,633,893.41</b>	<b>279,007,092.89</b>
<b>Deposit Paid</b>	<b>24,876,305.80</b>	<b>17,902,909.72</b>
<b>Total Cash Out flow from operating activities</b>	<b>2,081,954,427.12</b>	<b>1,933,153,255.87</b>

Ikorodu local government area lagos state Area made efforts to ensure rapid socials economic development through out the local government area, he council gave assistance to various communities, under community development programme held by local government.

Street Light- Ikorodu local government area lagos state Area stalled streetlights in majority of the towns and villages in their area of jurisdictions.

**IKORODU LOCAL GOVERNMENT STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED 31ST DECEMBER, 2022  
STATEMENT NO. 3 SCHEDULE 1A**

**Researcher's field survey 2024**

Net Cash flow from Operating Activities	346,274,252.76	603,352,411.10
CASHFLOWFROMINVESTINGACTIVITIES:		
Purchase/Construction of Non-Current Assets (Capital Expenditure)	32,084,414.09	23,517,001.55
Purchase/Construction of Non-Current Assets (Fixed Assets)	275,804,443.93	479,920,939.63
Purchase From Other Assets(Inventory Paid)	0.00	0.00
Interest on Deposits	0.00	0.00
Net Proceed From Other Assets (Staff Loan, Receivables etc.)	43,520,382.09	100,704,497.54
Interest/Dividend Received	290,054.08	(50,059.05)
Cash flow From Investing Activities	351,119,186.03	604,092,379.67
NET CASH FLOW FROM INVESTING/OPERATING ACTIVITIES	(4,844,933.27)	(739,968.57)
CASHFLOWFROMFINANCINGACTIVITIES:		
Proceeds from Loans and Borrowings	8,974,188.50	

		-
Repayment of Loans and Borrowings	19,787,416.24	15,157,229.26
NET PROCEED FROM LOAN&OTHER BORROWING	(10,813,227.74)	(27,005,229.24)
NETINCREASE/DECREASEINCASHANDITS EQUIVALENT	(15,658,161.01)	(27,745,197.81)
CASH AND ITS EQUIVALENT AS AT 01-01- 2020	18,001,604.25	45,746,800.89
CASH AND IT SEQUIVALENT AS AT 31-12- 2020	2,343,443.24	18,001,604.25

**Reseachers' field survey 2024**



## **CHAPTER FIVE**

### **5.0 SUMMARY, CONCLUSION AND RECOMMENDATION**

#### **5.1 SUMMARY**

The consolidated financial statement is the summary of the budget it depicts in a nutshell what to achieve, what to spend, what will be left at the end of the financial year estimated revenue will be highlighted in the budget,

Thereafter, it has to be approved by the legislature before it can be implemented. More so, our primary concern is not post” how the budget is prepare and prepared” but how reveille is being generated.

That is the source and mode of revenue collection at local government local government revenue generally classify to sub –divided heads to which in each head

There are certain function and responsibilities for each for instance collection of revenue is the primary responsibility of accounting officer and treasure of the local government.

Then license fee and fines are some other source of funds rendered to the people in the local government by utilizing the fees and fines collected from the people of the area.

More so, every citizen have certain obligation to perform when charge them an any of the house held items using such as television, radio e.t.c

#### **5.2 CONCLUSION**

Problems that ensure revenue payers and revenue collectors and the local government is that in most cases in executing project to the community. If people see that tax levy paid by them are judiciously spent by the government, that is by ways of providing social and economical infrastructure like adequate water supply, building of classrooms for pupils in the community and many others this could ginger or encourage the people to pay promptly.

Revenue collectors also must be honest in such a way that must not provide functions receipt to the payer in order to create room for siphoning of revenue to his own personal purse, if this does not happen, huge amount of money will be realized by the government and encouraging the government to execute capital intensive programme that are in short of money for before.

### **5.3 RECOMMENDATIONS**

The essence of this studies it to make recommendation on how to generate revenue and utilized the revenue generated will go a long way to improve on the performance of workers regarding revenue by people. Communication should be made effective so as to ginger people awareness to the importance and essence of prompt payment of tax.

Also, the courteous and polite of the officer bring maximum co- operation between tax payers and tax collectors. The officers must be prepared to listen to any form of explanation for the payers.

The tax officials must be accessible and should not make himself or herself a thin god in the office. Transportation facilities should be provided for staff that goes from place to place so as to facilitate quick remittance of the tax into government purse.

Finally, local government must pay more attention to the welfare of the entire work force so as to discourage them from developing the spirit of siphoning government money to their own purse.

The government also has a singular assurance to make the people. They should always render account of their stewardship and due accountable and responsible to the people. When this guides them, one hope they (chairman and his team) will make judicious use of the revenue generated.

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