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REVENUE ALLOCATION AND LOCAL GOVERNMENT SERVICE DELIVERY: A STUDY OF DUKKU LOCAL GOVERNMENT OF GOMBE STATE

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Abstract

The Nigerian constitution provided for funding of Local Governments from three main sources: Allocation from the Federation Account, the 10% proportion of the monthly state Government internally generated revenue and the internally Generated revenue of the Local Government, yet the Local Governments continue to record setbacks towards the development of the grassroots. This ugly trend is usually associated with certain factors like overdependence on the statutory allocations from the Federation Account, corruption, mismanagement of resources as well as diversion of funds. There has been agitation that the Federal allocation is inadequate to meet the needs of local governments and allegations that the Constitution has given state governments powers over the council areas by interfering with local government funds thereby undermining their financial autonomy. The study aimed at investigating the nexus between the volume of revenue allocated to Dukku Local Government of Gombe State through statutory grants and its capacity for sustained service delivery. The adopted theory is Efficiency Service Theory which posits that the responsibility of local government is to efficiently carryout local duties allocated to it at the highest efficiency rate with good and adequate financial management. Data for the study were generated from both primary and secondary sources and their contents were analyzed using the frequency table, percentages and Chi-Square test. Documentary source and interviews from respondents were used for further analysis in the presentation of data. The findings reveal that the volume of revenue collected is not adequate to meet the needs of the council. The study recommends among others that alternative means of revenue generation should be provided and actualized as well to avoid over dependence on the statutory allocation which will in turn make local government self-reliant

Keywords: Local Government, Statutory grants, Service delivery, Financial Autonomy

1.0 Introduction

There have been varying interpretations of the constitutional status of local government as the third tier of the Nigerian Federation. The relevance of local government as third tier of government is measured by the quality and quantity of services it renders to the rural dwellers. The inability of the local government to provide for its people at the grass root level arises due to mismanagement of finance. This is as a result of the number of qualified staffs that is professionals are grossly inadequate for the task of managing and controlling the finance in most Local governments. There are very few accountants employed in the Local Government Area, Treasurers of the Council Area have not been adequately trained to the expected level of Local Financial Managers as well (Adewale, cited in Akpanim (2006).

Local Governments generate their finance from both internal and external sources. The funds are meant to help in the development of the council and provision of service delivery. In spite of these sources and defined revenue sharing where Local Government were part, finance in the local government is inadequate both in terms of management, utilization and sourcing. Also, funds coming through the statutory grants are reasonably unrealistic and there is little effort on the parts of the local government to tap from the available internally generated revenue sources.

As a result of the problem mentioned above, Dukku Local Governments is unable to ensure the provision of service delivery at the local level. The needs of the rural populace have been neglected they do not have good portable water for consumption. The indigenes of the council lack the ability to access good water for quite a number of years. This problem has been overlooked by the government where the people are forced to resort to buying water and using unhealthy water for domestic activities which has an adverse effect on their health too. The health care system in the local government area is poor where there are inadequate facilities to treat the rural dwellers, in most cases they will have to travel to the state capital for better treatment. Poor educational system has led to having an unskilled administrator who will able to manage and control the activities of the Local Government which has also pave way for mismanagement of finance in the area. Construction of roads at the council is very poor and retarded as such leads to high accident rate there by risking the lives of the people. These are some of the service delivery gap in Dukku Local Government which is as a result of poor financial management.

It is imperative to note the fact that state-local relations have not been ideally very positive. This can be seen by looking at the issue of the Joint account system. Section 162 (6) of the 1999 constitution provides that "each state shall maintain a special account to be called 'State Joint Local Government Account' into which shall be paid all allocations to the Local Government Councils of the State from the Federation accounts and from the government of the state. However, the creation of the contentious state Joint local government account has frustrated attempts to establish the third-tier status of the council. The state take charge of controlling the financial activities of the council, where local governments lack the financial autonomy to decide on how to disburse their finances or on what projects to channel their finance either they are being controlled and depend on what the state government release to them as revenue.

Thus, the central thrust of this study is to investigate into the problematic issue of managing local government finance with specific reference to Dukku Local Government Area of Gombe State and to find out in-spite of the many revenue sources available that is both internally and externally, why Local government have not been performing well and to fill in the gap which has been identified by this study.

2.0 Literature Review

In this section, scholarly articles and documents were consulted. Also literatures related to the work such as local government and service delivery were discussed as well as issues related to revenue allocation.

2.1 Conceptual Clarification

2.1.1 Local Government

In conceptualizing what Local Government means, there are lots of divergent and often conflicting views. The term Local Government has been conceptualized variously by different scholars to justify the relevance and rationale of local government. These various attempts inform the theoretical postulations about these political administrative expressions. Such scholarly justification date backs to the work of John Stuart Mill in the early parts of the 20th century. This is the period when the liberal democratic theory was evolving and used as a basis for justifying local government as a societal function (Mill, 1912; cited in Dalhatu, 2001:56, Mallabar, 1991). Mill's position was essentially that local government is a means of establishing representative democracy at the grass root level as well as an avenue for political education and popular participation of citizens. Mill emphasized that local government is the prime element of any democratic culture.

Bricks (1954), a strong advocate of the Mill's liberal democratic school of thought marshalled his argument on the significance of the local government on the political philosophy that local government ensures appreciation of individual interests. In the context of this theoretical postulation, Dalhatu (2001:57) argued that local government in Nigeria would be expected to be in essence the launching pad for democracy. In actual fact, the very emphasis on local government suggests the desire to entrench democracy at the local level which will concomitantly guarantee liberty and equality. Suffice to it is the strong assertion of Ashford (1975) that, basically the extent to which the local government is a basis for democratic expression in society depends on the level of political homogeneity or heterogeneity in society. The Mill's view as supported by Ashford (1975) and Mallabar (1991) is that Local Government is a means of entrenching the democratic ideal, and achieving democratic self-government at the grass root level. It is their shared view that for the representative political process to be ensured, there must be a form of Local Government (Dalhatu 2001).

On the other hand, an opposing school of thought to Mill's view is the position led by Mackenzie (1964), he had argued that local government is primarily a means of providing certain basic services to the people at the grassroots level. His followers are of the opinion that local government and democracy, rather than being synonymous are not just at par, but that the former i.e. local government is more of the concern for the welfare of the citizenry than a means of political democratic expression or education (Dalhatu, 2001). In the Nigerian political environment, the clamor for local government reforms and development since independence has a strong underpinning for the welfare of the citizens. From this broad theoretical conception, local government in Nigeria could be justifiable in the context of a federal system of government that is in operation, and because of low level of development in especially the rural areas and the need to provide at least the essential services which government is expected to provide as a social commitment to the people. Adedeji (2000a and b) submissions are that the country's best hope for true development lies in harnessing the human and material resources at the grassroots level.

To this study, Local government is a government at the grassroots level created to meet the needs and yearnings of the people in other to ensure the provision of efficient service delivery. Though according to Ojofeitimi (2000), the word "local" connotes that councils are meant for small communities and the word "government" means that they have certain attributes of government. Thus, local government can therefore be defined as "a political sub-division of a nation (or in a federal system, a state) which is constituted by law and has substantial control of local affairs including the power to impose taxes or to demand labour for prescribed purpose (Ojofeitimi, 2000: cited in Ojo, 2009: 37)".

2.1.2 Service Delivery

Service delivery refers to the actual delivery of a service and products to the customer or clients (Lovelock & Wright 2002). It is therefore concerned with the where, when and how a service product is delivered to the customer and whether this is fair or unfair in nature. The service concept defines the "*how* and *what*" of service design, and helps mediate between customer needs and an organization's strategic intent (Goldstein, Johnston, Duffy & Rao 2002).

Service delivery according to Aborisade 2021, refers to the distribution of basic services such as safe water supply, electricity, health services, roads, street lighting, traffic controls, refuse collection, sewage disposal and maintenance, as well as municipal parks and recreation. Service delivery consist of four key elements which include, service culture, employee engagement, service quality and customer experience.

Service Culture is built on elements of leadership principles, norms, work habits and vision, mission and values. Culture is the set of overriding principles according to which management controls, maintains and develops the social process that manifests itself as delivery of service and gives value to customers. Once a superior service delivery system and a realistic service concept have been established, there is no other component fundamental to the long term success of a service organization as its culture.

Employee Engagement: Include employee attitude activities, purpose driven leadership and HR processes. Even the best designed processes and systems will only be effective if carried out by people with higher engagement. Engagement is the moderator between the design and the execution of the service excellent model.

Service Quality includes strategies, processes and performance management systems. The strategy and process design is fundamental to the design of the overall service management model. Helping the client fulfil their mission and supporting them in the pursuit of their organizational purpose, must be the foundation of any service provider partnership.

Customer Experience includes elements of customer intelligence, account management and continuous improvements. Perception is king and constantly evaluating how both customer and end-user perceive service delivery is important for continuous collaboration. Successful service delivery works on the basis that the customer is a part of the creation and delivery of the service and then designs processes built on that philosophy.

2.1.3 Nexus between Local Government and Service Delivery

Local government is the closet tier of government to the people in Nigeria, yet the resident population in it is denied the benefits of its existence. This is evident in the poor environmental state, deteriorating public school building, poor market facilities and lack of health centers (Olusola, 2011:337). It was put in place for reasonable purposes ranging from political, social, and economic reasons. These reasons are captured in section 7 (2) of the Nigeria constitution (Iguisi, 2010). It is quite disturbing over the years; that these purposes have not been fully realized. There has been a sustained argument that the 774 local government areas, which form the third tier of government in Nigeria, are contributing little to national development to justify their existence. Local government has not really facilitated rapid development at the grassroots, which is the essence of their creation (Amaechi, 2012).

The concept of bringing governance closer to the people through a third-tier participatory form of government has not materialized in Nigeria due to lack of capacity of local government to fulfill the aspirations of their communities are caused by lack of adequate resources, including inappropriate fiscal base, the usurpation of its power to raise internal revenue and the manipulation of the state joint local 89 government account (John, 2012). This development according to Mimiko in (Aborisade, 2012) has made people to see the councils as a place where top administrators' engage in corruption and an environment where supposed professional had little or no idea of what the councils should be doing. Yovbi (2008) has also blamed the people for the failure of local government; he gave the reason as thus: Lamentably, most Nigerians do not know the specific functions of the three tiers of government and tend to put the blame for everything on the most visible tier. Clogged drains in front of their houses are blamed on the Federal government, while the Chairman of their Local Council will makes away with federal allocations to the area and revenue generated, usually at the expense and to the discomfort of residents of the LGA. Majority of Nigerians do not see that politics at the Local Government level can be a means of honest livelihood and an opportunity to contribute effectively and meaningfully to the development of society. Therefore, they sit by while those who know even less than themselves, walk away with easy victories won with intimidation and then proceed to abuse citizens and erode the quality of our lives. Another reason for the failure of local government in area of services delivery is the role of the state governors in the affairs of local government. The governors are found of taking over their financial allocation, taxes, counterpart funding and refuse to conduct Local Government elections, but instead ruling local governments with appointed administrators, most of whom are party loyalist and their friends and relations turning the entire process of local governments into irrelevance schemes of things (Ukonga 2012).

This same view was also corroborated by Khaleel quoted in John (2012) cited in Adeyemi (2013) when he observed thus: “There is no state of the federation of Nigeria where one form of illegality or the other is not committed with funds of local government, through over deduction of primary school teacher’s salary, spurious state/local government joint account project, sponsoring of elections, taking over the statutory functions of local government and handling them over to cronies and consultants, non-payments of pensioners and non-utilization of training fund despite the mandatory deduction of stipulated percentages for these purposes… nine states out of the 36 states of the federation have elected representatives running the affairs of their local governments. This is central to the whole problem because it is by planting stooges called caretaker committee, who neither have the mandate of the people nor the moral strength to resist the excruciating control of the state government that perpetuates the rot… In Imo State, local government workers embark on series of industrial actions to get their accumulated salaries paid, while their five years arrears of all statutory allowances are fast becoming bad debt. The drive to maximally control the local government councils is taking another dimension now, with senior officers in the councils, who are Directors of Administration, Finance and others, being removed or deployed while lesser officers who are not qualified for such positions are appointed to replace the in Lagos State all manners of gazette, policies and laws are being produced on daily basis with intention of taking over the collection of revenue from council’s staff. In Plateau State, staff of local government are being deployed and restricted to serve only in the local government of their origin.”

However, the implication of this according to Ajibulu (2012) is that Local Government is now considered as an extension of state’s ministry. The inherent nature of this problem has caused subservience, a situation where local government waits for the next directives from states government before embarking on any developmental projects. This has made local an object of control and directives.

2.2 Fiscal Centralization and Decentralization and local government services delivery in Nigeria

There are basically two major sources of funds for the states and local governments. These are allocation from the Federation Accounts (including VAT, Stabilization Receipts and General Ecology) and internal revenue generation (tax and non-tax), (Odoko and Nnanna) cited in Adeyemi (2013). Intergovernmental transfers are made from the federal account to the states. The funds serve to provide general revenue to all tiers of government to fund basic operations where their own revenue would not be sufficient to fulfill such responsibilities. The states then transfer funds to local governments. Allocation of funds in Nigeria is decided by the Revenue Mobilization Allocation and Fiscal Commission (RMFAM) based on criteria to ensure that there is equity in allocation, both vertically between tiers of government and horizontally, across Nigeria (Amakon, 2009). The criteria are as follow:

Table 1: Vertical and Horizontal Allocation Formula by RMAFC

Vertical
Federal government – 52.7%
State government – 26.7%
Local government – 20.6%
Horizontal
Equality – 40%
Population – 30%
Internally generated revenue – 10%
Land mass and terrain – 10%
Social development factor – 10%
-Territorial spread – 1.5%
-Rainfall – 1.5%
-Primary/secondary enrolment – 4%
-Hospital beds – 3%

Source: Amakon, 2009

The social development factor is used to determine states that have better literacy levels, hospital facilities, and so on.

Table 2: Value added tax (VAT)

Vertical	**Horizontal**
Federal Government -15%	Equality -50%
State Government -50%	Population -30%
Local Government -35%	Derivation -20%

Source: Amakon, 2009

According to Amakon (2009), since the creation of the 12 states structure in 1967, states and local governments have been dependent on the federation account. The federation account is shared among the three tiers of government as detailed in the Table 2 above vertical formula, which was last amended in 2004.

Amakon (2009) also reveals that there is evidence of monthly payment to all tiers of government since 2003 and the above percentage meant for local governments is usually transferred from the federation account to state accounts. However, there is no evidence that the state transfers the same percentage to local governments. In Enugu for instance, the former governor was accused of corrupt practice while in office. Embezzlement of these transfers (local government allocation) has been one of the main charges against him. Based on this, the following question was raised as the research question of the work which is:

1. How have local government funds been managed and utilize to ensure the provision of effective quality of services?

Objective of the Study

1. To find out how Local Government funds have been managed and utilize to ensure the provision of effective quality of services.

2.2 Theoretical Framework

The theory which serve as a basis for this study is Efficiency Service Theory. William Mackenzie (1964) is the leading advocate of this theory. The basic assumption of the Efficiency Service theory is that the main justification and functional responsibility of local governments is to efficiently carry out local duties allocated to it at the highest efficiency rate. The theory further posits that the quantity and quality of the provision of these services represent local or rural development.

Although, Mackenzie (1979), Ola (1984) and Odoh (1990) supported this argument when they asserted that local governments exist essentially to bring government closer to the grassroots by way of provision of basic amenities and infrastructure of local nature and that it is when local governments are seen to be doing this, that they can be said to be justifying the purpose of their existence. Mackenzie's view on local government is primarily as means of providing certain basic services to the people at the grass roots level of the society. His followers and school of thought are of the opinion that local government and democracy, rather than being synonymous are not just at par, but that the former (i.e. local government) is more of the concern for welfare of the citizenry than a means of political democratic expression or education (Cited in Dalhatu, 2001).

The relevance of this theory to the study is that in other to carry out the basic assumptions stated by the theory, the local government needs to have prudent financial management and less corruption which leads to mismanagement of funds, this way the council will be able to attain efficient service delivery in the council.

3.0 Methodology

This study adopts ex-fost-facto research design. This design seeks to establish cause effect relationship between variables without the use of control group. According to Lord (1973) expost-facto research design is similar to experimental study but differ from it in that the researcher has no control over the variables of interest and therefore cannot manipulate them. In this type of study, the researcher can only attempt to link some already existing effects or observations to some variables as causative agents. The researcher finds that the subjects are already assigned to or classified into the various levels of the variables whose effects are being investigated and he cannot alter this. This design is considered appropriate for this study because it is not possible for the researcher to directly manipulate the independent variable.

The present study was conducted in Dukku local government of Gombe state. The data was collected via means of a structured questionnaire, copies of the questionnaire were given to respondents by hand. Due to time and budget limitations simple random sampling technique is used to explore the relationship between the variables. The sample size is drawn from the total number of 5855 employees using Yamane's formula. Majority of respondents were B.Sc./BA/HND holders (56%) with 5-10 working experience (62%). The average respondent was 39 years of age. Chi-square test was used in testing the research hypothesis.

4.0 Presentation of Data and Analysis

In this section data obtained from sources and respondents were basically presented and analyzed accordingly.

4.1 Data Presentation

Table 3 Table showing the summary income of Dukku Local Government area of Gombe State from 2009-2014

Years	**Approved budget**	**Federal Allocation**	**Internal Revenue**	**Value Added tax (VAT)**	**Percentage of internal over external revenue**	**Percentage ratio of internal over external revenue**	**Percentage of total revenue over approved budget**
2009	2,115,552,106	918,518,425	15,000,000	181,897,533	1.36	17:1250	52.09
2010	1,923,092,101	1,084,743,449	14,000,000	218,659,139	1.07	107:10,000	68.50
2011	2,271,062,016	1,492,339,458	13,000,000	248,585,263	0.75	3:400	77.22
2012	3,050,311,857	1,488,421,996	13,000,000	272,263,073	0.86	43:5000	56.84
2013	2,676,320,341	1,669,798,611	19,500,000	312,848,049	0.98	49:5000	74.81
2014	3,092,350,332	1,888,728,262	24,384,000	320,848,045	1.10	11:1000	72.24
Total	15,128,688,753	6,375,890,201	98,884,000	1,555,101,102			

Source: Financial Appraisal budget, Dukku Local Government Council (2009-2014)

Table 3 shows the approved budget of Dukku council, the statutory allocation from the Federal government, internal revenue of the area and, value added tax for the period under discussion. The percentage of the internal over external revenue was derived by adding both the external revenue and value added tax for each year and dividing it by the internal revenue of each year. Studies show that what the council generate yearly over the statutory allocation is less than 5% percent every year in fact, from 2011-2013 the percentage of internal revenue over the external is less than 1%. As evident from the presentation in Table 3, the revenue from the local internal sources constitute a negligible part of the total revenue. For instance, the percentage of internal revenue to total revenue of the council is notoriously low that it can hardly cater nor provide for the basic needs of the people in the area as well as service delivery hence, the over dependence of Federal allocation.

Much efforts are not put to generate adequate and sufficient revenue in the council that is why there is lapses in terms of development and, statutory grant will not be able to meet up with the developmental programs due to the fact that in most cases the amount given does not go directly to the area, deductions are made by the state government before the remaining amount goes to the local government. The percentage ratio of the revenue indicates that in 2009, for every 17 Naira gotten from the internal revenue 1,250 Naira is gotten from the external revenue, in 2010, for every 107 Naira derived from internal the external revenue is 10,000 Naira, also in 2011 the internal revenue is 3:400 of the external revenue. In 2012, the ratio of the internal is 43 to 5000 of the external revenue, the ratio stood at 49 Naira of the internal revenue to 5000 naira of external revenue in 2013 while in 2014 the amount of ratio is 11 of internal revenue to 1000 of external revenue. Judging from the percentage ratio the amount derived from the internal revenue is absolutely low and discouraging most especially in 2010 where the gap is very huge and shows the council's inability to generate revenue internally for the area. The local internal sources constitute a negligence part to the total revenue. The percentage ratios indicate that either the council is not exploiting the tax sources available to them or the existing internal revenue sources are not productive enough to enhance sustained service delivery and by extension impact on the development of the council.

Also from table 3, shows the budget for the period under discussion where it can be seen that there are series of variation on the figures in the years. Making a comparison of the budget, in 2009 the budget stood at two billion plus while in 2010 it was one billion plus which show a fall in that year. In 2011 the budget rise to two billion plus higher than the previous two years discussed, in 2012 there was an increase from 2 billion in the previous to three billion. For 2013 budget, there was a fall likewise again to two billion while in 2014 it increased to 3 billion naira and the highest amount among all. One can see the way the budget has been fluctuating within the years which are caused by macro-economic variables such as economic instability, low income and in most cases the budget is unrealistic which is why there are these fluctuations. When the council's economy is not stable whereby they are faced with financial struggles due to rise or fall in price level, the budget is affected. High unemployment rates can also lead to economic instability. Without sufficient income in the local government due to loss of wages, the people begin to seek the council assistance to financially survive. The percentage of the total revenue which include external, internal and VAT inclusive to the approved budget for the years under discussion indicate that the council get more than 50 percent of what was budget for. This show that if this allocation is actualized plus the internally generated revenue it will improve to some extent the socio-economic development of the local government and improve the living standard of the people.

But unfortunately, deductions are made by the state government from the joint account before the remaining amount reach the area which can merely even cater for just few projects that was budget for. Also, mismanagement of finance and misplacement of priorities constitutes a great deal why the local government revenue is regarded as insufficient to meet the needs of the citizens. For instance, many development projects executed by some local governments do not reflect the basic needs of the people. Many white elephant projects with huge capital and revenue cost such as secretariat complex, dam construction for tourist site, taxing local government to fund university education are undertaken with the council's funds to the criminal neglect of the basic needs of the of the rural people. This is a negation of grass roots development, which ought to address the critical areas of rural development such as construction and maintenance of rural feeder-roads; provision of portable water; electricity; primary health care services, Agric extension services amongst others. If the allocation is given directly to the council and used on the aforementioned projects, it will adequately be sufficient enough for the local government budget program activities.

It is also discernible from the table that about 70 to 80 percent of revenues of Dukku Local Government are from the Federal Allocations. What this boil down to is that until the internally generated revenue efforts of the council are enhanced, Federal Allocation will continue to form bulk of finances with which to provide social services and embark on developmental programmes and projects at the local level. By implication, the local government service delivery capacity or ability hinges on council being able to access these funds and using same prudentially to provide a wide range of services which will improve the living standard or conditions of the rural and local dwellers. The inference from the above analysis is that the internally generated revenue form a great importance in the socio economic development of the area but it is poorly generated. More efforts should be put to generate more revenue so as to reduce the over dependence on federal allocations, this will enable the implementation and execution of the budget because from the table, the amount given to the council together with the internal revenue does not meet up with what the council budget for in all the years listed. As a result of insufficient funds, the council is unable to meet the target budget.

Table 4: Adequacy of statutory grant to the local government area.

Responses	**No of Respondents**	**Percentages (%)**
Yes	155	49.5

No	158	50.5
Total	**313**	**100**

Source: Field Work, 2016.

Table 4 shows that majority of the respondents with 50% said 'no' that the volume of collection of revenue is not adequate to meet the needs of Dukku Local Government area and 49.5% of the respondents went with 'yes' the volume collected is adequate to meet the council's needs. The projected amount yearly for the period of discussion is, in 2009 nine hundred and twenty million sixty-one thousand and sixty-one naira (920,061,061) was projected but the amount collected within this period is nine hundred and eighteen million five hundred and eighteen thousand four hundred and twenty-five naira (918,518,425) while the required amount is one billion two hundred million naira (1,200,000,000) (Dukku local government financial appraisal year 2009 budget).

In 2010 One billion two hundred and ninety-six million four hundred thousand four hundred Naira (1,296,400,400) was projected for but the collected amount was One billion eighty-four million seven hundred and forty-three thousand four hundred and forty-nine Naira (1,084,743,449) while what the council requires is same amount with the projected (Dukku Local Government Financial Appraisal year 2010 budget). In 2011, One billion two hundred and ninety-six million four hundred thousand Naira (1,296,400,000) was projected for, the required amount is One billion three hundred and eleven million four hundred thousand Naira (1,311,400,000) while One billion four hundred and ninety-two million three hundred and thirty-nine million four hundred and fifty-eight Naira (1,492,339,458) was actualized (Dukku Local Government financial appraisal year 2011 budget). In 2012 One billion seven hundred and fifty million Naira (1,750,000,000) was projected, the council area requires one billion seven hundred and sixty-five million naira (1,765,000,000) while One billion four hundred eighty-eight million four hundred and twenty-one thousand nine hundred and sixty-six Naira (1,488,421,966) was collected within this period (Dukku Local Government financial appraisal year 2012 budget).

Also, in 2013 One billion six hundred and sixty-nine million seven hundred and ninety-eight thousand six hundred eleven Naira (1,669,798,611) was projected, One billion six hundred and twenty-five million Naira (1,625,000,000) was the required amount but only One billion six hundred million Naira (1,600,000,000) was collected (Dukku Local Government financial appraisal year 2013 budget). In 2014, One billion eight hundred and eighty-eight million seven hundred twenty-eight thousand two hundred and sixty-two Naira (1,888,728,262) was also projected for (Source; Dukku Local Government financial appraisal year 2014 budget). It can be seen that throughout the period of discussion the amount collected as the statutory grants is not up to the amount projected for, only in 2011 where the collected amount was more than what the council budgeted for which can be seen as surplus for the council area. The reason why there is low collection is due to the fact that the statutory grant is not given directly to the local government area, the grant has to go through the state government hence, the council have to do with whatever is given to them.

4.2 Volume of Revenue Allocated to the Local Government Area and Service Delivery

The volume of revenue allocated to the local government areas through statutory grants does not translate into enhanced and sustained service delivery.

The test of this hypothesis was based on the elements of measurement as presented on table 1.1 and 1.2.

Test of Hypothesis- The hypothesis to be tested is "*Volume of revenue allocated to the local government area through statutory grants does not translate into enhanced and sustained service delivery*". The independent variable here is volume of revenue while the dependent variable is enhanced and sustained service delivery. To test this hypothesis, variables on table 1.1 and 1.2 which indicates the respondents view on adequacy of statutory grant to the local government was used. The variables on table 1.1 include 155 and 158. This hypothesis is also backed by the statistical data of the statutory allocation presented on table 1.2 above.

E=N/n

Where N=total number of respondents

n=number of variables

$$\frac{155 + 158 = 313}{2} = 156.5$$

Table 5

O	E	O-E	$(O-E)^2$	$(O-E)^2/E$
155	156.5	1.5	2.25	0.014
158	156.5	1.5	2.25	0.014
Total				0.028

Source: Field work 2016

To get degree of freedom;

n-1= (2-1) = 1 at 0.05(5%) level of significance is 3.841

From the computation in table 32 above, the chi-square (X^2) calculated value which is 0.028 is less than tabulated value (critical value) 3.841. Hence, the hypothesis 'volume of revenue allocated to the local government areas through statutory grants does not translate into enhanced and sustained service delivery' is null and negative therefore, it is accepted because the critical value is greater than the calculated. Judging from table 1, the statutory grants alone without the value added tax and internal revenue cannot sustain the council. For instance, in 2009 the percentage of the Federal allocation is less than 50% to what was budget for in the council except for in 2013 and 2014 where the allocation was up to 50% of what was budget for in the council. Here, the council is faced with problem of diversions from the local government officials, the allocation paid to the council in most cases is delayed in its release due to the joint account system and deductions/exploitation are made from the allocation as well by the state government.

4.3 Discussion of Major Findings

Based on the analysis of the data collected for this study, the major findings were as follows:

The study reveals that the volume of revenue collected is not adequate to meet the needs of the council. Majority of the respondents confirm this that the volume is inadequate because the council is closer to the populace than the state and federal government as such should be given more finances to ensure efficient and massive provision of social amenities and infrastructures that will directly impact or affect the lives of the local citizens. A number of the respondents also assert that if the council are allowed full access to the monthly statutory allocation it will go a long way and adequate to enable the council to discharge their statutory duties to the populace of their jurisdiction. In Nigeria, federal allocations are not transferred directly to local councils, they are paid into the state joint local government account for onward payment to the local government councils by the state government.

5.0 Conclusion

This study set out to investigate the finance of Dukku local government area and how it has been managed from 2009-2014. Based on the findings from the analysis of our data, we hereby draw the following conclusions.

Local Government is faced with dearth of financial resources which has hinder their efforts and performance and tax which is regarded as an alternative source is not being properly exploited by its contribution to the revenue of the local government area which is very minimal. Although budgets are prepared year in year out, it is hardly implemented i.e., the best was only 50% implemented and the citizens generally are not involved in the budgetary process, indeed most are not even aware.

5.1 Recommendations

In view of the findings, this study recommends that for better management of finance Dukku local government of Gombe state should depend less on the Federal government by introducing productive means of sourcing revenue to the area. This will make them economically stable to meet the rural people's needs and aspirations. Tax should be imposed on every property owner's, shops, market stalls and farmers as well. The **JANGALI TAX** should be re-introduced back into the system as well and all these sources should be actualized so as to increase the income if the local government. For instance, the local government should invest on buying tractors that will be used in transporting farm products. This way each farmer that use the tractor will tax a certain fee and by this the revenue of the local government will increase and there will be less dependent on the statutory allocation. The local government should embark on some meaningful commercial undertakings which could generate revenue as well as create employment opportunities for citizens. For instance, poultry, farming, animal husbandry and small and medium scale industries. This is expected to increase the revenue generation of the council.

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