



Effective Utilization of Revenue Available to Local Government in Edo State: A Study of Oredo Local Government Council.

Philomena .I. Urhoghide

Department of Political Science and Public Administration

Benson Idahosa University, Benin City, Nigeria

Email: phil.urhoghide@gmail.com

ABSTRACT

The study examined effective utilization of revenue available to the local government in Edo State using Oredo Local Government Council. Staff used in this study was randomly selected from each of the four sampled offices from Oredo Local Government Council. The study involved 70 members of staff of given offices. A questionnaire on effective utilization of revenue was used for data collection. The data collected were analyzed using simple percentage statistical tool. Findings revealed the following: for hypothesis I, there was a relationship between ineffective utilization of revenue and Oredo Local Government council at 93.8%. With respect to hypothesis II, there was a relationship between delay in payment of federal/state government grants and the effective utilization of revenue by Oredo Local Government at 95.4%. For hypothesis III, there was a relationship between financial mismanagement of funds and effective utilization of Oredo Local Government revenue at 95.3%. On the basis of these findings, it is recommended that government should improve on policies guiding effective utilization of revenue available to local councils.

INTRODUCTION

Some of the fundamental problems in the Nigeria Local Government administration are delay in payment of federal/state government grants to the local authorities, the issues of ineffective utilization of revenue available to it, accountability, ineffective financial control and management both internally and externally, financial mismanagement or embezzlement of available funds in local council, and corruption. According to Ohiwa (2010), these various problems enumerated above militate against the effective utilization of local government revenue. The relevance of local government councils as the government at the grassroots level is measured by the quality of services rendered to its citizens (Owo, 2008). For local councils to render meaningful services in the term of provision of basic amenities, construction and maintenance of roads, creation of employment, payment of salaries etc undoubtedly require funds. Without the availability of fund or revenue as at when required, the local council will not only be incapable of serving its citizens but will crumble.

Consequently therefore, local council plays a critical role in the provision of basic amenities in Edo State. In this light, it becomes a major concern for both the Edo State government and the federal government to identify and recognize those factors that constrain local council in its responsibility to the society. Consequently, this study examines effective utilization of revenue available to local government in Edo State using Oredo Local Government Council.

METHODOLOGY

The study was based on the following hypotheses:



1. There is a relationship between ineffective utilization of available revenue and Oredo Local Government Council.
2. There is a relationship between delay in payment of federal/state government grants and the effective utilization of revenue available to Oredo Local Government Council.
3. There is a relationship between financial mismanagement of funds and effective utilization of Oredo Local Government Council revenue.

Sources of Data/Study Population/Sampling

The main source of data for the study was the primary data which was sourced through questionnaire. The population consisted of all officials of Oredo Local Government Council in Edo State. Simple random sampling technique was used to select the four offices and 70 officials that constituted the sample for the study. On return rate, 66 questionnaire were completed and returned. This indicates about 94% rate of response which is quite adequate for this kind of research.

Table I: Questionnaire Distribution

S/N	Offices	Questionnaire Distribution
1	Chairman's Office	21
2	Vice Chairman's Office	18
3	Secretary to Local Government Office	14
4	Head of Personnel Management Office	17
	Total	70

Source: Compiled by the researcher

Table II: Rate of Questionnaire Return

	Number	Percentage (%)
Questionnaire Issued	70	100
Questionnaire Retrieved	66	94.3
Questionnaire not Retrieved	4	5.7

Source: Compiled by the researcher

Instrument

The major instrument for the study was the questionnaire. The questionnaire was used because it helps to provide quick data for studies which largely depend on opinions and perceptions of the respondent. The questionnaire items were formulated after an exhaustive review of the relevant literature. The questionnaire, designed to elicit information on effective utilization of revenue in the Oredo Local Government Council in Edo State, was sub divided into two parts. Section A contains questions which seek information on demographic data of the respondents while section B consists relevant information on some of the causes of ineffective utilization of revenue in Oredo Local Government Council. Simple percentage was used to analyze the data collected. The data presented were analyzed to test the hypotheses postulated.



Validity of Instrument

The instrument (questionnaire) was duly validated and administered in the Oredo Local Council offices sampled.

Hypothesis 1

H_1 : This is a relationship between ineffective utilization of available revenue and Oredo Local Government Council.

H_0 : This is no relationship between ineffective utilization of available revenue and Oredo Local Government Council.

To test the null hypothesis against the alternative hypothesis, respondents responses were evaluated as seen in table III below:

Table III: Responses on the relationship between utilization of revenue and Oredo Local Government Council

Options	Frequency	Percentage (%)
Agree	36	54.5%
Strongly Agree	26	39.3%
Disagree	-	-
Strongly Disagree	-	-
Undecided	4	6%
Total	66	100

From table III, (36) 54.5% respondents agree, (26) 39.3% respondents strongly agree, (4) 6% respondents undecided. This showed that a larger portion of the sample size which represented the population of the study were of the view that, there is a relationship between ineffective utilization of available revenue and Oredo Local Government Council.

Hypothesis 2

H_1 : There is a relationship between delay in payment of federal/state government grants and the effective utilization of revenue available to Oredo Local Government Council.

H_0 : There is no relationship between delay in payment of federal/state government grants and the effective utilization of revenue by Oredo Local Government Council.

To test the null hypothesis against the alternative hypothesis, respondents responses were evaluated as seen in table IV below.

Table IV: Responses on the relationship between delay in payment of federal/state government grants and Oredo Local Government Council.

Options	Frequency	Percentage (%)
Agree	41	62.1%
Strongly Agree	22	33.3%
Disagree	2	3%
Strongly Disagree	1	1.5%
Undecided	-	-
Total	66	100



From table IV, (41) 62.1% respondents agree, (22) 33.3% respondents strongly agree, (2) 3% respondents disagree, while (1) 1.5% of the respondents disagree. This showed that a larger portion of the sample size which represented the population of the study were of the view that, there is a relationship between delay in payment of federal/state government grants and the effective utilization of revenue available to Oredo Local Government Council.

Hypothesis 3

H₁: There is a relationship between financial mismanagement of funds and effective utilization of Oredo Local Government Council revenue.

H₀: There is no relationship between financial mismanagement of funds and effective utilization of Oredo Local Government Council revenue.

To test the null hypothesis against the alternative hypothesis, respondents responses were evaluated as seen in table V below.

Table V: Responses on the relationship between financial management of funds and effective utilization of Oredo Local Government revenue

Options	Frequency	Percentage (%)
Agree	18	27.2%
Strongly Agree	45	68.1%
Disagree	1	1.5%
Strongly Disagree	1	1.5%
Undecided	1	1.5%
Total	66	100

From table V, (18) 27.2% respondents agree, (45) 68.1% respondents strongly agree, (1) 1.5% respondents disagree, (1) 1% of respondents strongly disagree while (1) 1.5% of respondents undecided. This showed that a larger portion of the sample size which represented the population of the study were of the view that there is a relationship between financial mismanagement of funds and effective utilization of Oredo Local Government Council revenue.

DISCUSSION OF RESULTS

The analyses of the hypotheses revealed that the majority of respondents agreed with the hypotheses formulated to guide the study. On hypothesis 1, data from table III was used and it showed that 54.5% respondents agree, 39.3% respondents strongly agree while 6% respondents undecided. This result showed that, there is a relationship between ineffective utilization of available revenue and Oredo Local Government Council. This finding corroborates the position of Achikanu (2010). On hypothesis 2, data from table IV was used and it showed that 62.1% respondents agree, 33.3% of respondents strongly agree, 3% of respondents strongly disagree. This result showed that there is a relationship between delay in payment of federal/state government grants and the effective utilization of revenue available to Oredo Local Government Council. This finding is consistent with the position of Okereke (2002). On hypothesis 3, data from table V was used and it showed that 27.2%



of respondents agree, 68.1% of respondents strongly agree, 1.5% of respondents disagree, 1.5% of respondents strongly disagree while 1.5% of respondents undecided. This result showed that, there is a relationship between financial mismanagement of funds and effective utilization of Oredo Local Government Council revenue. This finding is consistent with that of Okoli (2005).

Implications of the Study

The findings of this study have implications for Nigeria in general and Edo State in particular. It is an eye opener for those in government since it will provide them with an insight into the ineffective utilization of revenue by local government council, and the delay in payment of federal/state government grants and the effective utilization of revenue to local council, and financial mismanagement of funds and effective utilization of local council revenue.

CONCLUSION

Based on the findings of this study, the following conclusions emerged. The first relates to the analysis of a relationship between ineffective utilization of revenue and Oredo Local Government Council, which revealed that there is a relationship at 93.8%. The second conclusion drawn from this study is that a relationship exists between delay in payment of federal/state government grants and the effective utilization of revenue to Oredo Local Council at 95.4%. The third conclusion from this study is that a relationship exist between financial mismanagement of funds and effective utilization of Oredo Local Government Council revenue at 95.3%. In order to achieve effective utilization of revenue in the state, there is the need for government to have a deep insight into the ineffective utilization of revenue to the local council and the delay in payment of federal/state government grants to local council and financial mismanagement of funds and effective utilization of council revenue in the state.

RECOMMENDATION

The information generated would be of significant value in changing the ineffective utilization of revenue and delay in payment of federal/state government grants and financial mismanagement of funds of Local Government in Edo State in particular and Nigeria in general in order to achieve effective utilization of revenue. Based on the findings, it is recommended that government should improve on polices guiding effective utilization of revenue available to local council with regards to; the relationship between ineffective utilization of revenue available to Local Government, the relationship between delay in payment of federal/state government grants, and the relationship between financial mismanagement of fund in Local Government revenue in Edo State.

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