EFFECTIVE REVENUE UTILISATION AND SUBSTANTIVE DEVELOPMENT: A STUDY OF NNEWI NORTH LOCAL GOVERNMENT AREA OF ANAMBRA STATE

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Abstract

The paper examines the problems encountered in effective revenue utilization such as; unaccountability, ineffective financial controlling measures, misappropriation and embezzlement of local government fund. The research is a survey research while a stratified random sampling technique was used. The researcher made use of primary and secondary method of data collection. The total population of the study was 380 while Taro Yamane’s formula was used to determine the sample size of 195. Chi-square ($\chi^2$) statistical tool was used to test the hypotheses. The study observed among that, local government has always been dependent when it comes to their expenditures; they rely and hope on the statutory allocation that comes from the federal for their expenditures and that the application of financial controlling measures affects the development of Nnewi North local government area positively since it reduces looting and embezzlements of fund. Therefore, it recommended that the revenue to local government should be handled by honest and accountable personnel, those who possess sound knowledge in revenue generation and utilization.

Keywords: Revenue, Utilization, Statutory Allocation, Substantive Development

Introduction

Nigeria is a sovereign nation. It operates a federal system of government that is, the federal government, the state government and the local government councils. According to Aworom (2012) defined local government as an essential instrument of national and state government for the performance of certain basic services which can best be decided upon and administered local on the intimate knowledge of the needs, conditions and peculiarities of the area concerned. According to Oxford Advanced Learner’s Dictionary 6th Edition, local government is the organization that is responsible for the government of a local area and for providing services. Scharticles (2014) posited that one of the major justifications for local government in modern times is that it promotes participation by local communities in governmental activities as well as serving as machinery for harnessing local level efforts for development purposes. And local government he said also serves as a bridge and channel of interactions between local populations and the central arena of government. Local government is therefore not sovereign; it is
subordinate to the state and federal authorities. Notwithstanding it possesses some considerable amount of responsibility and discrepancy powers over a variety of functions or services.

The 1976 local government reforms in Nigeria provided for the promulgation of state government edicts, thus embodying uniform provisions in the laws of all the state in the Federal Republic of Nigeria. The Reforms therefore, saw the emergence of a uniform structure of local government in Nigeria. The local government was recognized, their functions clearly defined and the human and financial resources were increased and guaranteed. Rotimi (2012) capped it all when he declared that the failure of local government to discharge their role well was as a result of the council officials who squander the funds meant for service delivery at the grassroots. The central administration in the other hand complains of inadequate finance to meet up with the numerous responsibilities yearning for attention.

There are no doubt that efforts have been made by government in terms of reform measures of the 1976 which placed LGs as a third tier of government and made the for the first time to receive revenue from the federation account. Likewise the increasing LGs percentage from the federation account from 10% to 20% in 1989 and 1991 respectively and to 20.60% in 2008. This has returned to the democratic rule .However, these efforts has not been able to yield results in Nnewi North. According to Nwosu (2015) who stated that the emergence of Nnewi Auto Industrial Cluster is a spontaneous development arising mainly from historical background of Nnewi North Local Government Area. Down the long corridor of ages, people of Nnewi and environs have been great sojourns to be seen in distant locations all over Nigeria and the whole world. The question hangs on the implementation and unitization of the revenue. Furthermore corruption, politics, government interference and high misappropriation of funds seems to be the order of the day.

From the foregoing, the research intends to probe the execution, implementation and service delivery in Nnewi North, to match substantive development with revenue generation and utilization. Hence the empirical study into the revenue base of the local government system at this harsh economic period is not only useful but very vital. It is therefore against this background that this project work is being undertaken with a view to discovering the effective Revenue Utilization and Substantive Development of Anambra State with particular reference to Nnewi North local Government Area.

Statement of the Problem
The relevance of the local government councils as the government at the grassroots is measured by the quality and quantity of services rendered to the rural dwellers. For the local government council to render meaningful services, in form of provision of basic amenities, construction and maintenance of roads, creation of employment opportunities for the citizens and payment of staff salaries as at when due, money is undoubtedly required without the availability of revenue, a local government council will not only be incapable of serving the people but will undoubtedly crumble. It therefore, follows that for the local government to discharge its statutory functions effectively, it should not only be adequately funded but such fund should be efficiently applied.

Nnewi North Local Government Area is not an exception. Its inadequateness in accountability and transparency in disbursement of funds seems to be the reason behind poor unitization of revenue and substantive development. Nnewi North is one of the major cities in
Anambra state. “The industrial power house” . Another problem is that of ineffective financial control, leadership and mismanagement both internally and externally. And finally, the problem of corruption which is among the Major Problems that militate against the effective revenue utilization in Nnewi North Local Government Area
In the process of carrying out this research, the following questions were formulated;
1. Has the utilization of this revenue to Nnewi North Local Government, produced positive or negative effects?
2. What system of financial control measures are used by Nnewi council administration?

Objectives of the Study
The main focus of this study is to critically analyze the revenue utilization and substantive development of Nnewi North Local Government Area as a case study.
1. To ascertain the effectiveness in utilizing these revenue for substantive development.
2. Finally, to investigate the system of financial control in the Nnewi North Local Government Council.

Research Hypotheses
H1: Poor utilization of revenue has negative effects in Nnewi North local government area
H2: Poor application of financial controlling measures affects the development of Nnewi North local government area.

Review of Related Literature
The issues of utilization of revenue have always been a problem in many local government areas. However Nnewi seems to have some challenges in this area. Many authors have written on articles on revenue utilization. Local government enjoys improved revenue from 1976 till date, particularly Nnewi North Local Government. This was achieved through increased revenue accruing to local government. Despite this, Nnewi North local government still suffers some problems in its revenue utilization. According to the annual report (2010 – 2014) of Nnewi North local government, the estimated revenue of the local government was N1,288,537,000; actual revenue was N786,213,580 and the total recurrent expenditure was N253,375,359 to be able to determine if local government revenue are utilized effectively. The income and expenditure of the local government can be a good technique if it is fully utilized.

Olawale (2013) posited that another problem which account for effective revenue utilization is corruption. There exist high levels of corruption in the local government system. The internally generated revenue (IGR) of the local government is kept as top secret. The leadership in most of the local governments is corrupt. The revenue is there for them to carry out their functions but because corruption has become something very common to them, they do otherwise. In some cases, the duty of the leadership is to share their monthly allocation and own their staff salary. It is unfortunate to observe that several local government were dissolved between 1978 and 1999 in more than half of the then nineteen states of the federation on the grounds of official corruption.

According to Achikanu (2010), he noted that 99% of local government areas are known for farming as their major occupation; Nnewi North local government is not exempted. Thou it’s not only means in which they earn a living, the local government has failed to construct good roads,
farm inputs, improved seeds and conducts seminars through extension workers from their annual budget (2010 – 2014). It is believed that budget was made for the local government to construct good roads for easy transportation of their farm produce, especially the central road between Otolo, Uruagu and Umudim. Another problem that effects utilization of local government revenue is leadership problem. Odofia (2011:25) in his report of unsuccessful progress in the local government, he said that the reason for or why most of the local government today is not successful, is as a result of their leaders as well as subordinates working under them. He clearly stated that when the head is bad, it contaminates the entire body. Leadership most often seems to be based on party patronage rather than creditability. They are ready to pocket the fund meant for developments. These people have no clear agenda for the local government rather initiate ghost projects and siphon money into private bank accounts. The local people, as a result suffer from these inadequacies.

According to Nwankwo (2013), the basic rational behind the creation of local government is to meet the peculiar needs of the people at the grassroots. It is however pathetic to note that the local government has demonstrated incompetence in regards to its revenue utilization and substantive development. The resultant effect of the problems of revenue utilization is that some of these local governments end up in financial crises and are unable to tackle the challenges of services delivery and mobilization of both human and material resources required for the functioning and meaningful development of the local government areas. Therefore, underdevelopments continue to rage and people are ignorant or indifferent to the reasons why local governments are created.

**Summary of Nnewi North Local Government Concurrent Revenue and Expenditure.**

**Table 1**

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes</td>
<td>179,050</td>
<td>600,000</td>
<td>830,000</td>
<td>615,000</td>
<td>850,000</td>
</tr>
<tr>
<td>License fees and fines</td>
<td>881,481</td>
<td>140,500</td>
<td>1,621,000</td>
<td>1,377,475</td>
<td>2,087,000</td>
</tr>
<tr>
<td>Earnings from industrial undertaking</td>
<td>224,700</td>
<td>555,410</td>
<td>750,000</td>
<td>618,225</td>
<td>850,000</td>
</tr>
<tr>
<td>Rent on local government property</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest payment and dividends</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Grants</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>400,000,000</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>812,700</td>
<td>1,100,054</td>
<td>380,880</td>
<td>430,880</td>
<td>650,000</td>
</tr>
<tr>
<td>Statutory allocation from Fed. Acc.</td>
<td>410,500,425</td>
<td>520,215,315</td>
<td>560,000,000</td>
<td>629,908,000</td>
<td>700,000,000</td>
</tr>
<tr>
<td>State allocation</td>
<td>-</td>
<td>-</td>
<td>24,000,000</td>
<td>-</td>
<td>240,000,000</td>
</tr>
<tr>
<td>Vat</td>
<td>36,000,000</td>
<td>135,235,482</td>
<td>156,000,000</td>
<td>153,214,000</td>
<td>160,000,000</td>
</tr>
<tr>
<td>Total</td>
<td>446,500,425</td>
<td>655,423,797</td>
<td>740,000,000</td>
<td>783,122,000</td>
<td>884,000,000</td>
</tr>
</tbody>
</table>
The Financial Controlling Measures used by Local Government in the Utilization of Revenue

One of the controlling measures used by local government is accountability. In ethics and governance, accountability is answerability, and the expectation of account-giving. As an aspect of governance, it has been central to discussions related problems in the public sectors, and private (rectors. Accountability is the acknowledgement and assumption of responsibility for actions, decisions, and policies including the administration, governance, and implementation within the scope of the role. Accountability is a form of quality control of the local government.

Another controlling measure used by the local government is what we called “checks and balance” The system of checks and balance is a situation, where the three arms of government, executive, legislature and judiciary acts watchdogs over each other. The system of checks and balance is part of constitution. It guarantees that no part of government becomes too powerful. This is another measure by which local government revenue can be utilized. Axon and Jefferson (2012) stated that power should be used be to check power, that no arm of government should possess absolute power. “This is because power corrupts and absolute power corrupts absolutely” that each tier of government i.e. the federal, state and local government should acts as a watchdogs over the other

Way Forward for Effective Revenue Utilization.

For local government to utilize their revenue effectively there are some certain steps which they need to adopt or take into consideration in the various local council. Firstly, there is need for accountability of the local government. Accountability as the ineluctable quest for control means, that government revenue is often more devoted to avoiding work outcome than to achieving the best. Accountability is a form of quality control of the local government. We avoid the bad but forego the good. It is a price worth paying to avoid the great evil of mismanagement of local government fund and non-governance, but always ensuring at all cost that local government discharges her duties. Accountability of auditors internal, external and auditor-general, the council of the local government will go a long way in solving the problem of revenue utilization in the local governments. It is the individual and joint responsibilities to alert the audit committee before irregular and illegal payments are made, failure to do so, will make them liable to appropriate punishment as provided under guidelines. Nnewi North local government in particular, should take accountability measure or control in all the various departments especially in the treasury department, effective utilization of revenue will come in place.

Another way forward to the problem of effective revenue utilization is the financial and budgetary control. The financial control according to him is based on the old dictum that he who plays the piper dictates the tune. The money used by the local government is supplied by central government and state government. It is also proper for them to know how the money is being used. The case of joint account between the state and local government is enunciated in 1999 constitution is an instrument of financial control of local governments by the state government.
The provisions have bought to question the whole philosophy of government as a third tier of government in Nigeria. Budgetary control is a very solid foundation for the control of all financial matters of the local government. This budget contains and consists of all the envisaged revenue and expenditure of local government in a financial year. The treasurer, the secretary and the chairman of liaison with the finance and appropriation committee of the council are responsible for control of the budget. The treasurer ensure that each payment is covered by a voucher daily, signed by the secretary of the local governments.

The principles of checks and balances are another measurement by which local government revenue can be utilized as stated by Axon and Jefferson (2012). Thus principles of checks and balances mean that power should be used to check power. “This is because power corrupts and absolute power corrupts absolutely.” That each of the three tiers of government, i.e. the federal, state and local government should act as a watch dog over the other. In essence, the federal government should watch and control the state vis-à-vis from initiating bad policy or embezzlement of fund. That the budget of the local government which contain the estimate made for the year, must pass through the ministry of planning and budget to the legislature, and must be approved by the legislature. The state can control the local government through the appointment of the auditor-general of the local government. The state has acted as a check on the local government.

According to Ofoeze (2011), eradication of corruption in the local government as well as corrupt free personnel or officer in the local government will ensure effective management of local government revenue. Indeed, as Prof. Achebe (1993) in his book, “The trouble with Nigerian local government” as put it, 

*Corruption has passed the alarming stage and has entered the fatal stage and Nigeria local government will die if it keeps pretending that it is only slightly indisposed.*

The local governments must allow the virtues of democracy such as equity, equality, liberty, popular participation, accountability, transparency, plurality of policy options, e.t.c. Nnewi North local government is not exempted, is sick from head to toe with corruption. What we need now is how to make the present governments viable and more accountable and reasonable especially local electorates. According to the chairman of the federal Island revenue service, Mrs. Ifueko Omogui Okuru, blamed the high rate of corruption at the local government, on the over dependence on oil revenue. There is need for the directors of finance of the local government to be corrupt free because he is the chief account officer and in a way the custodian of local government funds; he is the chief financial adviser to the chairman of the local government, thus ensuring that the financial policies of the local government are kept within bounds and limits. As Okereke (2012) would note, that corruption is not fond in the local government but among the personnel who operates in local government although corruption cannot be completely eradicated in the local government councils but should be minimize in a very high rate. There is no financial controlling measure used by local government in the utilization of revenue. Since approval comes directly from the chairman’s influence.

**Theoretical Foundation of the Study**

This research work employs Classical Administrative Theory. An early form of organization theory, pioneered mainly by Henri Fayol (1841 – 1925), which was concerned principally with achieving the most rational tasks specified by the organization. Fayol was concerned mainly
with business management, although he himself makes it clear that his ideas about management were intended to apply to all formal organizations including political and religious undertakings. In application to this study, most of the times the reason for the ineffective utilization of revenue especially at the local government area is as a result of workers not been treated as human beings they are instead as machines. Federal/state government sometimes forgets that local government areas exist. Apart from the statutory allocations, federal or state government do no put into consideration the well-being of the people at the helm of affairs in the local level even at times the so called statutory allocation that comes from federal is being stopped or withheld by the state government thereby, making the managers of the local government revenue to be tempted to touch and utilize the revenue to solving their own personal problems instead of utilizing it to developing the local government areas. For the local government to function effectively in the area of effective utilization of revenue for substantive development, there are two main things that should be put into consideration. (i)The goals, motivation and values of the people in the local level especially those at the helm of affairs should be considered. (ii)The revenue allocation formula should be reviewed; a large percentage of the revenue allocation should go to the local government in order to enhance grassroots development.

Methodology

Nnewi North local government area of Anambra state is a suitable location for the study of the effective revenue utilization and substantive development. This study employed a survey research design method. Both primary source (interview and structured questionnaire) and secondary source (related text books, journals, and thesis) were used to gather information for the study. The population of the study is staff strength of the local government under study with is 380. A sample size of 195 was selected using the Taro Yamani (1964) formula with 5% error limit of 380 staff of Nnewi North LGA. Likewise the stratified random technique was used for this study to enable adequate representation of the staff in the different areas the opportunity of being selected. There were 10 items in the questionnaire rated with the 4-point likert scale hence, 4(SA), 3(A), 2(D) and 1(UD). Furthermore in analyzing the data the simple percentage statistical tool was used to analyze the respondent’s characteristics and for the questionnaire chi-square statistical tool was used to test the hypotheses.

In order to establish the validity of the instrument, ten (10) of the local government service commission staff were used for a pilot study. The questionnaires distribution was scored the way the researcher expected them to be scored. This showed the researcher, that the group understood the instrument for what was intended and was therefore valid. And reliability concerns the consistency with which an instrument measures whatever it measures. The test and retest process is used to establish the reliability of the instrument. The researcher was satisfied that the instrument was reliable because the responses from the group at different times remained consistent.
### Data Analysis

**Table 2**


<table>
<thead>
<tr>
<th>S/N</th>
<th>QUESTION</th>
<th>SA</th>
<th>A</th>
<th>D</th>
<th>UD</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The Revenue to Nnewi North Local Government has been Poorly Utilized for Development</td>
<td>140 (71.79)</td>
<td>40 (20.51)</td>
<td>10 (5.13)</td>
<td>5 (2.56)</td>
<td>195 (100%)</td>
</tr>
<tr>
<td>2</td>
<td>The Revenue collected by Local Government Internally, can be enough for Substantive Development</td>
<td>2 (1.03)</td>
<td>10 (5.13)</td>
<td>180 (92.30)</td>
<td>3 (1.54)</td>
<td>195 (100%)</td>
</tr>
<tr>
<td>3</td>
<td>The Statutory Allocation from Federal to Local Government is to be Utilized by the Local Government for Rural Development without Federal or State Government Interference</td>
<td>150 (76.92)</td>
<td>35 (17.95)</td>
<td>8 (4.10)</td>
<td>2 (1.03)</td>
<td>195 (100%)</td>
</tr>
<tr>
<td>4</td>
<td>The Revenue to the Local Government has been Utilized Effectively for Substantive Rural Development</td>
<td>65 (33.33)</td>
<td>9 (4.62)</td>
<td>120 (61.54)</td>
<td>1 (0.51)</td>
<td>195 (100%)</td>
</tr>
<tr>
<td>5</td>
<td>The Local Government has always been Independent when it comes to their Expenditures</td>
<td>30 (15.38)</td>
<td>20 (10.26)</td>
<td>140 (71.79)</td>
<td>5 (2.56)</td>
<td>195 (100%)</td>
</tr>
<tr>
<td>6</td>
<td>The Expenditures of Nnewi North Local Government has been in accordance with their Internally Generated Revenues</td>
<td>15 (7.69)</td>
<td>30 (15.38)</td>
<td>150 (76.92)</td>
<td>0 (0)</td>
<td>195 (100%)</td>
</tr>
<tr>
<td>7</td>
<td>The Local Government Expenditures are planned with hope on the Allocation from the Federal Government and State Government respectively</td>
<td>170 (87.18)</td>
<td>20 (10.26)</td>
<td>5 (2.56)</td>
<td>0 (0)</td>
<td>195 (100%)</td>
</tr>
<tr>
<td>8</td>
<td>The Local Government Revenues both Internal and External are Adequate for the Local Government Expenditures</td>
<td>15 (7.69)</td>
<td>40 (20.51)</td>
<td>130 (66.67)</td>
<td>10 (5.13)</td>
<td>195 (100%)</td>
</tr>
<tr>
<td>9</td>
<td>Application of Financial controlling Measures Affects the Development of Nnewi North Local Government Area</td>
<td>112 (57.43)</td>
<td>60 (30.77)</td>
<td>20 (10.26)</td>
<td>3 (1.54)</td>
<td>195 (100%)</td>
</tr>
</tbody>
</table>

Table 2 above shows that, poor utilization of revenue has negatively affected development of Nnewi North at 92.36%. There is also total disagreement to the fact that IR is inadequately sufficient for substantive development as rates 92.30% response. There is also a strongly agreed...
rating of 94.66% that the revenue utilization by the LGA is not without interference of government. Since most often these chairman are installed by the sitting Governor of the State. The respondents disagree that the revenue is effectively utilized by the LGA i.e 61.54% but 37.95% believe that it is fully utilized. Quiet obvious, (71.79%) strongly agreed that Nnewi North is dependent on statutory allocation when terms of expenditure. however, these expenditures are not tailored to the needs of the people but personal interest as evident in the rating of 76.92%. furthermore it is clear that 66.67% believe that the funds are inadequate thou 28.71% believes otherwise. Hence it seems that the applicability of the financial measures would determine the efficiency of the revenue not the amount since 88.20% affirms but 10.26% negates. Therefore effective utilization and implementations of the measures would lead to economic development of Nnewi North.

The following Projects have been embarked upon in accordance with the Budget of Nnewi North Local Government Area

<table>
<thead>
<tr>
<th>Option</th>
<th>No of Respondents</th>
<th>Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roads</td>
<td>45</td>
<td>23.08</td>
</tr>
<tr>
<td>Agriculture</td>
<td>10</td>
<td>5.13</td>
</tr>
<tr>
<td>Electricity</td>
<td>30</td>
<td>15.38</td>
</tr>
<tr>
<td>Health</td>
<td>40</td>
<td>20.51</td>
</tr>
<tr>
<td>Water</td>
<td>40</td>
<td>20.51</td>
</tr>
<tr>
<td>Education</td>
<td>15</td>
<td>7.69</td>
</tr>
<tr>
<td>Staff salary</td>
<td>15</td>
<td>7.69</td>
</tr>
<tr>
<td>Total</td>
<td>195</td>
<td>100</td>
</tr>
</tbody>
</table>

From the table above, 23.08% (45) of the respondents ticked roads, 5.13% (10) ticked agriculture, 15.38% (30) ticked electricity, 20.51% (40) ticked health, 20.51% (40) ticked water, 7.69% (15) ticked education, 7.69% (15) ticked staff salary. This implies that Nnewi North local government has embarked on roads. While Agriculture and staff welfare seems to suffer the most

Testing Research Hypothesis II
H₀: poor utilization of revenue has negative effect on Nnewi North local government area
H₁: poor utilization of revenue does not have any negative effect on Nnewi North local government area
Using the table 4.12, 4.13, 4.14 and 4.15, the following analyses were made.

<table>
<thead>
<tr>
<th>F₀</th>
<th>Fₑ</th>
<th>F₀ – Fₑ</th>
<th>(F₀ – Fₑ)²</th>
<th>∑(F₀ – Fₑ)²</th>
</tr>
</thead>
<tbody>
<tr>
<td>140</td>
<td>48.8</td>
<td>91.2</td>
<td>8317.44</td>
<td>170.439</td>
</tr>
<tr>
<td>40</td>
<td>48.8</td>
<td>-8.8</td>
<td>77.44</td>
<td>1.587</td>
</tr>
<tr>
<td>10</td>
<td>48.8</td>
<td>-38.8</td>
<td>1505.44</td>
<td>30.849</td>
</tr>
<tr>
<td>5</td>
<td>48.8</td>
<td>-43.8</td>
<td>1918.44</td>
<td>39.312</td>
</tr>
<tr>
<td>195</td>
<td></td>
<td></td>
<td></td>
<td>242.187</td>
</tr>
<tr>
<td>2</td>
<td>48.8</td>
<td>46.8</td>
<td>2190.24</td>
<td>44.882</td>
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<tr>
<td>10</td>
<td>48.8</td>
<td>38.8</td>
<td>1505.44</td>
<td>30.849</td>
</tr>
<tr>
<td>180</td>
<td>48.8</td>
<td>131.2</td>
<td>17213.44</td>
<td>352.734</td>
</tr>
</tbody>
</table>
### Testing Research Hypothesis III

**H₀:** Poor application of financial controlling measures does not affect the development of Nnewi North local government area.

**H₁:** Poor application of financial controlling measures affects the development of Nnewi North local government area.

Using the table 4.21, the following analyses were made:

<table>
<thead>
<tr>
<th>Fo</th>
<th>Fe</th>
<th>Fo – Fe</th>
<th>(Fo – Fe)^2</th>
<th>Σ(Fo – Fe)^2</th>
</tr>
</thead>
<tbody>
<tr>
<td>112</td>
<td>48.8</td>
<td>63.2</td>
<td>3994.24</td>
<td>81.849</td>
</tr>
<tr>
<td>60</td>
<td>48.8</td>
<td>11.2</td>
<td>125.44</td>
<td>2.570</td>
</tr>
<tr>
<td>20</td>
<td>48.8</td>
<td>-28.8</td>
<td>829.44</td>
<td>16.997</td>
</tr>
<tr>
<td>3</td>
<td>48.8</td>
<td>-45.8</td>
<td>2097.64</td>
<td>42.984</td>
</tr>
<tr>
<td>195</td>
<td></td>
<td></td>
<td></td>
<td><strong>144.4</strong></td>
</tr>
</tbody>
</table>

**df = 4 – 1 = 3 (0.5% significance)**

**X² Calculated = 144.4**

**X² Tabulated = 7.815**

**Decision Rule**

Since the $X^2$ calculated (144.4) is > $X^2$ tabulated (7.815), we reject the $H_0$ hypothesis which states that the poor application of financial controlling measures does not affect development of Nnewi North local government area, and accept the $H_1$ hypothesis which states that the poor
application of financial controlling measures affect the development of Nnewi North local government area.

**Discussion of the findings**

The essence of this chapter is to present summary of the findings as it was carried out as regards to the subject “Effective Revenue Utilization and Substantive Development of Nnewi North Local Government Area of Anambra State”. In the course of carrying out this study, the following analyses were presented as the summary of the finding. The researcher will make some recommendations and then draw conclusion from the research. From the finding, it was observed that the male dominated the female staff due to the strength needed for the job. Moreso, it was also noted from the finding that the staff who are at the age of 25 – 35 years are more due to the nature of the work. It is demanding and needs energetic young men who can run around. It was also noted that most of the staff were married; this to an extent makes them matured, reasonable and responsible. It was also observed that most of the staff was literates; this helped them to read and understand and to give accurate information. From the findings also, it was observed that civil servants were more and greater number of them were Nnewi North local government staff.

Furthermore, it was observed from the finding that the revenue to Nnewi North local government has not been utilized for substantive development because of the corrupt, greedy and selfish leaders who siphoned the money meant for development into their personal bank accounts for personal use. From the finding, it was observed that the revenue collected by local government both internally and externally cannot be enough for substantive development of Nnewi North local government area, because there are areas that need more resources to be channeled into e.g. education and as such they need extra source of fund like donations. It was equally observed that local government has always been dependent when it comes to their expenditures; they rely and hope on the statutory allocation that comes from the federal to foot their expenditures. The revenue they generated internally is not sufficient for them.

Moreover, poor utilization of revenue has negative effect on Nnewi North local government area. It was noted that road construction was the only project that has been embarked upon by Nnewi North local government in accordance with their budget. It is so because road construction has the maximum attention because of the nature of the area, they were more business oriented and as such good roads will help facilitate their business. Agriculture was not given much attention because it was not an agrarian area only few who just cultivate on subsistent bases.

It was observed that the application of financial controlling measures affects the development of Nnewi North local government area positively because by so doing, there will be checks and balances and the officers who loot the money meant for development into their personal accounts will not be able to do so. Conclusively, this finding made it easier for the respondents to supply the information needed by researcher for the successful accomplishment of the study.

**Conclusion**

After careful study of the data collected and analyzed, the researcher drew the following conclusion: That the major problem of the utilization of local government revenue originated from electing corrupt and unqualified personnel who knew little or nothing about being a leader
or functionaries in the local government area. When the head is corrupt, certainly, the whole body will follow, when the leaders or chairman of a local government embark on illegal payment in the council without being cautioned, what then becomes of the staff. The overall effect of the effective revenue utilization is that, it will produce development such as social amenities like good roads, pipe borne water, electricity and other structural facilities and alleviation of poverty.

Likewise the poor utilization of funds has negatively affected substantive development. This is due poor implementation, accountability, transparency and political interference and more so, the inability to checkmate the local council with appropriate financial measures has crippled the development process. Therefore is research work has discussed critically and analytically the effective revenue utilization for substantive development of Nnewi North local government level, examining the problems associated with revenue utilization, the impact and the solutions to these problems. It is in the view of the researcher that if those entrusted with the money of the local government are honest and accountable, possessing sound knowledge, about revenue, possessing accurate and reliable information e.t.c. they will be able to effectively and efficiently manage and utilize the revenue at the local government level in such a way that will commend the support and approval of the people and deliver the needed development to where it is mostly needed.

**Recommendations**

As a result of the findings of this research work, the researcher postulated that to without good leadership, corruption free personnel as well as the chairman, accountability in every department of the local government setting priority first, free and fair election at the local level, there can never be prudent management of its revenue. Therefore, in order for there to be effective revenue utilization and substantive development in Nnewi North local government, so that the citizens will enjoy modern facilities of development, the researcher recommended as follows:

Firstly, a Monitoring and Evaluation Term of Expert be employed to match revenue generation with development of the area to ascertain how effective utilization of revenue has helped to elevate the life of the people.

Likewise, financial measures should not be bias or political influenced. It should be based on due process and accountability. If local government chairpersons or representatives know that there is a judicial process for misappropriation of funds and politicking with project and programmes. Hence constant Internal and external auditing of records and project is encouraged it will lead to awarding contracts to qualified personnel and not party loyal.

Secondly, the electoral body at the local government area should carry out a free and fair election. This will reduce the number of corrupt and unqualified personnel in the local government. Secondly, there should implementation of the measures in the utilization of the revenue i.e checks and balances. This is because power corrupts and absolute power corrupts absolutely. The three tiers of government should act as a watch dog over the other. Thirdly, a committee should be established in the local government so as to inform the auditor-general when the chairman is making illegal payment. Fourthly, the state government should ensure to remit the share of local government revenue when due or promptly.

Likewise, the constitutional provision on statutory allocation, section 6 (A & B) of 1999 constitution; pertinent that it is adhered to by remitting to local government what is rightfully theirs; and also allowed to utilize their revenue both internally and externally generated without any federal or state interference. Also, this revenue generated should be managed appropriately.
and be channeled to the areas where they are meant for and if there is any suspected embezzlement, the officers should be probed. And from time to time, the officers should be invited for an account especially those in finance department. Lastly, the revenue to the local government should be handled by honest, transparent and accountable personnel, those who possess sound knowledge about revenue generation and utilization.

References


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