Public Administration & Management
Website: www.arabianjbmr.com/RPAM_index.php
Publisher: *Department of Public Administration Nnamdi Azikiwe University, Awka, Nigeria and Zainab Arabian Research Society for Multidisciplinary Issues Dubai, UAE*
ARABIAN GROUP OF JOURNALS

FISCAL FEDERALISM: IMPLICATION FOR LOCAL GOVERNMENT AUTONOMY IN NIGERIA

ASAJU, Kayode & EGBERI, Anthony Ejue
Department of Political Science, Faculty of Humanities, Management and Social Sciences, Federal University Wukari, Taraba State
Email: *asajuk@gmail.com*, *aegberi@gmail.com*

Abstract
The 1976 local government reform entrenched local government as an independent and self-accounting tier of government. Unfortunately, the 1979 and1999 Constitution empowers the State to control the finances of the LG. This control has been abused by all states including Cross River State. The main thrust of this study is to examine the fiscal relationship between Cross River State and Ogoja local government area and the implication of such a relationship on the fiscal autonomy of the latter. The study is an empirical study; data for the study is generated from both primary and secondary sources. The Primary data was analyzed quantitatively using frequency count and simple percentage, while the secondary data was analyzed qualitatively. The correlation coefficient was used to statistically test the hypotheses postulated. Finding shows that there are various forms of deductions from State-Local Government Joint Account before re-distribution and that the state does not remit its mandatory 10% internally generated revenue to State local government joint account. The study, therefore, recommends that Since Section 162, subsection 7 of 1999 Constitution as amended recommends the State to remits mandatorily 10% of it internally generated revenue to State Local government Joint Account for the benefit of Local governments. Therefore, any other Laws (State Laws, LG Laws or JAAC Laws) that are contrary to the constitutional provisions should be null and void. That henceforth, the Cross River State government or its agency (JAAC) should stop all forms of deductions from the Joint account to allow the Local government councils have direct access to their statutory allocations.

Keywords: Local Government, Accountability, Autonomy, Joint Account, Financial Autonomy.

Introduction

The 1976 local government reform entrenched local government as an independent and self-accounting tier of government. There were three fundamental elements of this reform. One was to make the local government one of democratically elected local councils with its own resources, personnel, responsibilities, and autonomous legal existence. Two was to distinguish it from the state and the national governments. Three –was to empower local governments legally and transform them into a third tier of government in the federation. These aspects of the reform were entrenched in the 1979 Constitution and subsequently the 1999 Constitution. Unfortunately, the same Constitution (1979, 1989 and 1999) still empowers the state to control and determine the fate of the local government areas in terms of their structure, electing their chairman and chancellors, and their finance. The most thorny and controversial aspect of these problems is the control of local government finance by the state government.

Since Nigeria's return to democracy in 1999, local governments have remained under the firm control of state governors. The 1999 Constitution empowers the state to control Local government finances and this has been a major problem as it has continue to generate crisis and tension between these two tiers of government.. The controversy generated by this relationship has been of much concern to scholars, stakeholders, etc. One area of the controversy has been the State-Local Government Joint Account. The creation of this account is contrary to one of the fundamental provisions of the 1976 local government reform which empowered the Local Government to control its finance.

This has continually brought to the fore the question of financial autonomy of local government areas in Nigeria including Cross River state. Local government is seen as an agent of rural development, especially in providing basic goods and services in consonance with the needs of the rural populace. Performing this role might be difficult without having control over their finance. Cross River like all the other States in the Federation established the Cross River State-Local Government Joint Account. The implementation institution was called the Joint Account Allocation Committee (JAAC). All the statutory allocations of all the local government Areas in Cross River state from the federation account is channel into this joint account. These allocations are subsequently shared base on the discretion of the state government. The situation in Ogoja Local Government Area is the not different from every other Local Government Areas in the country. The question is, what is the nature and dimension of this fiscal relationship between the Cross River state and Ogoja local government area? What are the implications of this relationship on the financial autonomy and the performance of the local government in general? These questions are pertinent because of the important role of the Local government in enhancing rural and national development.

Therefore, the major objective of this paper is to examine the effect of the Fiscal relationship between Cross River state and Ogoja local government area on the latter's fiscal autonomy. Specifically, the paper examines the nature and dimension of the fiscal relationship between the Cross River state government and Ogoja Local Government Area. It as well assesses the effect or otherwise of this Fiscal relationship on the Fiscal autonomy of Ogoja Local government Area and its efforts at stimulating rural and national development.

The researchers adopt a working hypothesis which will be validated or invalidated in the course of the study. The research hypothesis is as follow:

H1: The nature of the fiscal relationship between Cross River State government and Ogoja Local Governments Area has a significant effect on the Fiscal autonomy of the Local government Area.

H0: The nature of the fiscal relationship between Cross River State government and Ogoja Local Governments Area does not have a significant effect on the Fiscal autonomy of the Local government Area.

The period under study is 2007-2014. This was the regime of Senator Liyel Imoke as the Executive Governor of Cross River State. The study examines the fiscal relationship of the government within this period and that of Ogoja Local Government Area to know how the LGA fare during the period under review.

Conceptual and Theoretical Issues

Fiscal Federalism: The cardinal objective of the all the three tiers of government i.e. the federal, the state, and the local governments is to enhance the standard of living of the citizens through the provision of essential public goods and services. The fiscal relation among these three tiers of government is now obviously one of the most important issues of vigorous debate in the new democratic era in Nigeria. There have been increasing calls for the reassessment of this intergovernmental fiscal relation in the light of a widespread belief that although the Local Governments Areas are assigned primary responsibility for the delivery of basic public services in the rural areas, they are not equipped with adequate revenue resources to fulfill their expenditure obligations. This is because the bulk of their allocations are retained by the state government. This is against the spirit and letters of fiscal federalism.

Supporting this view, Chijioke, Innocent, & Jeffry (2012) stated that in all federal systems, there is usually "resource sharing" among the three levels of government- the federal, states and local government called intergovernmental fiscal relations. Intergovernmental fiscal relations imply fiscal federalism which is essentially about the allocation of government spending and resources to the various tiers of government. Uche, et al (2004) cited in Chijioke, et al (2012) noted that one of the most protracted and controversial debate in Nigerian economy is the way government revenue is shared among the component tiers of government in the country. To them, Fiscal federalism is essentially about the allocation of government responsibilities, as well as the sharing of revenue resources among tiers of government.

Obviously, finance has emerged as the most critical policy issue in intergovernmental relations in every federal administrative system. Nwankwo (2007) in Chijioke, et al (2012) posits that intergovernmental fiscal relations can be conceptualized as the system by which revenue is collected and shared by units of government, including administrative agencies. Intergovernmental fiscal relations simply implied fiscal federalism. Intergovernmental fiscal relation here is the financial relationship between a state and the local government areas under it. These relationships are defined by the Constitution and other laws of a particular state to determine the revenue and expenditure profiles of the local government areas under the state. The fiscal relationships between the state and local government determine where the statutory allocations of all the local government areas under a state are been channeled to and re-disbursed by the state based on a determined formula. It as well determine the various deductions made from the statutory allocations in the name of expenditures determined by the state

This point is aptly acknowledged by Mbam, the Chairman of the Revenue Mobilization Allocation and Fiscal Commission (RMAFC) in Agba, Stephen, & Nnamani (2014) when he observed that information at the disposal of the Commission show unethical practices in the disbursement of funds from the State Joint Local Government Account in various states of the federation. He maintained that actual allocations from the Federation Account, most times do not actually reach the Local Government Councils. He concludes that there are numerous allegations of manipulation of the Account at the point of disbursement and States hardly make their own contributions as stipulated by Section 162 (7) of the Constitution of the Federal Republic of Nigeria. In view of the above challenges, Mbam posits that the position of the RMAFC was that Local Governments should be granted fiscal autonomy through the payment of all their statutory allocations from the Federation Account directly to their coffers. In that case, the State Joint Local Government Account should be abolished through appropriate reforms.

Local Government Autonomy: The recognition of local government administration was obvious in the 1976 reform which recognizes it as an autonomous third-tier of government with its own distinct responsibilities and authority. Section 7 and 8 of 1999 Nigeria Constitution also gave the local government power to exist as a third- tier of government. But its importance in the political and socio- economic development of the country has often been downplayed especially with the recent arguments about its autonomy.

In the light of this, Fatile & Adejuwon (2009) noted that the search for Local government Autonomy and the effort of Local government to free itself from different forms of control has been one of the major problems faced by Local government in Nigeria from 1979 till date. Unlike the Federal-State relationship, the State-Local government relationship is not the one between sovereign governments. In spite of the concept of the third tier of government, which the local government was supposed to be, the state is still the MASTER of local governments. This might not be farfetched from the controversial provision of the 1999 Constitution. Section 7 reads jointly with Section 8 provides that there shall be:

> *The system of local government by democratically elected councils (which) is by this Constitution guaranteed and accordingly, the government of every State shall, subject to section 8 of this Constitution…. ensure their existence under a law which provides for the establishment; structure, composition, finance and functions of such councils.*

The above provisions of the constitution go contrary to the spirit and letter of the 1976 reform which not only gave birth to the unified local government system, but also recognized the local government as an autonomous third tier of government recognized by the same constitution. So the question is; what actually constitute autonomy?

According to Nwabueze (1994), autonomy presupposes that each tier of government enjoys a separate existence and independence from the control of the other governments. It is an autonomy which requires not just the legal and physical existence of an apparatus of government like a legislative assembly, governor, court etc, but that each government must exist not as an appendage of another government but as autonomous entity in the sense of being able to exercise its own will in the conduct of its affairs free from direction of another government. Autonomy could only be meaningful where each level of government is not constitutionally bound to accept dictation or directive from another. In other words, no level of government must arrogate to itself a superior status or power to control and regulate the official conduct of the other (Fatile & Adeyanju, 2009). Dalhatu (2006) argued that the issue of autonomy has to do with the Local government, beyond mere constitutional provision that recognized it as the third tier of government to that with power to regulate, to spend and to provide essential services to its citizens. But experience and empirical evidence have shown that financial autonomy of local government is non-existent in Nigeria (Asaju, 2009). Akpan & Ekanem (2013) observed that the suffocation and subversion of local government autonomy are more pronounced at the financial level than in any other areas of intergovernmental relations. This explains why members of the political elites engaged each other in a tug-of-war over whose apron-string the local government should be tied to, rather than allow local governments operate autonomously. To them, the struggle to control local government by state and federal governments is simply a matter of what each of them stands to benefit from such control, rather than how such control can deliver political dividends to the people at the local level. Asaju (2009) also concluded that the Constitutional provisions that allow the state to have some measure of control over the state were deliberate as they were made to serve as a check and balance on the activities of the local government areas. However, the ways the states go about it constitute the major setbacks.

State-Local Government Joint Account: According to Okafor (2010), Under the Constitution of Nigeria, the State-Local Government Joint Account (SJLGA) is a special account maintained by each state government "into which shall be paid allocations to the local government councils of the state from the Federation Account and from the Government of the State" (Section 162 [6], 1999 Constitution of Nigeria). The Account is meant to be a mechanism that can implement the notion of 'fiscal federalism' at the local government level in Nigeria.

Section 162 of the Constitution also provides for how public revenue shall be collected and distributed among the three tiers of government in the country. The following extract outlines the key elements of Section 162, subsection 5 states that the amount standing to the credit of local government councils in the Federation Account shall also be allocated to the States for the benefit of their local government councils on such terms and in such manner as may be prescribed by the National Assembly. Subsection 6 also states 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 Account and from the Government of the state. Furthermore, subsection 7 states that each state shall pay to local government councils in its area of jurisdiction such proportion of its total revenue on such terms and in such manner as may be prescribed by the National Assemble. Subsection 8 states that the amount standing to the credit of local government councils of a state shall be distributed among the local government councils of that state on such terms and in such manner as may be prescribed by the House of Assembly of the state.

Okafor (2010) further notes that although State Houses of Assembly have passed SJLGA laws to give effect to the above constitutional provisions, evidence continually shows that such laws usually tend to further compound the already distressed financial position of local government councils. This comes in the form of various kinds of deductions and diversions of funds intended for local government by the state. State governments that are constitutionally required to fund local government councils as stated in subsection 7 have instead used the SJLGA mechanism (or Account) to hold local governments as hostage and make them appendages of the state. In practice, the operation of the SJLGA has denied local government councils their financial autonomy.

Financial Autonomy: Finance is the bedrock of any organization. It includes the revenue and expenditure profile of an organization. An organization is expected to source for revenue and spent it appropriately according to the law. Organisation is financially autonomous if it can avert control or appropriate fund without external influence. Okafor (2010) posits that financial autonomy of local government is the "freedom to impose local taxation, generate revenue within its assigned sources, allocate its financial and material resources, determine and authorize its annual budget without external interference. It must be noted that local government autonomy is not absolute due to the fact that as a third tier of government, it maintains functional and fiscal relations with the higher tiers of government. However, the relationship must function within the relevant laws. Fiscal autonomy according to Fatile & Adejuwon (2009) is the ability of a Local government to spend its revenue without references to the state government. Fiscal autonomy is, therefore, the bedrock and the most important aspect of local government autonomy.

Scholars have tried to define a system from their own perspectives or field of study. Hanika (1972:5) sees a system as "any entity," conceptual or physical which consists of interrelated, interacting or interdependent parts. A system can simply be defined as a collection of interrelated parts that function together to achieve common goals.

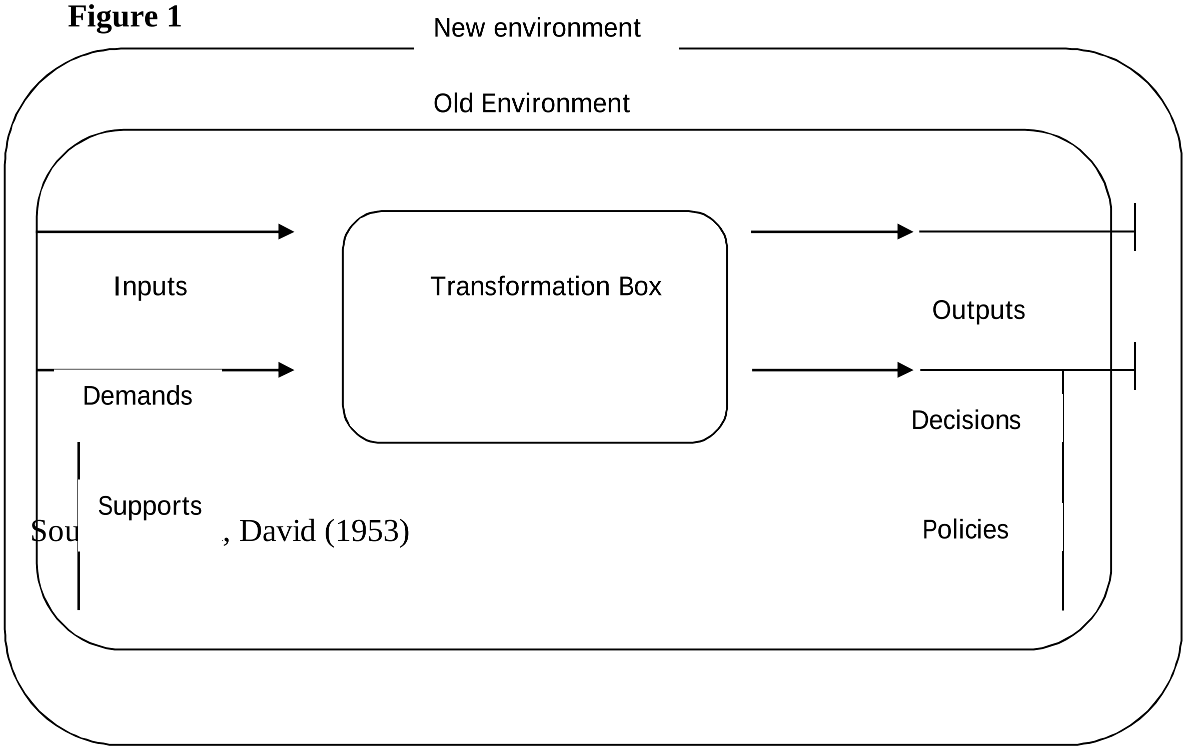
It could, therefore, be seen that virtually every system encompasses sub-systems that are interrelated and inter-dependent. They are also designed to collectively work towards the achievement of a set of goals. The inter-relationship and interdependence of the subsystems also imply that the smooth and efficient functioning of all the parts will facilitate greatly, the overall performance of the whole system. Also, the malfunctioning of even a single part could as well affect negatively the whole system in terms of its performance. The objectives of a system are achieved, if only, all the constituting elements are working harmoniously. One important fact to note about a system is that the expected outcome is the result of the interaction that takes place between the elements. Therefore, the operators of the system should be aware of the interactions and interdependence that the dynamic nature of system can operate within. More so, a prediction of the future action of the system in operation can be made when the interactions are fully understood.

According to Easton (1957:384), political phenomena can be analyzed when viewed as a system. A system is seen as an assemblage of parts which work together harmoniously to achieve a common goal. In other words, a system can be seen as an assemblage or combination of things or parts forming a complex whole. Within the system, another sub – systems also exist and these subsystems depend on the larger system to survive.

According to Easton, the system receives inputs (demand and support) from its environment. Demands are the request made by citizens, on the government to provide, supply, deliver or make available services, goods, amenities, facilities, opportunities, etc. Demand could also be the requests on the government to stop, remove, prevent certain actions; activities, dangerous to other people (like corruption). All the demands of the environment are processed and decisions are taken on them at the conversion center (transformation box) where the outputs (results) are produced. Unsatisfied demands (fresh inputs) are generated and feedback into the transformation box for processing and conversion through the feedback mechanism and the process continues. Support is made up of financial material, moral and human contributions to the process of transforming inputs into outputs.

Outputs are composed of policies, plans, and budgets aimed at meeting people's demands or requests. It can also be physical goods, services, physical structures; positive or negative response to people’s demands. Transformation box is made up of the legislature, executive and judicial arms of government. It is the decision-making box. To Easton, the feedback loop is the transmission belt or mode of people's reaction. The transformation box must have adequate feedback process through which a portion of its output, which is feedback into the input, affects the success of the outputs, the absence of which the survival of the system is at stake. The Elements of a system are shown diagrammatically in figures 1 below.

Figure 1



Sou , David (1953)

In relation to this study, Fiscal Federalism implies the financial relationships that exist between the three tiers of government-Federal, State, and Local governments. These parts (tiers) perform different functions and it is the combination of these functions that keep the entire system (federation) moving. The utility of this theory in this study is, in fact, evident in its presupposition that Fiscal Federalism is a system of financial transactions among the various level of government in a Federal state. The key concept is that as each part of the system or tier of government performs its role, it enhances the performance of the other parts or tiers of government and hence, the total performance of the system (federation). This conception holds true for all tiers of government as the system theory rightly emphasize.

The theory further argues that every system, including political system, has subsystems which make up the entire system. They are assigned functions and provided with enabling empowerment, including resources, appropriate authority, etc. to enable them to discharge their responsibilities optimally. Applying this brief exposition of the political systems analysis to the Nigerian Local Government system, the Local Government constitutes a subsystem in the federation. Therefore, the Local Government Areas must be well handled in terms of being fed with adequate inputs including adequate finance as provided for in the constitution (i.e. Nigeria 1999) so that they can contribute appropriately to the optimality of the Nigerian political system, as well as its homeostasis. If the reverse is the case, that is, if the Local Government Areas do not have the required inputs including finance to operate, two important things may happen. First, that there might be instability in the federation as the local government might not be able to play its important role in the federation. Secondly, there might be a discontent amongst the citizenry especially those in the rural areas who constitute the majority of the populace in the Nigerian federation and who are clamoring for better and effective social services delivery. This means the achievement of the national objectives might be impossible without the realization of the important role of local

government which is an integral part of the overall Nigerian political system. The Local Government Areas as the third tier of government have their assigned functions and responsibilities to perform for the benefit of the people, especially the rural populace and should not be seen as appendages of either the Federal or State Governments. Failure to treat the Local Governments as such could send frustration and disenchantment through their veins, and consequently render them incapable to perform and hence dissatisfaction amongst the populace.
It is imperative to note that if Federal and State government continue to encroach into the affairs of the Local government, it is to the detriment of the entire system as Asaju (2010) noted that for any meaningful development to take place at the local level, the States need to recognize the Local government as partners in progress. That is partners in enhancing sustainable rural development through the provision of essential services to improve the Standard of living of the rural populace. It is for this reason that, this theory seeks to address the above issue in pseudo-federalism like ours.

Methodology

The study adopted survey method. The population of the study is made up of the staff of Ogoja Local government and Ministry of Local government Matters. The total population of the study is 645 constituting the staff of Ogoja Local government council (591) and Staff of the Cross River state Ministry for Local government Affairs (54). A sample size of 126 comprising 54 staff of Ogoja Local government area and 32 staff of the Cross River state Ministry of Local government and Chieftaincy Affairs was taken using Taro Yamani's sampling size technique. According to Yamani (1964) in Chukwuemeka (2006), to determine a sample size from a population the formula below should be applied;

$$n = \frac{N}{+ (Ne2)}$$

When n = Sample size

N = Population size

e = error limit.

The sample was systematically distributed by taking the percentage of n from the N. n means the population of each of the strata of the entire population of the study (N)

The sources of data were both primary and secondary. The primary data were collected through the questionnaire distributed and filled by the staff of the two institutions. Face-to- face interview were also granted to some top officials of these two institutions. The questionnaire was designed in a 5-point Likert scale format. One hundred and twenty-six (126) copies of the questionnaires were duly administered, out of which 120 were duly completed and returned, while six questionnaires were discarded because they were either not properly filled, or were not returned.

Secondary data were obtained from journals, textbooks, government publications and internet materials. The data generated from the questionnaire were presented and analyzed using tables, frequency counts and percentages. The data were further analyzed to test the corresponding hypothesis using Correlation coefficient as the statistical tool. Other primary data, as well as the secondary data, were analyzed through content analysis.

Data Presentation and Analysis

The data obtained from the field were presented and analyzed descriptively and statistically to provide answers to the research questions and to test the corresponding hypothesis using correlation coefficient. Table 1 contains data collated as responses to questions relating to the nature and dimension of fiscal relationship between Cross River state and its local government areas. The data will be used for Y variable. Data in Table 2 are responses to the dimensions and modalities of fiscal relationship on the fiscal autonomy of the Local government. These data represents data for X variable.

Table 1: Coded response on the Nature of Fiscal Relationship

Items	**Agree** **F.** **%**	**Strongly Agree** **F.** **%**	**Disagree** **F.** **%**	**Strongly Disagree** **F.** **%**	**Un-decided** **F** **%**	**Total** **F.** **%**
Your statutory allocations are disbursed to you through State-Local Government Joint Account	13 11	97 81	6 5	- -	4 3	120 100
Amount allocated from federation account is the same amount disbursed	11 9	6 5	83 69	20 17	- -	120 100
The State Mandatory 10% is equally remitted to joint account?	8 7	4 3	94 78	14 12	- -	120 100

Various deductions are made from the statutory allocation of Local Government	97 81	17 14	4 3	2 2	- -	120 100

Source: Field survey, 2015

The data in table 1 shows that 11% of the respondents were of the opinion that statutory allocation of the Local government council is disbursed through the State Local government Joint Account. An overwhelming 81%, who constitute the majority of the respondents also strongly agree that Local government allocation was disbursed from the Joint Account, while 5% disagrees with the opinion that disbursement is from Joint Account. 3% of the respondents were undecided.

The data also shows that an overwhelming majority of the respondents, 69%, were in total disagreement that the same amount allocated from the Federation account is the same amount disbursed from Joint Account to the Local government, while 17% strongly disagree, 9% agrees and 5% strongly agrees.

The data in Table .1 further shows that the majority of the respondents, 78%, disagrees that the State government remits it 10% mandatory internally generated revenue to State Local government Joint Account as stipulated in Section 162 of 1999 Constitution. 12% also strongly disagrees, 7% agrees, while 3% strongly agrees.

The data also revealed that majority of the respondents, 81%, were of the opinion that various deductions are made from State Local government Joint Account by the State government. 14% strongly agrees, while 3% and 2% disagrees and strongly disagrees respectively.

Table 11: Coded response for dimensions and modalities of Fiscal Relationship on Fiscal Autonomy of the Local government

Items	Federal F. %	State F. %	LG F. %	Comm-unity F. %	Others F. %	Total F. %
Who determine the modality for deductions from State-	- -	106 88	8 7	- -	6 5	120 100

LG Joint Account?						
Who determine the amount to be re-distributed to each Local Government	- -	100 83	14 12	- -	6 5	120 100
Who determine the timing for re-distribution funds through State Joint account	- -	114 95	6 5	- -	- -	120 100
Who determine projects, cost and execution of the Local Government	- -	106 88	8 7	- -	6 5	120 100

Source: Field survey, 2015

In table 11, the data shows that majority of the respondents, 88%, were of the view that the State government determines all modalities for deductions from State Local government Joint Account. 7% of the respondents were of the opinion that the Local Government determine the modalities for deductions, while 5% says others (i.e. JACC Law and Local government Laws) determine the modalities for deductions.

The data in table 2 also reveals that an overwhelming 83% of the respondents agree that the State determines the amount to be re-distributed to each Local government monthly. 12% says the Local government determines the amount to be re-distributed, while 5% were of the opinion that other laws determine the redistribution.

The data further indicates that majority of the respondents, 95%, were of the opinion that the State government determine the timing for the re-distribution of allocation to the Local government. While 5% believes the Local government determines when allocation should be re-distributed.

The majority of the respondents, 88%, as revealed in the table above assert that the State government determines the type of projects, its cost, and executions in all Local government Areas in the State. 7% says the Local government determines its projects, while 5% says others determine the projects.

Test of Hypothesis

H1: The nature of the fiscal relationship between Cross River State government and Ogoja Local Governments Area has a significant effect on the Fiscal autonomy of the Local government Area.

H0: The nature of the fiscal relationship between Cross River State government and Ogoja Local Governments Area does not have any significant effect on the Fiscal autonomy of the Local government Area.

The formula for Correlation Coefficient is

$$r = \frac{\Sigma(X_i - \bar{X})(Y_i - \bar{Y})}{\sqrt{\Sigma(X_i - \bar{X})^2}\sqrt{\Sigma(Y_i - \bar{Y})^2}}$$

Where X = Independent variable

Y = Dependent variable

$\bar{Y}$= Mean for Independent Variable

$\bar{X}$= Mean for Dependent Variable

Table 111: Worksheet for test of hypothesis

X(f)	$\bar{X}$	$(X - \bar{X})$	**Y(f)**	$\bar{Y}$	$(Y - \bar{Y})$	$(X - \bar{X})^2$	$(Y - \bar{Y})^2$	$(X - \bar{X})(Y - \bar{Y})$
88	88.5	-0.5	81	77.25	3.75	0.25	14.06	-1.87
83	88.5	-5.5	69	77.25	-8.25	30.25	68.06	45.37
95	88.5	6.5	78	77.25	0.75	42.25	0.56	4.87
88	88.5	-0.5	81	77.25	3.75	0.25	14.06	-1.87
354		**0**	**309**		**0**	**73.0**	**96.74**	**46.5**

Source: Field survey, 2015

$\bar{X}$ = <u>354</u> = 88.5

4

$\bar{Y} = \frac{309}{4} = 77.25$

$$\frac{\Sigma(X_i - \bar{X})(Y_i - \bar{Y})}{\sqrt{\Sigma(X_i - \bar{X})^2}\sqrt{\Sigma(Y_i - \bar{Y})^2}}$$

$$r = \frac{46.5}{(73)(96.74)}$$

$$r = \frac{46.5}{(8.5)(9.8)}$$

$$r = \frac{46.5}{83.3}$$

$r = +0.55$

The decision rule is that if the correlation coefficient value is negative, it is an inverse relationship, which means the hypothesis should be rejected, but when the correlation coefficient value is positive, it indicates a direct relationship which means the hypothesis should be accepted.
Base on the above analogy, since the correlation coefficient value is +0.55, the second hypothesis which states that the natures of the fiscal relationship between Cross River State government and Ogoja Local Governments Area do not have any significant effect on the Fiscal autonomy of the Local government Area is thereby rejected.

Discussion of Findings

Findings indicate that all the Local government allocations are disbursed from the Joint Account. The Cross River State Law 2008 established the Joint Account Allocation Committee (JAAC) with the mandates to disburse to Local Governments all allocations from FAAC and 10% mandatory allocation from the State (Cross River state Ministry of Local Government Matters).

The study shows that the amount allocated from the Federation account is not the same amount disbursed from Joint Account to the Local Government Areas. Findings from a similar study undertaken by Akpan, & Ekanem, O. (2013) in Cross River State indicates the financial subversion of local governments fund by the state governor. The study was undertaken by Akpan, & Ekanem, O. (2013) revealed an instant where the monthly allocation to a local government was 80 million naira, but the Chairman of the local government was given only 4 million naira by the state Governor and the local government chairman is required to spend out of it, and submit receipt for refund.
Also the submission of Mr Mbam, the Chairman of the Revenue Mobilization Allocation and Fiscal Commission (RMAFC) in Agba, Stephen, & Nnamani (2014) corroborates this finding when he opines that information at the disposal of the Commission show unethical practices in the disbursement of funds from the State Joint Local Government Account in various states of the federation. He maintained that allocations from the Federation Account, most times do not actually reach the Local Government Councils and that there are numerous allegations of manipulation of the Account at the point of disbursement.
On the mandatory 10% internally generated revenue to the local government by the state government, finding shows that the State government do not remit its 10% mandatory internally

generated revenue to State Local government Joint Account as stipulated in section 162 of 1999 Constitution. A similar study undertaken by Okafor (2010) cited in Okechukwu; Izueke & Ewuim (n.d) in Enugu State appears to corroborate the above finding. The study concludes that the State government that is constitutionally required to fund local government councils has instead used the SJLGA provisions to hold the various local government areas in the state hostage, thus, making them mere appendages of the state. Consequently, denying the local government councils their financial autonomy. Furthermore, the conclusion reached by Mr Mbam, the Chairman of the Revenue Mobilization Allocation and Fiscal Commission (RMAFC) that States hardly make their own contributions as stipulated by Section 162 (7) of the Constitution of the Federal Republic of Nigeria further corroborate the above findings (Agba, Stephen & Nnamani, 2014).

The study also revealed that all kinds of deductions are made from State Local government Joint Account by the State government. Findings from a similar study undertaken by Akpan, & Ekanem (2013), in the state with indicates that the allocation that comes from the federation account to the local governments is controlled by the state Governor, even though the money does not pass through the office of the Governor. As a puppet, the Council Chairmen are expected to willingly sign off a percentage of their allocation to the state Governor. Any chairman who refuses to abide by this arrangement has the state House of Assembly to contend with. The case of Diamen Okon, the former Chairman of Akpabuyo local government area in Cross River state versus Donald Duke, the former Governor of the state is a good example. Okon was kicked out of office by the State House of Assembly ingeniously for refusing to comply with the state Governor's instruction over local government allocation from the federation account. These activities of the Joint Account Allocation Committee (JAAC) by the State Governors, is not only in Cross River State. Okechukwu, Izueke, & Ewuim (n.d)'s study the activities of the Joint Account Allocation Committee (JAAC) in Enugu state further corroborates the above findings. Their study reveals that Revenue Allocations that accrued to Local Government Councils in the States were not only deducted at source but that they were on some occasions totally withheld by the State Government through the Joint Account Committee.

The study further shows that the State government determines all modalities for deductions from the State Local government Joint Account. The Cross River state Local government Laws and JAAC Laws 2008 as amended detail all modalities for deductions from State-Local Government Joint Account. Ironically, the deductions favored the State Government and her Agencies

The study also reveals that the State government determines the amount to be re-distributed to each Local government area monthly. Okechukwu; Izueke & Ewuim (n.d), findings on Enugu State shows that this problem is not only akin to Cross River State alone but rather, it is a common problem in most states of the federation. The study further shows that the local government officials are not adequately represented in JAAC. The JAAC Laws 2008 as amended shows that the key officers of the Joint Account Committee set up by the State governor are state government representatives who function on the directive of the State Chief Executives with little or no control from the Council Chairmen who are the statutory owners of the fund and the chief accounting officers of their Local Government Areas. Also, most of the Local Government councils were not even represented in the Joint Account Allocation Committee (JAAC). More so the Council who are the chief accounting officers of their respective Local Governments were never briefed as to how much accrued to their councils monthly from the Federation Account before sharing. So the Governor through JAAC determines what should be distributed monthly.

The study also found out that the Cross River State government determines the timing for the re-distribution of allocation to Local government. The finding was in line with that of Okechukwu;

Izueke & Ewuim (n.d)'s study on Joint Account Allocation Committee (JAAC) in Enugu state. Their study indicates that the Revenue Allocations that accrued to Local Government Councils in the States were not only deducted at source but that they were on some occasions totally withheld by the State Government through the Joint Account Committee. The study concludes that the re-distribution of the statutory allocations of the Local Governments Areas in the state is done through the discretion of the State Governor through his puppets in JAAC.
The study also revealed that the State government determines the projects, cost, and executions in all the Local government areas in the State. A similar study carried out by Okechukwu; Izueke & Ewuim. (n.d) on Local Government and Fiscal Autonomy for Local Government in Nigeria further corroborated this finding. The study indicates that Substantial amounts of the allocations from FAAC to each of the Local Government Councils were deducted at source in the name of Joint projects or any other contrived reasons. Also, data from the Cross River State Local Government Account Committee Report covering 2011-2014 show that deductions are made by the State Government for all projects for Local Government in the name of Legacy Projects.

Recommendations

Premised on the above findings, the researchers recommend the following:: The State government was not meant to be a beneficiary of State Local governments Joint Account, but rather, a custodian for the benefit of the Local government Areas. Therefore, the State government should always re-distribute the same amount allocated to Local governments from the Federation Account.

Section 162 subsection 7 of 1999 Constitution as amended recommends the State to remits mandatorily 10% of its internally generated revenue to State Local government Joint Account for the benefit of Local governments. In view of this provision of the 1999 Constitution, any other Laws (i.e. State Laws, LG Laws or JAAC Laws) that are contrary to this provision should be null and void.
That henceforth, all forms of deductions from Joint account by the Cross River State government or it agency (JAAC) should be stopped. Each Local government Area should be allowed a direct access to its funds.
The Laws authorizing all deductions from Joint Account by State government should be amended. JAAC should be abolished, and instead, a State Revenue Mobilization Allocation and Fiscal Commission (SRMAFC) should be established with more representatives from all the Local Government Areas in the state.
The State government should not be overbearing on the local governments on issues of project type, cost, expenditure and those to execute them. Doing this will limit their administrative creativity and initiatives. Remember, the Local government is a training ground for Leaders.
Obviously, the instrument of Joint Account is still yet to be desire as whatever reason(s) that may have necessitated its creation is yet to be achieved. Therefore, the government there is the need to scrap the State- Local Government Joint Account. The fiscal autonomy denial the Local government through the instrument of State-Local Government Joint Account needs to be restored if the Local government is to effectively provide service delivery that the rural communities are yearning for.
The state should understand that the entire federation work as a system and if any of the subsystems (Local government) is malfunctioning, it will affect the entire system. The State cannot achieve any meaningful development without the cooperation of its Local governments. Therefore, the Master-servant relationship existing between the state and the local government areas has to be abolished if there must be real development at the grass root.

References

Agba, S. M., Stephen, O., & Nnamani, O. D. (2014). Local Government Finance in Nigeria: Challenges and Prognosis for Action in a Democratic Era (1999-2013). *Journal of Good Governance and Sustainable Development in Africa, 2(1)*. 84-96. Retrieved from www.rcmss.com.

Akpan, F.,& Ekanem, O. (2013). The Politics of Local Government Autonomy in Nigeria. *European Scientific Journal*, 9(35). 193-205. Retrieved from www.eujournal.org

Asaju. K.(2010). Local Government Autonomy in Nigeria: Politics and Challenges of the 1999 Constitution. *International Journal of Advanced Legal Studies and Governance*, 1 (1).

Chijioke, S.U., Innocent, E.O., & Jeffry, E. I. E. (2012). Issues in Nigerian Fiscal Federalism; The Relationship Between the Principle of Derivation and Resource Control. *Kuwait Chapter of Arabian Journal of Business and Management Review,* 1(5), 54-72. Available at http://www.arabianjbmr.com

Chukwuemeka, E.E.O. (2006). *Research Methods and Thesis Writing: A Multi-Disciplinary Approach.* Enugu: HRV Publishers.

Cross River State Ministry of Local Government Matters. State Joint Local Government Account Committee Report (2011-2014).

Easton, D. (1953). *The Political System: An Inquiry into the State of Political Science*. New York: Alfred A. Knopf.

Fatlie, J.O., & Adejuwon, K.D. (2009). *Local Government and Intergovernmental Relation* In Odion-Akhaine. (Eds), (93-115). Abuja: CENCOD Panaf Press.

Federal Government of Nigeria.The1999 Constitution of the Federal Republic of Nigeria. Abuja: Federal Government Press.

Goni, I., & Asaju. K. (2014). Local Government as a Springboard for National Development in Nigeria: Issues and Challenges. *Pro-journal Of Humanities and Social Science (Phss*), 2(1), 12-22. Available at http://www.projournals.org/PHS.

Hanika, F.D. (1972). *New Thinking in Management: A Guide for Managers*. Birkenhead: Wilmer Brother Ltd.

Imhanlahimi, J. (2011). Local Government Autonomy and Development of Localities in Nigeria: Issues, Problems, and Suggestions. *Journal of Humanities and Social Science,* 3(1), 67-79. Available at www.ajol.info/index.php/ijhss/articlcle

Nwabueze, B.O (1982). *A Constitutional History of Nigeria*. London: Longman Publishers.

Oche, M. (2015, June 21). LG Autonomy: The Hope, the Fears. Leadership Newspaper Available at www.leadership.ng/reporters.

Okafor, J. (2010). Local Government Financial Autonomy in Nigeria: The State Joint Local Government Account. *Commonwealth Journal of Local Governance*, 6(3), 127-131. Available at http://epress.lib.uts.edu.au

Okechukwu, E.I; Izueke, E & Ewuim, N. (nd). Local Government and Fiscal Autonomy for Local Government in Nigeria. 112-120. Available at www.omicsonline.com/open-access/

Ojodu. (2012). Strengthening Grassroots Development through LG Creation: The Constitutional and Legal Challenges: Excerpts from a speech delivered at the 21st anniversary of the creation of Osun State: Available at http://www.thenationonlineng.ng

The Cross River State Law No.8 2001. Calabar: Government Press Publication.

Ogoja Local Government Council(1992). Ogoja Local Government Area Investor Guide. Calabar: Media link.org