Sources and Uses of Local Government Funds in Nigeria: Evidence from Lere Local Government Area of Kaduna State

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Abstract: - Local government is that level of government nearest to the people. It is said to be the cornerstone of the government system in any country. The federal government believes that it is only through an effective local government system, that human and material resources of the nation could be mobilized. The research work aimed at analyzing the sources and uses of local government funds in Nigeria using Lere local government area of Kaduna state as a case study, with emphasis on the internally generated revenue. The work is a survey design and secondary data obtained from records available to the local government finance department. The time series covers the period of five (5) years from 2010 – 2014. The data were analyzed using chi – square statistical tool, the current trends of ineffective tax administration and negligence on the part of revenue collectors is considered as a major problem for local government internally generated revenue. The research recommended that the local government should strive towards improving internally generated revenue and adopt enlightenment campaigns.

Key words: Internally Generated Revenue, Externally Generated Revenue

I. INTRODUCTION

One of the principal objectives of government everywhere in the world is to provide welfare to their citizens. Since Nigeria became politically independent in October 1st 1960 the need to embark on programs that would improve on quality of life of citizens has featured prominently in most of the policies it has pursued and the objectives it has assigned itself (Aderibigbe Stephen olomola, “economic development, post-independence in Nigeria” 2010). A very significant part of their policies and objectives is to have a rural focus, for the fact that majority of Nigerians lived in rural areas. The importance of local government institution emanates directly from this fact, because local government institution as the level of government closer to majority of Nigerians citizens are well placed to handle their problems, provide services for them and promote their welfare through the revenue they generated.

The idea of creating local government worldwide is to bring people closer to the government with a views to improve their standard of living. However, in consideration of the three arms of government in Nigeria, each of the three tiers enjoyed reasonable degree of Independence and was given function commensurate with it resources, as stated in the doctrine of powers separation and the 1999 constitution. The local government council's dealt with services related to education, maintenance of roads and bridges, and were also in charge of local markets etc. This research work is geared towards unraveling the extent to which local government plays it role on the sources and uses of funds generated.

The ultimate goal of local government is to improve the welfare of its local populace through provision of educational service, portable drinking water, and health care services with the revenue they generated from their various sources of income. Hence, this ensures not only the development of the grassroots but also the nation at large.

The problem of this study includes: The problem of internally generated revenue mobilization and its effective utilization by revenue collectors in Lere local governmental and the problem of lack of ineffective tax administration in Lere local government. Accordingly, the objective of this paper is to: determine what account for the inability of revenue collectors to collect and utilized internally generated revenue in Lere local government; to find out if lack of ineffective tax administration constitutes a problem to internally generated revenue in Lere local government. The significance of this study, is to find ways of improving local government finance for effective channeling, implementation and execution of the program within Lere local government councils. The study would appraise the sources and uses of local government fund for the period of 2010 - 2014 (5 years period), in Lere local government area of Kaduna state.

In line with the above, this study attempts to answer the following research question; what accounts for the inability on the part of revenue collectors to collect and utilized internally generated revenue in Lere local government area? Does lack of ineffective tax administration constitute a problem to internally revenue generation in Lere local government area? To guide this paper, the following hypotheses were formulated.

(1). H_o1: Negligence on the part of revenue collectors does not significantly affect internal revenue generation and its utilization in Lere local government.

(2). H_o2: Lack of ineffective tax administration does not significantly constrains generation of revenue via internal sources in Lere local government.
The methodology adopted for this for this study included: a mixed research design and the use of both primary and secondary sources of data. Questionnaire was used to obtain information as a primary source while journal papers and articles constituted secondary sources of data used. The questionnaire was designed showing closed - ended questions: Strongly agreed, agreed, strongly disagreed and disagreed responses. The questionnaire was administered to the staff of Lere local government area. The total population for the study comprises is 3500. A stratified random sampling technique was used to select 100 respondents chosen from the sample.

The technique of data analysis used in the study was chi square statistical technique and the computation was done using SPSS 17.0, all hypotheses will be tested at 0.05% level of significant. The decision rule is that; accept the null hypotheses if calculated value is equal to or less than the critical value of chi square ($X^2$), and reject the null hypotheses if calculated value of chi square is greater than the critical value of chi square (0.05%).

II. LITERATURE REVIEW

Conceptual Framework

Local government has been the concern of every responsive political system in the world. This is because; local government basically, is the involvement of grassroots people in the provision of social and economic amenities to the local areas. It is based on the principle that local problems and needs can be understood by the people of the locality better than by central or state government. (Arowolo, 2008:4). Sources of local government finance in Nigeria, implies the various means through which local government generate financial resources to meet their financial obligation in the course of discharging their constitutional functions and duties as stated in section 7 (1) of 1999 constitution of federal republic of Nigeria. There are two major sources of local government finance in Nigeria, namely: internally generated revenue and externally generated revenue (Alo, 2012).

- Internally generated revenue are generated within the local government area of administration, and it entails local tax or community tax, poll tax, or tenement rates, user fees and loan. The level of internally generated revenue by each local government depend on the size of the local government area, nature of business activities, urban or rural nature of council, rate to be charged, instruments used in the collection of revenue, and the socio-cultural beliefs of the citizens regarding the issue of taxation (Anifowose and Enemuo, 1999).
-Externally generated revenue refers to the local government funds generated outside the local government which includes: statutory allocation, grants and loans from federal, state and other sources as provided in the 1999 constitution of the federal republic of Nigeria by section 7(6a - b), which provide that the federal and state government are required by law to provide fund for local government for development purpose and administration of good governance, this boost their revenue base.

The important of finance to local government which is accomplished through the preparation of a realistic annual budget is emphasized. The resources are put together in monitoring terms, enables the council in providing socio-economic services to the people of the area at acceptable standard (Ogbonna D. 2013). The various use through which local government funds are used for are revised as follows: construction of roads, provision of water, building of clinics and provision of health facilities like drugs, provision of electricity, construction of market stalls and motor pack, community assistance, claim and salaries, and miscellaneous purposes (section 7 (2) of 1999 constitution of Nigeria).

Theoretical Framework

There are various theories under the sources and uses of local government funds. These theories as identified by Gboyega (1987 include; Democratic-participatory school of thought, Efficiency–service school of thought, Resource mobilization theory. Others include; Paternalism and Populism theory, Theory of Fiscal federalism.

Democratic–participatory theory

This school of thought hold the view that local governments exist solely for the Purpose of promoting democracy and participation at the grassroots level, thereby Bringing government nearer to the people (Adamelekun,etal;1988:62). Local Government offers the local people the opportunity to manage their affairs. It is a tool for grassroots democracy.

Efficiency–Services Theory

This school of thought emphasizes efficient service delivery. There are some services, such as: local roads, distribution of water supply, housing for low income groups, health services, agriculture, are of paramount importance to local needs. Local Governance in terms of efficient delivery of services is, therefore, inevitable. Local Government can provide services to local needs far more efficiently and economically than the central government (Adamelekun, etal 1988)

Resource Mobilization Theory

Resource mobilization theorists are of the view that local governments permit local resources (both human and material) to be mobilized for rural development. Local governments are thus, veritable instruments most strategically placed for stimulating grassroots development and bringing about rural transformation (Eminue, 2006)

Paternalism and Populism Theory

Paternalism refers to the view that local governments have to be regularly controlled, supervised, guided and occasionally punished to get to work. Populism on the other hand advocates and entails unbridled local democracy opposed to any form of central interference (Bhattacharya & Ukertor,
In Nigerian context, paternalism seems to be the norms as local government have not enjoyed the unfretted freedom expected of them giving the level of interference by the state governments.

**Theory of Fiscal federalism**

This theory was originally developed by Musgrave (1959) and Oates (1972), the theory is concerns with division of public sector function and finances in a logical way among multiple layers of government. Fiscal federalism as it is called, is used to refer to the Fiscal arrangement among the different tiers of government in a federal structure (Ekpo, 2004). Fiscal federalism theory as is a political concept in which the power to govern is shared between national, states and local governments. According to Vincent (2001) the concept of federalism implies that each tier of government is coordinated independently in its delimited sphere of authority and should also have appropriate taxing powers to exploit its independent sources of revenue. Basically fiscal federalism emphasized on how revenue are raised and allocated to different level of government for development (Dang, 2013). From the Nigerian perspective, several attempts were made in the direction of achieving a harmoniously sharing formula of its national economic resources among the component units of the federation. Despite all these effort there are still inherent challenging issues that are posing serious problems to the Nigerian federalism. Among these critical issues are over – dependence on oil revenue, conflicts over sharing formula, centralizing tendency of fiscal relation in Nigeria and the agitation for resource control, among others.

As a summary, it is hereby deduced that, though efficiency of service delivery emphasize on efficient service delivery at local level, also the resource mobilization theory emphasize on mobilization of local resources both human and material by the local government. The paternalism and populism theory emphasizes on how local government are regularly supervised, guided and occasionally punished to get to work and lastly the theory of fiscal federalism was adopted because it emphasizes on the decision of public sector function and finances in a logical way among multiple layers of government.

**Empirical Framework**

There are reasonable number of existing literature on sources and uses of local government fund. This empirical review is therefore expected to highlight what other scholars have said about the subject matter. Studies that have been conducted on the subject matter and different conclusion reached are as follow.

Kalu (2007) evaluated the challenges public sector revenue generation in Nigeria when he conducted a research work on Challenges of public sector accounting using both primary and secondary sources of data with a direct approach from respondent interviewed method. The study data analysis involved the use of percentages, ratio and Chi-square method of data analysis. From the analysis, it was discovered that there is lack of knowledgeable personnel working in public sector accounting departments resulting to delayed disbursement of statutory allocation and weak internal control system. Paul (2012) conducted a research work on Evaluation of management of fund in local government in Nigeria using both primary and secondary sources of data. The data was analyzed using Pearson’s correlation coefficient and from the analysis it was discovered that some of the problems facing management of funds in local government are as result of inflation rate and the ways or method of solving such problem.

Ajara (2007) conducted a research work on financial reporting and accountability in public sector. Using descriptive and narrative analytic method of percentage in his analyses, it was established that financial reporting and accountability has a great impact in public sector accounting which because they can help detect fraud in financial activities of the government and disclose all relevant information required by law or regulation. Orewa (1986) in his work titled "Local Government Finance in Nigeria", described and discussed various sources of revenue open to local government and problem in the collection and management of such revenue. The problems: shortage of trained man power, ignorance of the councilors over their duties and non-commitment to duty on the part of the staff were found to be responsible for the financial irregularities some local governments experience.

In a more recent study, Ebo (2000:123) did a thorough work on how to enhance internal revenue of local government, using Nsukka as a test case. He corroborated the evidence of other scholars to the effect that there is a great loss of council’s revenue due largely to the loopholes in the management of revenue sources. He noted that collection procedure of the council could be streamlined in many areas especially where there facilities were used, citing motor parks as example. Musgrave (1959:89) in his book titled public finance theory and practice, New York: noted that, poor auditing has contributed immensely to problem of internal revenue generation of local governments. According to Musgrave, local government should have a means of ascertaining whether it's financial operation is properly conducted, this can only be done through audit.

Obi (1996) and Ikejiani-clark (1995) produced massive data on cases of corruption and fraud in Nigerian local government. For instance Obi observed that: “the poor state of accountability in the local government area was as a result of interwoven tragedy emanating from the weak Accounting control mechanism, lack of prosecution of offenders, dishonesty, and absence of adequate maintained financial record”. To stress the point Obinna had (1995:47) in local government administration in Nigeria: state that some unscrupulous revenue collectors and senior financial officers of the local government defraud the local government area by printing fake receipts which they use to collect uncounted revenue. Adediji (1979:87), blames poor internal revenue generation of local government on the following reasons: lack
of proper structures, low quality of staff and lack of mission and comprehensive functional role. According to him, these problems lead the local government area in to vicious circle of poverty. This is due to the fact that inadequate findings result in employment of low skilled and poorly paid staff.

Imam (1990) in his article (Local government finance in Nigeria) posits that, the major constraint to sources of revenue generation in local government is the shortage of well trained and qualified personnel which supposed to serve as a tool for collection of taxes and rates at local level. According to him even the few available are not properly trained in efficient budgetary and financial management systems. Nkala (1985:60), talking about the problem of personnel in internal generation of local governments states that “at the inception of democratic local government system in the former Eastern region of Nigeria in 1950, early recruits into the local government service were mainly ‘sons of the soil’, party stalwarts, relations of councilors”. He blamed shortage of trained staff in local government on politicization of recruitment, selection and placement. Wrath (1972:68) states that “lack of foresight and entrepreneurial skills on the revenue of key local government function arises especially the revenue officials have contributed heavily to the failure of internal revenue generation for the local governments”. He maintained that local government functionaries who should look inwardly to identify and exploit fully more viable sources of revenue in their areas of jurisdiction unfortunately fail to do so mainly because they are not enterprising.

Despite all these arguments presented by these scholars, and many more the issue of revenue generation in Nigeria local governments still need to be addressed properly. For the purpose of this research work, the researcher will concentrate on the under listed problem to internal sources of funds for Lere Local Government of Kaduna State and the tasks of revenue collectors as a major problem to internal revenue generation and its utilization.

III. DATA ANALYSES AND INTERPRETATION

The aim of any project is to bring out, from the research what has been learned during the period in a systematic compilation. This section deals with data presentation and analysis. In this paper information gathered are presented and analyzed. After examined the various sources of revenue generation opened to all local governments in law. We shall examine in this paper the actual amount of money that was realized from both internal and external of revenue sources by Lere local government over the period of 2010 – 2014 (our period of study).

Table 1. Internally Generated Revenue of Lere Local Government Area 2010 – 2014

<table>
<thead>
<tr>
<th>HEAD</th>
<th>DETAILS OF REVENUE</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>1001</td>
<td>Taxes</td>
<td>82,415</td>
<td>86,300</td>
<td>88,410</td>
<td>72,190</td>
<td>29,200</td>
</tr>
<tr>
<td>1002</td>
<td>Rates</td>
<td>10,199</td>
<td>11,400</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1003</td>
<td>Local license, fees and fees</td>
<td>515,277</td>
<td>698,935</td>
<td>721,945</td>
<td>920,250</td>
<td>935,100</td>
</tr>
<tr>
<td>1004</td>
<td>Earnings from commercial undertaking</td>
<td>144,237</td>
<td>180,085</td>
<td>191,770</td>
<td>39,350</td>
<td></td>
</tr>
<tr>
<td>1005</td>
<td>Rent on local government property</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1006</td>
<td>Interest payment and dividends</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Miscellaneous</td>
<td>599,335</td>
<td>682,500</td>
<td>701,025</td>
<td>740,005</td>
<td>908,650</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>1,341,264</td>
<td>1,647,820</td>
<td>1,713,349</td>
<td>1,771,795</td>
<td>1,884,350</td>
</tr>
</tbody>
</table>


Table 2. External Revenue of Lere Local Government Area 2010 – 2014

<table>
<thead>
<tr>
<th>YEAR</th>
<th>AMOUNT (₦)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>301,297,338</td>
</tr>
<tr>
<td>2011</td>
<td>588,177,790</td>
</tr>
<tr>
<td>2012</td>
<td>626,788,760</td>
</tr>
<tr>
<td>2013</td>
<td>626,783,760</td>
</tr>
<tr>
<td>2014</td>
<td>948,494,838</td>
</tr>
</tbody>
</table>

Source: planning unit local government service commission, Kaduna State (2015)

Having seen the amount of revenue accruable to Lere local government over the period of 2010 – 2014, it is imperative to examine the percentage of internal revenue to the external revenue over the same period of the study.

Table 3. Percentage of Internal and External Revenue out of the total revenue of Lere Local Government from 2010 – 2014

<table>
<thead>
<tr>
<th>YEAR</th>
<th>SOURCE</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>External source</td>
<td>97.10%</td>
</tr>
<tr>
<td>2011</td>
<td>Internal source</td>
<td>2.90%</td>
</tr>
<tr>
<td>2012</td>
<td>External source</td>
<td>97.20%</td>
</tr>
<tr>
<td>2013</td>
<td>Internal source</td>
<td>2.80%</td>
</tr>
<tr>
<td>2014</td>
<td>External source</td>
<td>99.80%</td>
</tr>
</tbody>
</table>

Source: Calculated table.
From Tables 1 and 2, it can be seen that much revenue has not being generated from internal sources by the local government. The internal sources of revenue generation have not been fully tapped by Lere local government, hence, the problem of poor internally generated revenue in the local government. It should be noted that prior to oil revolution, internally generated revenue in the local government system used to be higher than external revenue. This phenomenon can be explained in part by the fact that in the early sixties, agriculture used to be the mainstay of the Nigerian economy.

Test of Hypotheses

$H_{0}$ – Negligence on the part of revenue collectors does not significantly affect internal revenue generation and its utilization in Lere Local Government Area. Negligence should be viewed as “omission of that which ought to be done” it is leaving things undone or unattended to. It is measured in terms of the efforts the local government revenue officers have made improve internally generated revenue. To test the above hypothesis, data generated from constructed instrument were used.

<table>
<thead>
<tr>
<th>Item</th>
<th>Description of items</th>
<th>Agree</th>
<th>Expected</th>
<th>Observed</th>
<th>Expected</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>The nature of the negligence of internal revenue sources.</td>
<td>50</td>
<td>60.8</td>
<td>40</td>
<td>29.2</td>
<td>90</td>
</tr>
<tr>
<td>A</td>
<td>There is no lay down procedure for revenue collection</td>
<td>65</td>
<td>60.8</td>
<td>25</td>
<td>29.2</td>
<td>90</td>
</tr>
<tr>
<td>B</td>
<td>Lack of facilities like vehicles for revenue drive source</td>
<td>70</td>
<td>60.8</td>
<td>20</td>
<td>29.2</td>
<td>90</td>
</tr>
<tr>
<td>C</td>
<td>The revenue officer are not trained</td>
<td>50</td>
<td>60.8</td>
<td>40</td>
<td>29.2</td>
<td>90</td>
</tr>
<tr>
<td>D</td>
<td>Poor supervision</td>
<td>70</td>
<td>60.8</td>
<td>20</td>
<td>29.2</td>
<td>90</td>
</tr>
<tr>
<td>F</td>
<td>Tax collection do not out to collect fees and taxes</td>
<td>60</td>
<td>60.8</td>
<td>30</td>
<td>29.2</td>
<td>90</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>365</td>
<td>175</td>
<td></td>
<td></td>
<td>540</td>
</tr>
</tbody>
</table>

Source: As analyzed from the instrument =using the formula $X^2 = \sum (0-E)^2$,

\[ X^2 = \frac{(50-60.8)^2 + (65-60.8)^2 + (70-60.8)^2 + (70-60.8)^2 + (60-60.8)^2 + (40-29.2)^2}{60.8} \]
\[ X^2 = \frac{(25-29.2)^2 + (20-29.2)^2 + (40-29.2)^2 + (20-29.2)^2 + (30-29.2)^2}{29.2} \]
\[ X^2 = 1.918 + 0.290 + 1.918 + 1.392 + 0.011 + 3.995 + 0.604 + 2.899 + 3.995 + 0.022 \]
\[ X^2 = 21.335 \]
\[ X^2 \text{ critical} = 0.05\% \]

Based on the above calculation, the calculated value (21.335) is greater than the critical value (0.05%) therefore we reject the null hypothesis and accept the alternative hypothesis which will state that negligence on the part of revenue officers significantly affect internal revenue generation and its utilization in Lere Local government. Hence from the data analyzed, 20 out of 90 disagree that Lere Local government did not neglect its sources of internal revenue while 70 respondents were of the view that the Local government neglected its internal sources of revenue generation. This finding is not surprising because revenue generation in Lere Local government shows a clear indication of negligence and non-commitment of revenue collections.

$H_{02}$ – Lack of ineffective tax administration does not significantly constrains generation of revenue via internal sources in Lere local government. Tax administration is literally defined as to be self-governing in matters of money. It is a right, or the power to engage in certain actions without externally imposed restrains and interference. Local government system in Nigeria need a moderate amount of taxes power to be able to discharge its responsibility. To test the above hypothesis, data generated from constructed instrument were used.
The study examined local government revenue mobilization and utilization in Lere local government area of Kaduna State. The objective of the study is to determine what account for the inability of revenue collectors to collect internally generated revenue, and also to find out if lack of ineffective tax administration constitutes a problem to internally generated revenue in Lere local government. The theoretical foundation adopted for this work is the fiscal federalism theory which implies that each tier of government is coordinated independently in its delimited share of authority, and therefore local governments should have appropriate taxing power to exploit its independent sources of revenue.

V. CONCLUSION

This study examined local government revenue mobilization and utilization in Lere local government area of Kaduna State. The objective of the study is to determine what account for the inability of revenue collectors to collect internally generated revenue, and also to find out if lack of ineffective tax administration constitutes a problem to internally generated revenue in Lere local government. The theoretical foundation adopted for this work is the fiscal federalism theory which implies that each tier of government is coordinated independently in its delimited share of authority, and therefore local governments should have appropriate taxing power to exploit its independent sources of revenue.

VI. RECOMMENDATIONS

The local government as the tiers of government constituted by law has certain obligation to offer to the people at the grassroots level. In order to fulfill such obligation the 1999 constitution has made available source of revenue to local government. In spite of this constitution provision the local governments still suffer as discussed on the problems of this study, hence the following are therefore recommended for this study:

Table 5. Observed and Expected value of lack of tax power to finance expenditure by Lere Local Government and Internally Generated Revenue

<table>
<thead>
<tr>
<th>Item</th>
<th>Description of item</th>
<th>Observed</th>
<th>Expenditure</th>
<th>Observe</th>
<th>Expenditure</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>The reason for lack of taxes power</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>Infringement by state government on sources of internal revenue generation of Lere Local government</td>
<td>50</td>
<td>42.8</td>
<td>10</td>
<td>17.2</td>
<td>60</td>
</tr>
<tr>
<td>B</td>
<td>Narrow revenue base power</td>
<td>48</td>
<td>42.8</td>
<td>12</td>
<td>17.2</td>
<td>60</td>
</tr>
<tr>
<td>C</td>
<td>Lack of tax-raising power</td>
<td>40</td>
<td>42.8</td>
<td>20</td>
<td>17.2</td>
<td>60</td>
</tr>
<tr>
<td>D</td>
<td>Lack of power to make bye-Laws</td>
<td>33</td>
<td>42.8</td>
<td>27</td>
<td>17.2</td>
<td>60</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>171</td>
<td>69</td>
<td></td>
<td></td>
<td>240</td>
</tr>
</tbody>
</table>

Source: as analyzed from the instrument using the formula

\[ X^2 = \sum \frac{(O-E)^2}{E} \]

Where \( O \) is the observed values, \( E \) is the Expenditure Values Substituting.

\[ X^2 = \left( \frac{50-42.8}{42.8} \right)^2 + \left( \frac{48-42.8}{42.8} \right)^2 + \left( \frac{40-42.8}{42.8} \right)^2 + \left( \frac{33-42.8}{42.8} \right)^2 + \left( \frac{20-17.2}{17.2} \right)^2 + \left( \frac{12-17.2}{17.2} \right)^2 + \left( \frac{10-17.2}{17.2} \right)^2 \]

\[ + \left( \frac{42.8-27}{17.2} \right)^2 \]

\[ X^2 = 3.6\% \]

\[ X^2 \text{ critical value} = 0.05\% \]

Based on the above calculation, the calculated value(3.6%) is greater than the critical value (0.05%), therefore we reject the null hypothesis and accept the alternative hypothesis which state that Lack of ineffective tax administration significantly constrains generation of revenue view internal sources in Lere Local government area. Hence from the data analyzed, 30 out of 90 disagree that Lere Local government does not lack ineffective tax administration of its internal revenue sources while 60 respondents were of the view that the Local government lack effective tax administration via internal sources of revenue generation, and all the null hypotheses chi square value is greater than the critical value of the level of significant, therefore all the null hypotheses are thus rejected while the alternative stands accepted.
i. Firstly, the local government should strive towards improving internally generated revenue and instill transparency and accountability in their management structure, this will be achieve by establishing a good internal control system to monitor and control activities, and ensure that all money collected are accounted for and all money are expended for the purpose which it meant to serve.

ii. Local government should adopt enlightens campaign on the revenue to be paid by individual, training and retraining programs for the revenue officials should be organized to enable them meets the challenges of the new millennium, these will help the local government to overcome the problem of ineffective tax administration.

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