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QUANTITATIVE AND QUALITATIVE STUDIES ON STATE AND LOCAL GOVERNMENTS FISCAL RELATIONS IN NIGERIA: EXPERIENCE AND LESSONS FROM SOUTHWESTERN NIGERIA

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Abstract
Joint account is one of the cardinal relationships between state and local governments in Nigeria as established by the 1999 Constitution of the Federal Republic of Nigeria as amended. However, it appears to be one of the challenging aspects of fiscal arrangement for providing social services to the citizenry within their jurisdiction. This study therefore analysed challenges confronting state and local governments fiscal relationship in the delivery of developmental service in Southwestern Nigeria. Data were obtained from both primary and secondary sources. Data gathered were analyzed using descriptive and content analysis. The study revealed that principles guiding the operations of state joint local government accounts were needed to be strictly followed in allocating revenue to the local governments in order to ensure effective delivery of service at the grassroots. This study concluded that statutory provision for the payment of local governments share into Joint Account (86.2%), unnecessary bureaucratic bottlenecks (79.3%), encroachment on local government funds (86.2%), and state government interference (78.6%) were identified leading challenges facing state and local government fiscal relationship on service delivery in Southwestern Nigeria.

Keywords: Finance; Fiscal Relationship; Good Governance; Local Government; State Government; State Joint Local Government Accounts

I. INTRODUCTION

Joint account between state and local government in Nigeria has created a lot of crisis in the development of local area with the frequent deduction and misappropriation of local government fund by the state. This is because the federal government was statutorily obliged to pass allocation for the local government units to the supervising state government for distribution to them, whereas most of the state governments often misappropriated the allocation for their respective local councils. Also, the amount which a local government can spend on a particular project is regulated and monitored by the state government (Ojugbeli & James, 2014; Shiyanbade, 2019). Some of the Governors see local government as an extension of their political and administrative domain. The financial transaction (budget) of local governments must be approved by the House of Assembly which still lies within the purview of the state parliament.

In other words, various strategies and approaches have been adopted or used by government for the purpose of good governance, and in their efforts at distributing government resources to reach the people at the grassroots and the process of disbursement of the accruable funds, as allocated from the Federation Account. In this respect, beneficiaries at local councils more often get grossly as some state governments deduct certain percentage before the release of the balance to their local councils. Others simply hold on at will while the local government which is statutorily established is continually being saddled with financially responsibility by the federal and state governments but with limited autonomy (Shiyanbade, Adepoju & Ambali, 2020).

The political arrangement in Nigeria recognises local government as a separate tier of government both during the pre and post–independent Nigeria. However, up till date, local governments lack the essential enabling authority to exercise discretionary powers over its fiscal resources. Meyer as quoted by Hume and Martins (1961) stated that of course, the backbone of local government is financial autonomy. As soon as local governments have to live on income derived primarily from the federal government, the future of local governments will be bleak. It is assumed here, that without financial independence at the local government level, the machineries of government at the grassroots will continue to be weakened. In this wise, financial autonomy entails tax jurisdiction, authority to disburse revenues without undue control from any tier of government.

In 1948, Nigeria operated the first fiscal arrangement (Revenue Allocation). However, prior to the 1976 local government reforms, Nigerian local governments were excluded from the share of the Distributable Pool Account and as such depended on local taxes. With the advent of the military into Nigerian politics, financial allocations were made by the Federal Military Ruling Council on ad–hoc basis to local governments. The allocations were regarded as exceptions to the rule. The allocation marked the beginning of Federal–State–Local Fiscal Relations in Nigeria.

Hitherto, the finances of local governments were controlled by the regional/state governments but with the 1976 Local Government Reforms, the federal government directed that property rating be extended to all local governments progressively, beginning with urban areas. The fourth schedule item (j) of the 1999 Constitution provides that tenement rates or private property can be assessed by LGS but the levying of the rates will have to be prescribed by the State House of Assembly whereas this is a tax head that is universally considered and constitutionally guaranteed as a local tax. In addition, some sources of revenue were specified for local governments. It is important to state that the 10 percent statutory allocation enshrined in the 1979 Constitution for local government councils started to be operated in 1984 during the Buhari/Idiagbon regime. The percentage, over the years, increased to 15 percent and presently 20 percent as recommended by the political bureau (Adebayo, 1980; Shiyanbade, 2016).

Onah (2004) observed that "the local governments are heavily deprived of funds which they could use in development pursuit is no longer news. The skewed administration of the state-local government joint account in favour of the state totally explains the deprivation. The local government due of the federal allocation is tampered with by the state, and in some states, the revenue-yielding resources are also taken over by the state".

In advanced countries, for instance America and Britain, the higher governments repose a lot of confidence in local governments by devolving to them feasible projects to undertake. In America, local governments are within the province of states, but they take care of police, fire service, public works, libraries, airports, harbors, housing etc. These are huge and strategic areas that require technical expertise. Similarly, coupled with the fact that local governments are financially autonomous, there is nothing like trespass from their higher governments as it is the case with Nigerian local governments (Onah, 2004; Shiyanbade, 1017). This makes local governments in advanced nations of the world to be buoyant and discharge their statutory functions with zeal. Whereas in Nigeria, the local government councils are being enslaved by the state governments (Shiyanbade, Adepoju & Ambali, 2020).

The intergovernmental fiscal relations between the states and local governments in Nigeria have undoubtedly generated controversies bordering on the cardinal principle of federalism, which include fairness, equity and fiscal autonomy. However, in spite of the various numerous on intergovernmental relations, appreciable level of attention has not been paid to the fiscal relationship between states and local government councils in Nigeria. Local government councils being the nearest to the people at the grassroots are expected, *ipso-facto*, to be the most import platform for service delivery. This crucial task, therefore, requires adequate funding and fiscal autonomy, which is largely absent in the prevailing intergovernmental arrangement in Nigeria.

In many ways, state and local government joint account have hindered the responsiveness of successive governments in Nigeria most especially at the local level. This is because of the tendency of the state government to interfere in the appropriation and execution of projects and programmes of the local government through the operation of joint account. This has resulted in poor service delivery at the local government as well as the failure of the state government to provide and improve basic amenities for the people within the state. The 1976 Local Government Reforms stipulated that there should be state and local government joint account in order for the state government to have access to the financial activities of the local government and to ensure the resources available for the local government for provision of infrastructural facilities are adequately and equitably distributed, thereby curing the developmental challenges in multiple proportion to reduce, curb and promote responsive governance in concrete term.

II. REVIEW OF EXITING LITERATURE

Local Government System in Nigeria

The position of local government in Nigeria's federal set–up has mostly been unclear, and has consequently been subjected to different interpretations (Ajayi, 2000). Prior to 1976, local governments were merely decentralised units of the regional and state governments, and lacked any constitutionally defined functions (Fajingbesi, *et. al.,* 2004; Shiyanbade, 2019). While the 1979 constitution aspired to give local government recognition as the third tier of government with specific functions and sources of revenue, "local government in the true sense of the term has been an illusive chimera in Nigeria" (Oladosu, 2012). The 1999 constitution recognises the federal status of Nigeria. In other words, all the component units of the federation, namely the federal, state and local governments, are expected to possess real authority and jurisdictional autonomy in the discharge of constitutionally assigned functions.

These are contained in the exclusive list, the concurrent list and the residual list. For Nigeria, the Fourth Schedule, which specifies the functions of local government, has been an additional feature since the 1979 Constitution. It is commonplace to start analysing issue of the status or position of local government in Nigeria with Section 7 of the 1999 constitution, which provides for their creation/existence. As a third tier of government, Section 7 of the 1999 constitution also provides the legal and constitutional backing for the local government to operate with democratically elected officials at the helms of its affairs with a view to acting as a catalyst for rapid and sustained development at the grassroots. The intention of this section is to replicate, at the grassroots, elements of democratization, with the overall objective of achieving sustainable national development.

The local government is simply the government that is responsible for the management of the public affairs of the people in a locality. The word locality means a restricted area like a group of villages, towns or a city. A government at this level is permitted by law to take charge of local services such as maintenance of law and order, municipal services, provision of basic social and economic infrastructure among others. Agbakoba (2004) describes the local government as "a political administrative unit that is empowered by law to administer a specific locality" while Awofeso (2006) adds that it is "the governing body of such an entity elected or otherwise selected to take care of the local affairs and needs of their locality." The inclusiveness of the people in the administration of local governments is stressed by Akpan (1967) when he says:

a local government implies the breaking down of a country into small units or localities for the purpose of administration in which the inhabitants of the different units or localities concerned play a direct and full part through their elected representatives.

Thus, local government is a tier of government with assigned legislative and executive powers to execute and make policies covering a particular local government area. This implies the existence of a relationship between this and other tiers of government since the same people that live in council areas inhabit states and the federation. The constitution of Nigeria clearly spells out such relationships, assigns responsibilities and fiscal powers to each tier of government, and recognizes the local government as a third tier of government in the country.

The creation of the State Joint Local Government Account System (SJLGAS) by section 162 of the 1999 Constitution of the Federal Republic of Nigeria was meant to facilitate rural development of the local communities through effective supervision of the distribution and efficient management of revenue accruing to the local government councils from the federation account. Local governments are the vehicle or machinery that should drive rural development. The state joint local government account system has served as a means of making unnecessary deductions from revenue accruing to the local government councils from the federation account to the coffers of state governments in Nigeria.

In other words, the constitution does not envisage a situation whereby the local governments will be run by officials other than those elected by the people at the grassroots themselves. Ojugbeli and James, (2014) posited that the revenue allocation has been a destabilising factor in the Nigerian federal experiment and provides ample confirmation of the opinion that elaborate revenue redistribution system will invariably engender resentment in resource endowed. Akindele and Olaopa (2002), as cited by Adeniji (2013), argued that the most severe problem facing public institution in Nigeria is the fiscal one, particularly in local government. This problem has been provoked by a number of factors, including "over dependence" on statutory allocation from both the state and federal governments, deliberate tax evasion by the local citizenry, creation of non–viable local government areas, differences in the station of local governments in terms of the rural–urban dimension and inadequate revenue and restricted fiscal jurisdiction.

They stated further that finance is the core center of any local governments to exist with responsibilities and functions to be allocated in accordance with their taxing power and ability to generate funds internally within the sphere of their jurisdiction. The constitutional provision that recognizes local governments "power", in this regard must also give them full freedom to operate and this must be well guaranteed and adequately protected. The constitutional recognition accorded local governments as the third tier of government in the Nigerian federation conferred on it an intergovernmental character.

Adamolekun (1984) cited in Shiyanbade (2019) also suggested that a national law that will require state governments to transfer 10 percent of their internally generated revenue to local governments in Nigeria should be enacted in the Constitution of the Federal Republic of Nigeria. This will be involved in the actual sharing of federal funds among the levels of governments in Nigeria. The concrete experiences recorded in different parts of the country since 1976 suggest that the federal government should be directly involved in enforcing state compliance in respect of state governments' financial transfer to local governments. It will also be desirable if the federal governments should monitor the revenue sharing arrangements among the local governments within the states.

The apparent inability of the local government to effectively play the envisioned role as a catalyst to overall national development has understandably generated a lively debate on the relevance and propriety of this tier. Before 1976, local government in Nigeria had no common denominator as each region and later states designed and structured its local administration the way and manner it thought most appropriate.

Since 1976, local government reforms have been undertaken to strengthen the local system in Nigeria. The 1976 Reforms and the 1979 Constitution of the Republic of Nigeria appeared to formally introduce local government as a third tier of government in Nigeria although without autonomous political powers. In Nigeria's federalism, of the three distinct levels of government, the federal government has exclusive responsibility for some subjects entitled exclusive Legislative List, while the state governments have control over the Concurrent Legislative List of subjects. In the same manner, the fourth schedule of the 1979 and 1999 Nigerian constitutions respectively outlined the functions that should be performed by Local Government Councils (LGCs). Some of the listed functions are exclusive to LGCs, while the others, they could execute in conjunction with the state governments or other state agencies. However, the subsidiary principle implied in the 1999 Constitution of the Federal Republic of Nigeria suggests that the constitutional delineation of responsibilities among the levels of government which creates some form of protection to the sub–national entities can be thwarted by national sovereign governments through various means.

Arising from the control of local governments by the 'superior' tiers of government are the hindrances in the poor performance of the local governments. Again, the usurpation of the power of the local governments has also meant the restraint of the power of the people to choose who represents them at the local government level. Many state governments in the country not limited to Southwestern region have appointed people of their choice as the Committee/Executive secretary/Caretaker Chairmen at the local governments in their states (Adeniji, 2013; Shiyanbade, 2017). The consequence of this is that the participation of the people in choosing who their leaders are cannot be realised. Worse still, the appointed committee chairmen customarily owe their allegiance to the Governors of the state and not to the people. Planning and execution of projects are done not on the preference of the people but on the dictates of the state governors.

Consequently, the usurpation of power by the other two tiers of government – federal and state governments – which was sometimes necessitated by poor governance quality by the local councils, have wider implications for the effective performance of the local governments that are perceived as the closest of the tiers of government. Thus, the incapacity of the local government to perform its responsibilities would ultimately hinder the needed approach to development, which is to make development grow from the bottom to the top. It hinders the participation of the people in the affairs of the local government when the operations of the local government are being directed not from the people but from the 'superior' tiers of government (Onor, 2005).

However, there has been a growing concern for reform of the local government in Nigeria. One main focus of such reforms is the issue of adequacy of funds for local government activities. On this issue, former President Goodluck Jonathan has openly canvassed a reform of the local government system, including the sanctity of the State–Local Government Joint Account (SLGJA), which has become an avenue for financial manipulation of the local government in recent times.

Section 7 of the 1999 constitution purportedly guaranteed a system of local governments by democratically elected Local Government Councils (LGCs). This is where the incongruity begins. This provision equates the local government with the other two tiers, namely the state and federal, in terms of mode of election, measure of autonomy and expected benefits in terms of dividends of democracy. Indeed, it is easy to assume that the Nigerian local government system was created to be a representative and democratic system of devolution. But all benefits that are derivable by this constitutional provision appear to have been taken away in the same breath by the same section of the Constitution's tying the local government councils to the state governments' apron strings. Section 7 (1) of the 1999 constitution provides as follows:

The system of local government by democratically elected local government councils is under 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.

In a sense, the provision regarding the existence of local governments in Nigeria is not clear, and this has led to the negation of the practice of democracy and social justice as the local government council functionaries' ability to be directly responsible to their respective local governments is compromised (Onor, 2005).

Federalism

Wheare (1963) as quoted by Adeniji (2013) opined that in a federated state, each level of government should have sufficient resources to prosecute its statutory functions without necessarily resorting to meeting the other tiers of government for assistance. The views were further expatiated thus:

If state authorities, for example, find that the services allotted them are too expensive for them to perform, and (hence) they call upon the federal authority for grants and subsidiaries to assist them, they are no longer co–ordinate with the federal government but subordinate to it. It follows, therefore, that both state and federal authorities in a federation must be given the power in the constitution, each to have access to and control its own sufficient financial resources. Each must have a power to tax and borrow for the financing of its own services by itself (Wheare, 1963).

Citing Wheare (1964), Bello–Imam and Agba (2004) expressed the views that each level of government should be financially buoyant enough to carry out its responsibilities without any recourse for assistance from other level of government. They argued that any request for such assistance negates the principle of true federalism. In the same vein, Lamidi and Fagbohun (2013) stated that any attempt by the federal government to bail sub–national governments automatically (by implication) impairs the principle of federalism. According to Akindele (2009), federalism is a political system where both the revenue and expenditure responsibilities of each level of government have been clearly stated such that neither the central government nor the state government or the local government will depend on each other in carrying out its constitutional responsibilities. It is, therefore, not an overstatement.

Wheare (1963), who is regarded as the father federalism sees it as the method of dividing powers so that general and regional governments are each within a sphere, co–ordinate and independent. He argued further that is a system of government in which the governmental functions and powers of the state are shared between the federal government and the constituent units — they are co–ordinate in powers.

In summary, Wheare (1964) submitted that there are four basic attributes of federalism:

a) clear–cut division of governmental powers and responsibilities between levels of government;
b) existence of a written Constitution spell–out clearly the division and from which both the central and other levels of government derive their powers and authorities;
c) independent judiciary to arbitrate in cases arising from (a); and
d) a fiscal arrangement which embraces non–subordination and independence of either level of government among the federating units.

These assertions best describe the principles of true federalism. By these views of Wheare (1959), his notion of federalism seems to be in tune with that of Adeniji (2013). He stated that:

Federalism is a manifestation of democratic constitutionalism; it involves the division and limitation of governmental powers; the demarcation of forbidden zones; the frustration of the will of the majority on issues deemed to be of special importance to regionally grouped minorities; it implies political pluralism and decentralized policy decisions as well as decentralized administration, a readiness to hasten slowly by means of bargains and compromises and to acquiesce in legalistic solutions to governmental problems.

Adeniji (2013) contended that true federalism implies that there is no top from which orders are given. But instead, every unit of government in the federation is governed by its own constitutional powers and not on the order or directive of any of the tiers of governments. Jinadu (2003) described federation as a system of government where neither tier of government (central–state/regional) is subordinate to the other in legal authority. Fiscal federalism connotes a federal arrangement by which the taxing power, federally collectable revenues and federal expenditure are allocated to the different levels of government in a federation so as to enable them discharge their constitutionally assigned functions and responsibilities to their citizens.

To draw out the tenets of true fiscal federalism, Adeniji (2013) stated that although the 1999 constitution slits the main public sector responsibilities across various levels of government, each level is required to operate within its individual areas of jurisdiction failing which any contrary actions becomes null and void to the extent of its inconsistency with the law of the land.

Financial Management in Local Government System

Financial management is that managerial activity which is concerned with planning and controlling of financial resources of an entity or establishment. Financial management as the family of rules and regulations guiding financial arrangements of an institution, agency and mechanism whereby they relate to each other within the financial sector and the rest of the world. In the words of Adedeji (1972), quoted in Adeniji (2013), it considered that “the importance of sound and stressed, without effective financial management, the policies adopted by local government in a great variety of fields may not be capable of being successfully implemented”. Thus, financial management in local government like other levels of government generally consist of

i. **Budgeting:** this involves the process of resource generation, allocation and managements;
ii. **Accountability:** this aims at honesty and judicious use of public funds; and
iii. **Control:** this provides organizational structures for effective implementation.”

From the above discussions, it is very clear that the desired rural development and transformation of the economy can only be achieved if funds meant or allocated to the local government councils from the federation account and state internally generated revenue are properly utilized by financial managers in the local government system.

Revenue Raising Responsibilities (RRR or R^3)

RRR is generally referred to as tax jurisdiction, which also implies the particular tier of government that has authority over tax. The control in this situation relates to the government that legislates, administers, collects and has the right to determine what items should be taxed.

According to Omoleke (2000), any situation that does not guarantee adequate and independent revenue base negates the principle of fiscal federalism. He stated further that tax jurisdiction should guarantee the fiscal autonomy of each level of government. Both federalism and IGR thrive well in the government that accommodates fiscal independence over changing of the tax bases allocated to it. In actual fact, relative autonomy is given to the sub–national governments as far as fiscal matters are concerned and taxing power is always vested in the particular level of government that would administer the taxes at the minimum cost. Taxing powers, on sources, therefore, which cut across States and which at the same time constitute major sources of revenue are vested in the federal government while those sources that cut across local government boundaries within a state are vested in the state government.

Shiyanbade, Adepoju and Ambali (2020) stated that as a general guide, the central government should be allocated taxes that have certain characteristics as taxes levied on the more mobile tax bases to avoid tax–induced movements of factors of production (e.g. companies income tax), taxes which are more sensitive to changes in income, that is, they are high income elastic (to provide the federal government with stabilization instruments and prevent the sub–regional budgets from cyclical fluctuation), and taxes levied on bases that are distributed unevenly across regions.

Assigning tax jurisdiction among the tiers of government is an important method of raising revenue. Two methods were also postulated by Lamidi and Fagbohun (2013). The first method is the assignment of all tax bases to local jurisdiction while a part of the revenue is transferred upward to the federal government to meet its financial obligations. However, this system hinders effective distribution of income as well as fiscal stabilization. The second method entails the retention of tax authority by the central government from which grant or other transfers are now made to the lower units of government.

The criticism against this option is that it does not support a federal government because it separates the spending authority from the revenue raising responsibilities which remain the *sine–qua–non* for a federal system of government. Thus, the arrangement removes the links between the benefits derived from public expenditures and their prices (taxes).

Revenue Spending Responsibilities (RSR)

RSR has been generally described as fiscal or expenditure responsibilities and also refers to the roles that must be played by the various levels of government. These responsibilities are always enshrined in the constitution. Adamolekun, (1983) classified responsibilities in line with prevailing situations or circumstances and these are responsibilities which can be carried out efficiently by the federal government than the lower levels of government. Added to this, the federal government is also saddled with the responsibilities in a situation where the benefit regions cover the entire country and are all under its jurisdiction. The second circumstance is when the benefit areas are domiciled within the locality but if with the likelihood of spill–over effects beyond regional boundaries, such responsibilities are prescribed in the concurrent legislative list.

The last responsibility situation is that in which the governmental services are purely local in character such that the benefits accrue mainly to just a limited geographical area within the federation and these are often times assigned to local government councils. In this wise, the federal government is responsible for functions with national benefits while the local governments provide services to benefit the local residents.

It is in this view that allocation of responsibilities should be based on specific yardsticks to different levels of government. Adamolekun (1983) categorised this into:

i. geographical dimension of benefits;
ii. stabilization and equity; and
iii. economies of scale and spill–over.

On the first criterion, he stated categorically that an efficient expenditure assignment between levels of government is based on the geographical dimension of benefits. This is because the desires and preferences of the local population vary and this, it is believed, can only be satisfied by an authority that is domiciled within their localities. In effect, the federal government attends to functions that bring national benefits while the local governments provide services that benefit local residents.

With regard to stabilisation and equity criterion, the consensus is on the reservation for the central government on the formulation and implementation of policies to cater for these. Stabilisation and equity function are two main key economic functions of the federal government. It should also be noted that responsibilities that have economics of scale as well as those having spill–over effects or externalities are centralised with separate attention by the national government. Examples of such responsibilities include education, health and agriculture. Although these sectors are always contained in the concurrent list, any expenditure on them by the federal government is always a catalyst for national economic development, national welfare and even distribution of social amenities. The sectors cannot be left in totality to the lower levels of government as they may lack the vast financial base needed for the responsibilities.

The correlation between the allocation of governmental roles and responsibilities as well as granting of adequate revenue–raising (tax) power and allocation of adequate resources with the sole objective of each tier shouldering its responsibilities effectively remains a fundamental issue in intergovernmental fiscal relations in any federal arrangement. In addition, the constitutional pattern of assignment of spending responsibilities has raised two important issues:

i. the assignment of functions with high rates of return e.g. power supply, ports authority management, telecommunications etc to the federal government, while functions that are of high social content and relevance to the people at the grassroots but with low rates of return are assigned to the state and local governments; and
ii. the unclear delineation of certain key functions, as a result of many concurrent obligations in areas such as education, health, agriculture and social welfare assistance, has created real problems with no tier of government taking full responsibility for such functions.

III. AREA OF THE STUDY

The paper basically covered the Southwestern geo–political zone of Nigeria, which comprises six states; they are Lagos, Ogun, Ondo, Ekiti, Oyo and Osun. Multistage sampling technique was employed for this study. At the first stage, states in Southwestern Nigeria are stratified into three axes of Lagos/Ogun, Ondo/Ekiti, and Oyo/Osun. At the second stage, Ogun, Ekiti and Osun states were purposively selected from the three axes representing 50% of the states in the geo–political zone. The selection of these states was premised on the homogeneity of their local government administration and the geographical proximity to each other. One Local Government Area (LGA) was randomly selected from each of the three senatorial districts in the three selected states, making a total of 9 LGAs representing the study area. These LGAs are presented in table 1 below:

Table 1: Specification of the Selected States and Local Government Areas in Southwestern Nigeria

S/N	State	Senatorial district	Local Govt. Area
1	Ogun	Ogun West	Ipokia
		Ogun East	Sagamu
		Ogun Central	Abeokuta North
2	Ekiti	Ekiti South	Ikere
		Ekiti Central	Ado
		Ekiti North	Ikole
3	Osun	Osun West	Ede North
		Osun Central	Olorunda
		Osun East	Ife–Central

Source: Field Survey, 2023

IV. METHODOLOGY

The study utilized both primary and secondary sources of data collection. Primary data were sourced through the administration of questionnaire. Multi-stage sampling technique was used to select 9 LGAs in Southwestern Nigeria. The study population of 3538 comprised senior officers on GL. 09 and above in and, stratified random sampling technique were used to select staff on GL. 09 and above based on their ministries, offices and departments with a sample fraction of 15%, making 531 of respondents. A total of 531 copies of questionnaire were administered on different officers in the selected ministries, offices and departments in the study areas in Southwestern Nigeria. Secondary data were sourced from relevant textbooks; journals; official publications such as gazette, the 1999 Constitution, Fiscal Responsibility Act, financial regulation, annual reports, magazine, newspapers, and internet materials. Data collected were analysed using simple percentages and Chi-square statistics.

This study set out statements for the targetted respondents to ascertain whether those aforementioned factors in the existing literatures are, in actual terms, problematic to the fiscal relationship between state and local governments in providing effective social service delivery in Southwestern Nigeria. The instrument used in this study was questionnaire. As such, the research instrument, which is questionnaire was subjected to scrutiny by the experts in the field and by the intellectuals in the area of intergovernmental and fiscal relations in the field of political science, department of demography and social statistics and local government studies as well as public administration for validation, to critically examine its content and make necessary corrections in order to make them meaningful.

V. SYNOPSIS OF THE DISCUSSION OF FINDINGS

A total of 531 copies of questionnaire were administered representing 15% of the total population, out of which four hundred and thirty–five (435) copies of questionnaire were retrieved from the field, thus representing 82% of the total questionnaire that were administered.

This section examines major challenges facing state and local government fiscal relationship on service delivery in Southwestern Nigeria despite the operation of joint account by local and state governments. Here, seven items were raised in the questionnaire in which the respondents gave the responses as presented in table 2. The first position inquired from the respondents was that the statutory provision for payment of the local government share into Joint Account has engendered encroachment on local government funds by the state government. Out of the total responses, the percentage of respondents for strongly agreed was 46.9%, those for agreed were 39.3%. The undecided responses were 6.9% while 5.5% disagreed as well as 1.4% strongly disagreed. This distribution validates the position that the statutory provision for payment of the local government share into joint account has engendered encroachment on local government funds by the state owing to the fact that a total of 86.2% of the responses collected favoured the same claim. This further confirms that the idea of Joint Account between the state and local government as statutorily required constitutes part of the challenges facing effective service delivery at the local level.

Again, it was asserted that overbearing influence of the state over local government has occasioned arbitrary deductions of local government share of the federal allocation by the state. Responding to this, 43.4% of the respondents claimed strongly agreed, 35.9% agreed, 5.5% maintained undecided, 13.8% disagreed and 1.4% strongly agreed in that order. X–raying these figures, one can unarguably conclude that the influence of state government over local government has really occasioned arbitrary deductions of local government share of federal allocation by the state government. This implies the possibility of shortage of fund for the local government which in turn may affect the performance of local governments in the area of service delivery.

Furthermore, data gathered show that unnecessary bureaucratic bottlenecks at the JAAC meetings affect the quality of service delivery in the local government. This was demonstrated in table 4.5 where 27.6% of the respondents strongly agreed that indeed there were unnecessary bureaucratic bottlenecks at the JAAC meetings which diminish the quality of service delivery in the local government, 51.7% agreed to the same assertion, 9.7% of the respondents disagreed, 4.8% strongly disagreed and 6.2% maintained undecided respectively.

Another claim on which the respondents were examined is that local government needs the approval of the state government before withdrawing from the joint account. They responded in the following manner: 23.4% strongly agreed, 50.4% agreed, 10.3% disagreed, 6.9% strongly disagreed and 7.6% were undecided. This distribution gave no chance to think twice that local governments are at the mercy of state governments due to fact that they need to seek for approval from due state government as displayed in the distribution above before they can access the joint account. The implication of this finding is that it will surely disturb them from performing their statutory role as grassroots' service provider.

The next assertion verified from the respondents was that corruption at the state and local governments undermines the improvement of standard of living of people at the local level. It was discovered in their responses that 31.8% of the respondents were strongly agreed, 44.8% were agreed, 10.3% were undecided, 6.2% were disagreed and 6.9% were strongly agreed. This means corruption at the state and local government undermines the standard of living at the grassroots; this must have been as a result of lack of quality service delivery at the local level supported by the arrangement put in place for the operation of Joint Account between the state and local government.

In addition, it was asked whether or not mismanagement of funds by state and local governments' staff hindered quality service delivery to the people. Reacting to this, 18.6% of the respondents strongly agreed with the assertion, 49% of the responses favoured agreed, 11.7%, 6.9%, and 13.8% were for disagreed, strongly disagreed and undecided respectively. This means mismanagement of funds by state and local governments' staff hindered quality of service rendered to the people at the local level.

Finally, the respondents were tested on the claim that interference of state government in revenue allotted to local government is hindering service delivery. Considering the assertion, 44.1% of the respondents strongly agreed with the claim, 34.5% agreed with the same statement, 9% undecided, 9% disagreed and 3.4% strongly disagreed with the assertion. This distribution clearly confirms that there is interference of state government in revenue allotted to local government and this has continued to hinder effective service delivery at the local government.

Table 2: Challenges of the prevailing State and Local Governments Fiscal Relationship on Service Delivery in Southwestern Nigeria

Assertions	Responses	Frequency	Percent	Cumulative Percent
The statutory provision for payment of the local government share into Joint Account has engendered encroachment on local government funds by the state government	Strongly Agree	204	46.9	46.9
	Agree	171	39.3	86.2
	Undecided	30	6.9	93.1
	Disagree	24	5.5	98.6
	Strongly Disagree	6	1.4	**100.0**
	Total	**435**	**100.0**	
The overbearing influence of the state over local government has occasioned arbitrary deductions of local government share of the federal allocation by the state	Strongly Agree	189	43.4	43.4
	Agree	156	35.9	79.3
	Undecided	24	5.5	84.8
	Disagree	60	13.8	98.6
	Strongly Disagree	6	1.4	**100.0**
	Total	**435**	**100.0**	

Unnecessary bureaucratic bottlenecks at the JAAC meetings affect the quality of service delivery in the local government	Strongly Agree	120	27.6	27.6
	Agree	225	51.7	79.3
	Undecided	27	6.2	85.5
	Disagree	42	9.7	95.2
	Strongly Disagree	21	4.8	**100.0**
	Total	**435**	**100.0**	
Local governments need the approval of the state government before withdraw from the joint account	Strongly Agree	108	24.8	24.8
	Agree	219	50.3	75.2
	Undecided	33	7.6	82.8
	Disagree	45	10.3	93.1
	Strongly Disagree	30	6.9	**100.0**
	Total	**435**	**100.0**	
Corruption at the state and local governments undermines the improvement of standard of living of people at the local level	Strongly Agree	138	31.7	31.7
	Agree	195	44.8	76.6
	Undecided	45	10.3	86.9
	Disagree	27	6.2	93.1
	Strongly Disagree	30	6.9	**100.0**
	Total	**435**	**100.0**	
Mismanagement of funds by state and local governments staffs hindered quality service delivery to the people	Strongly Agree	81	18.6	18.6
	Agree	213	49.0	67.6
	Undecided	60	13.8	81.4
	Disagree	51	11.7	93.1
	Strongly Disagree	30	6.9	**100.0**
	Total	**435**	**100.0**	
Interference of state government in revenue allotted to local government is hindering service delivery	Strongly Agree	192	44.1	44.1
	Agree	150	34.5	78.6
	Undecided	39	9.0	87.6
	Disagree	39	9.0	96.6

	Strongly Disagree	15	3.4	**100.0**
	Total	**435**	**100.0**	

Source: Field Survey, 2023.

The summary of the responses of the respondents on the seven items raised in respect to the challenges were displayed in table 3. On the average, 33.8% of the respondents strongly identified with assumption of the stated challenges facing state and local government fiscal relationship on service delivery in Southwestern Nigeria. Averagely, 43.7% of the respondents concluded in the same manner. Contrary to this belief, the average of the respondents refuted the same assumption that the challenges identified for both strongly agree and disagree were 9.5% and 4.5% respectively. While on the average, 14% were undecided. Going by this summary, 77.5% of the respondents averagely support that indeed the challenges identified by this study are confronting the state and local government fiscal relationship on service delivery in Southwestern Nigeria. Therefore, this confirms the position of this study. Hence, adequate attention should be placed on the challenges mentioned above.

Table 3: Challenges of the prevailing State and Local Governments Fiscal Relationship on Service Delivery in Southwestern Nigeria (Summary)

Assertions	Strongly agree (%)	Agree (%)	Undecided (%)	Disagree (%)	Strongly Disagree (%)	Total (%)
Assertion a	46.9	39.3	6.9	5.5	1.4	100
Assertion b	43.4	35.9	5.5	13.8	1.4	100
Assertion c	27.6	51.7	6.2	9.7	4.8	100
Assertion d	24.8	50.4	7.6	10.3	6.9	100
Assertion e	31.8	44.8	10.3	6.2	6.9	100
Assertion f	18.6	49.0	13.8	11.7	6.9	100
Assertion g	44.1	34.5	9.0	9.0	3.4	100
Average1	33.8	43.7	8.5	9.5	4.5	100
Average2	**77.5**		**8.5**	**14**		**100**

Source: Field Survey, 2023.

VI. HYPOTHESIS TESTING

Sequel to the foregoing analysis, this study further subjected this claim to chi–square testing so as to measure the operation of state and local government joint account and the challenges of service delivery, using null hypothesis of this study as the inferential test guide. It tested whether there was a significant effect between state - local government joint account and service delivery at the local level. Table 4 shows the chi–square values used to test the hypothesis. The null hypothesis and alternative hypothesis are stated as:

H$_0$: *State and local government joint account has no significant effect on the challenges of service delivery in Southwestern Nigeria.*

H$_1$: *State and local government joint account has significant effect on the challenges of service delivery in Southwestern Nigeria.*

Using chi–square test to test the hypothetical statement the following parameters are provided

Chi–square (χ^2) $_{Cal}$ is given as: $\sum \frac{[o_i - e_i]^2}{e_i}$

Where o_i is the observed frequency and e_i is the expected frequency

Decision rule:

If $\chi^2_{Cal} < \chi^2_{Tab}$ reject H1$_1$ and accept Ho$_1$ and

If $\chi^2_{Cal} > \chi^2_{Tab}$ reject Ho$_1$ and accept H1$_1$

Degree of free =3–1=2

χ^2_{Tab} @ 5% level of significant= **5.99**

$\chi^2_{calculated}$ = **88.42**

Since $\chi^2_{calculated} > \chi^2_{tabulated}$, we reject Ho$_1$ and accept its alternative hypothesis. Therefore, we infer that state and local government joint account has significant effect on the challenges of service delivery in southwestern Nigeria (χ^2 = 88.42, p< 0.05).

Table 4: Chi–Square (χ^2) Table

Items	χ^2 Chi-square	df	p-value	Chi-square Table Value χ^2_{tab} at 5%
H$_o$ - State and local government joint account has no significant effect on the challenges of service delivery in Southwestern Nigeria.	88.42	2	0	5.99
H$_i$ - State and local government joint account has significant effect on the challenges of service delivery in Southwestern Nigeria.				

Source: Field Survey, 2023.

VII. CONCLUSION REMARKS

This study concluded that encroachment on local government funds by the state (86.2%), overbearing influence of the state over local government (79.3%), unnecessary bureaucratic bottlenecks at the JAAC meetings (79.3%), the needs local governments to obtain approval from state government (75.2%), corruption (76.6%), mismanagement of funds (67.6%) as well as interference by the state government in revenue allotted to local government have hindered service delivery (78.6%) were the identified challenges facing State and Local Governments Fiscal Relationship on Service Delivery in the study area and Nigeria at large. However, Adeyemi (2013) identified some challenges confronting local government administration in Nigeria like: state governors partake in the affairs of local government, state governors taking over local governments' financial allocation, taxes, counterpart funding and refusal to conduct local government elections, but instead ruling local government with appointed administrators, most of whom are party loyalist and their friends and relations turning the entire process of local governments into irrelevant schemes of administration.

VIII. POLICY RECOMMENDATIONS

The following recommendations were offered to help the current status of State and Local Governments Joint Account arrangements and tackle its aforementioned challenges.

i. There is urgent need to ensure independence of local government, via constitutional amendment. The sub–sections on SJLGA should be replaced with (a) direct allocations to local government councils; and (b) the establishment of an independent audit agency comprising federal, state, local governments and private body representatives.
ii. That state governments should conduct local government elections without delay so that democratically elected council Chairmen can take charge of overseeing the affairs of local government councils.
iii. Other state governments should emulate Kaduna State Governor that scrapped joint allocation account by allowing LG to have direct access to their statutory allocation. In addition, the state governments should hands off from constitutional internally revenue sources of LGs as practised in US, Britain and France.
iv. Finally, it becomes important that the doctrine of state and local government joint account should be abolished through constitutional amendment in order to annihilate all the sharp practices perpetuated by state governments through the joint account. The provision of section 162(6–7) of the 1999 Constitution which created the Joint Account Allocation Committee (JAAC) system operated by the state and local governments in Nigeria should be amended to grant financial autonomy to the local government and to be more responsive to rural developments.

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DECLARATIONS

The authors of this manuscript have read the journal's policy and have the following competing interests: **SHIYANBADE Bolanle Waliu** is employed by the Federal Government of Nigeria into Department of Public Administration, Obafemi Awolowo University, Ile-Ife, Nigeria. **ESAN-ATANDA Yetunde Rafiat** is a Postgraduate student in the Department of Public Administration, Obafemi Awolowo University, Ile-Ife, Nigeria. There are no patents, products in development or marketed products to declare. This does not alter the authors' adherence to the Author Guidelines on sharing data and materials used in this study.

Informed consent and ethical approval. The participants selected in the study gave informed consent and voluntary participated in the study. There was no harm to the participants and also the Local Government Areas selected were given fictional names in order to ensure confidentiality and anonymous of the participants in Nigeria.

Conflict of Interest. The paper is co-authorship, the authors states that there is no conflict of interest in any form, the participants selected within the study areas participated voluntarily, the local government selected were given fictional names for ethical reason, and there are data availability for this study.

Disclosure Statement

No potential conflict of interest was reported by the authors.

Ethical considerations

This article followed all ethical standards for research without direct contact with human or animal subjects.

Disclaimer

The views and opinions expressed in this article are those of the authors and do not necessarily reflect the official policy or position of any affiliated agency of the author.

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