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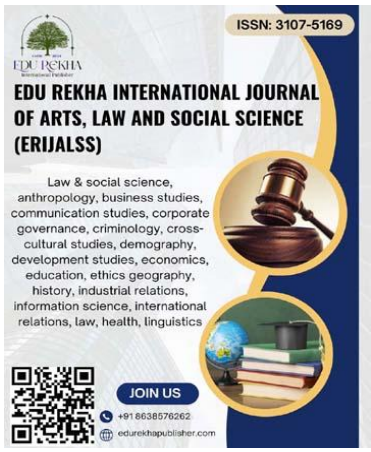

Embezzlement, Fraud and Revenue Generation in Local Government Administration in Calabar Municipality, Cross River State, Nigeria

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Abstract

This study examined the relationship between embezzlement, fraud and revenue generation in local government administration in Calabar Municipality, Cross River State, Nigeria. A correlational design was adopted. The population comprised 725 civil servants in Calabar Municipality, from which a sample of 258 was drawn by simple random sampling, with the sample size determined using Yamane's (1967) formula. Data were collected with the Local Government Administration and Revenue Generation Questionnaire (LGARGQ), which was face and content validated. A pilot test on 38 civil servants in Calabar South Local Government Area yielded Cronbach's alpha coefficients of .80 to .87. Data were analysed with Pearson product moment correlation at the .05 level of significance using SPSS version 23. The results showed a significant relationship between embezzlement and revenue generation ($r = .342$, $p < .05$) and between fraud and revenue generation ($r = .324$, $p < .05$). The study concludes that financial malpractice is significantly associated with revenue generation in the municipality. It recommends robust internal controls, transparent budgeting with regular audits and public disclosure of financial reports, and effective accountability mechanisms.

Keywords: embezzlement, fraud, local government administration, revenue generation, Calabar Municipality

1. Introduction

Local government is the tier of government closest to the people, and the idea behind it is as old as organised community life. Its history in Nigeria runs from the pre-colonial settlements, through colonial indirect rule and the early independence councils, to military rule, the 1976 reform and the Fourth Republic (Etebom, 2019). Agagu (2011) described this as a long and tortuous journey, and one that makes the study of local government in Nigeria inseparable from the study of Nigerian government and politics as a whole. Successive governments have tried to make councils the engine of grassroots development through democratic participation and efficient service delivery (Adeyeye, 2016; Gboyega, 2023; Awubi et al., 2025). Yet the results at community level remain modest, and the structure and administration of councils still differ from place to place despite their constitutional footing (Etebom, 2019; Agagu, 2011; Richard & Azu, 2021).

The return to civilian rule on 29 May 1999 raised expectations that due process, the rule of law, transparency, accountability and free elections would reach the grassroots. The 1999 Constitution guarantees a democratically elected local government system in section 7(1), and its Fourth Schedule, building on the 1976 reform, sets out the functions of councils (Federal Government of Nigeria [FGN], 2019; Ola & Tonwe, 2019; Aghayere, 2020). These include the collection of rates, licences and parking charges, the regulation of markets and motor parks, sanitation, the registration of births, deaths and marriages, and, in concert with other tiers, primary health care, primary education and rural roads (Aluko, 2020a). The expectations were not met. Aluko (2020b) links the weak state of democracy at the local level to the absence of meaningful socio-economic development at the base on which national infrastructure and security should rest.

Performing these functions depends on the money a council can raise and spend honestly. Councils draw on statutory allocations from the Federation Account and on internally generated revenue (IGR) from rates, levies, licences and fees. Revenue generation is therefore a practical test of how well a council is administered: a council that collects what it is entitled to, banks it and spends it on its mandate is one that its citizens can trust, while one that does not will depend on transfers to pay salaries and will leave projects on hold. Orewa and Adewumi (2022) attribute poor collection to the casual attitude of revenue and treasury staff, and Coker and Adams (2022) identify limited financial autonomy, state interference through the joint state-local government account, and embezzlement as constraints on the finances and service delivery of councils.

One of the basic problems facing councils is the lack of accountability and transparency. Citizens in a democracy expect their leaders to account for their decisions and spending and expect council activities to be open to them, and the constitutional position of the local tier, close to the people, means that these norms should be most evident there (Enofe et al., 2015; James et al., 2026). Where they are missing, the result is political apathy, tax evasion and avoidance, a wider gap between councils and their communities, poor revenue generation and weak service delivery. Governments have responded to corruption with laws and institutions, including the Corrupt Practices Decree of 1975, the Code of Conduct Bureau, the Economic and Financial Crimes Commission (Establishment) Act of 2004, the Independent Corrupt Practices and Other Related Offences Commission and the Procurement Act of 2007 (Amaramiro & Njoku, 2018; Waziri, 2020). The problem persists. In the 2025 Corruption Perceptions Index, Nigeria scored 26 out of 100 and ranked 142nd out of 182 countries (Transparency International, 2026), and Nkwede and Abah (2024) report estimates that more than US$157 billion left the country illicitly in a decade. At the grassroots the forms of the problem include embezzlement of council funds, ghost workers on payrolls, fake projects and reckless spending (Kurfi & Danrimi, 2020; Nwaodike, 2013), and these weaken citizens' willingness to pay levies when they see no return on them.

The problem this study addresses is that, despite the funds that accrue to councils, evidence of improved infrastructure and services at the grassroots is thin. Reports of embezzlement and fraud in councils are common, yet little is known about how these practices relate to the capacity of a council to generate revenue in Calabar Municipality. Existing studies are largely documentary or draw on councils outside Cross River State, and they tend to examine the effects of financial crime on service delivery or productivity (for example, Briggs et al., 2020). Survey evidence that links embezzlement and fraud to revenue generation, collected from civil servants in Calabar Municipality, is limited. This study addresses that gap.

The study therefore sought to determine the relationship between embezzlement and revenue generation, and the relationship between fraud and revenue generation, in Calabar Municipality. Two null hypotheses were tested at the .05 level of significance:

> **H01:** There is no significant relationship between embezzlement and revenue generation in Calabar Municipality.
>
> **H02:** There is no significant relationship between fraud and revenue generation in Calabar Municipality.

The study is significant to researchers in four ways. First, it supplies an empirical baseline from Calabar Municipality, in the form of correlation coefficients from a sample of 258 civil servants, which later studies can compare against or include in reviews of local government finance. Second, it offers a measurement approach that other researchers can adapt: a questionnaire covering embezzlement, fraud and revenue generation, with pilot reliability coefficients of .80 to .87, and a stated sampling procedure that can be repeated in other councils. Third, it frames the question through the fraud triangle and accountability theory, which scholars can extend by testing moderating factors such as internal audit strength and financial autonomy. Fourth, its results point to an open question on the direction of influence between malpractice and revenue, which calls for designs that can examine direction. The findings are also useful to council management, auditors, anti-corruption agencies and policy makers who must decide where to strengthen financial controls.

The study is confined to civil servants in Calabar Municipality and to two forms of financial malpractice, embezzlement and fraud, set against revenue generation. The paper proceeds as follows. The next section reviews the concepts, the theory and the empirical literature, the third describes the methodology, the fourth presents the results, and the fifth discusses them, followed by the conclusion, recommendations and limitations.

2. Literature Review

This section reviews the literature that bears on the study. It begins with the concepts of local government, revenue generation, accountability, embezzlement and fraud, then sets out the theories that guide the study, and ends with an empirical review of earlier work on embezzlement, fraud and the finances of Nigerian local government councils.

2.1 Conceptual review

Local government and its functions. Local government has drawn the attention of scholars, practitioners and politicians across the world, and the term carries different meanings and names from one country to another. A clear working meaning is needed here because the council is the unit of analysis in this study. The idea that people at the grassroots manage their own affairs goes back to communal and feudal settlements, and in Nigeria, the institution can be traced to the pre-colonial era (Etebom, 2019). The 1976 reform classified the functions of councils into general, exclusive and concurrent functions, later written into the Fourth Schedule of the 1979 and 1999 constitutions (Adeyeye, 2016; Ola & Tonwe, 2019; Aghayere, 2020). The general functions include maintaining order, the control and regulation of markets and motor parks, sanitation and refuse, slaughter houses, the registration of births, deaths and marriages, cemeteries, parks, the licensing of eating houses, and the collection of vehicle parking charges, property rates, radio and television licences and other designated revenues. The concurrent functions, which councils share with the state and other agencies where they lack capacity, include primary health care, primary education, water supply, rural roads, agriculture, town planning and the control of erosion and pollution (Aluko, 2020a). Many of these duties cost money, and several of them, such as markets, parking, licences and rates, are also the sources from which a council earns its own revenue. The mandate and the revenue base are thus closely tied.

Revenue generation. Revenue generation, in this study, means the mobilisation of funds by a council from its own legally assigned sources, as distinct from transfers received from higher tiers. The Fourth Schedule lists many of these sources, including tenement rates, market and motor park fees, licences and parking charges (FGN, 2019). Generating revenue involves identifying taxable persons and properties, assessing what is due, collecting it, and paying it into the council account. A weakness at any of these stages, whether through poor records, collusion, or diversion of cash by collectors, reduces what the council has to spend. Because the revenue chain is cash-intensive and passes through many hands, it is also a place where embezzlement and fraud are easiest to commit.

Accountability and transparency. Accountability is linked to the idea of stewardship. To give an account of actions taken is not enough unless there is a means of holding the actor answerable. Akindele and Adeyemi (2011) observe that scholars define the term differently: as being answerable or liable for one's conduct in office, as the process of making elected and appointed officials more responsible to those who put them there, and as the quality of being required to report and justify one's actions on assigned duties. Adegbite (2020) describes it as the obligation to show that work has been done in accordance with agreed rules and standards, and to report fairly and accurately on performance against mandated roles and plans. In the public sector it includes the duty to explain how public money has been used. Adagbabiri (2015) distinguishes individual, managerial, fiscal and administrative accountability, and it is fiscal accountability, the answerability of officials for public money, that bears most directly on this study. Transparency, meaning that council activities are open to the people they serve, is the companion of accountability, and Enofe et al. (2015) argue that both should be more evident at local level because of the closeness of the institution to the people.

Corruption, embezzlement and fraud. Corruption is one of the most contested concepts in the social and management sciences, and it covers more than the simple theft of money (Edeh & Nwakamma, 2017; Offem et al., 2023; Awubi et al., 2026). Embezzlement and fraud are two of its financial forms. Embezzlement is the illegal misuse or misapplication, for personal benefit, of money, property or other valuables entrusted to a person's care, custody or control (Izueke, 2020). Edori (2018) lists it among financial crimes, and what separates it from other theft is the breach of financial trust between the owner of the property and the offender. It is therefore committed mostly by employees who have been entrusted with money or assets, and Bartz et al. (2017) caution that every organisation, public or private, large or small, is exposed to it. Ibanichuka and Onuoha (2012) describe it as an intentional misuse of money, physical assets or trust, and the highest type of fraud in the public sector. Fraud is the wider term: it covers any deliberate deception to secure an unlawful gain, such as ghost workers on a payroll, falsified records and manipulated procurement (Nwaodike, 2013). In the council setting the two overlap, because an official may embezzle funds and then falsify records to hide it. For measurement in this study they are treated as separate variables.

2.2 Theoretical framework

The study is anchored on the fraud triangle (Cressey, 1953), which holds that fraud and embezzlement occur when three conditions meet: pressure or need, opportunity, and the ability of the person to rationalise the act. The triangle fits the local government setting. Officials who handle cash from levies and rates have direct access to funds, weak controls and audits supply the opportunity, and the inducements of greed and need reported by Briggs et al. (2020) supply the pressure. Opportunity matters most for this study: where more money passes through a council's hands and controls are weak, there is more to divert.

Accountability theory (Lerner & Tetlock, 1999) complements the triangle. It holds that people who expect to justify their conduct to others take more care over how they reach and carry out decisions. The theory points to several mechanisms that raise the sense of accountability, namely the presence of another party, identifiability, and the expectation of evaluation. Where audits, public disclosure and sanctions are weak, those mechanisms are absent and the opportunity to embezzle or defraud widens. The two frameworks together justify testing embezzlement and fraud against revenue generation. The fraud triangle explains why malpractice arises, and accountability theory explains why its presence or absence should show in how a council handles revenue.

2.3 Empirical review

Embezzlement and revenue generation. Kurfi and Danrimi (2020) assessed embezzlement and reckless spending as a bottleneck to the revitalisation and sustainable development of local governments, drawing on documentary data from books, journals, government publications and newspapers. They observed that these practices are increasing in some councils and show up through the state joint local government account, embezzlement and reckless spending by chairmen, fake projects, collusion in official transactions, ghost workers and denial of statutory functions. They concluded that local government is on the verge of collapse unless adequate measures are taken, and recommended that the joint accounts be scrapped. The scale of the problem is set against the funds involved. Izueke (2020) notes that councils have never received as much from the Federation Account as they do now, yet successive councils have grossly under-performed, which suggests that they have produced the opposite of what they were created for. Ukiwo (2016) makes the same point more sharply, describing chairmen who appear at council headquarters when the monthly allocation arrives and leave once it has been shared.

State interference is a recurring theme. Adeyemi (2012) reports allegations that state governments interfere in the political, financial and administrative functions of councils and create a master-servant

relationship that itself feeds embezzlement and reckless spending. Kiabel (2022) found that embezzlement results in the loss of council funds and assets, reduces revenue available for current and capital expenditure, and cuts the level of economic activity and the provision of infrastructure. Adeyemi (2012) and Fatile and Okewale (2014) document cases that show the pattern. A council chairman in Ogun State was convicted for spending money meant for printing exercise books on a festival gift. A chairman in Benue State was reported to have spent tens of millions of naira on maintaining peace where there was no crisis, and on hospitality. A chairman in Delta State was suspended over claims of payments to youths guarding pipeline installations and of mismanaging a stabilisation fund.

Edeh and Nwakamma (2017) used content analysis, guided by prebendalism theory, to examine corruption in Nigerian local government. They traced it to an unsettled value system, lack of commitment to the public good, poverty, greed and the purchase of official positions, and recommended stronger anti-corruption agencies, no sacred cows, and close monitoring of council finances. The link to revenue has been drawn directly. Embezzlement by revenue collectors has made communities unwilling to pay taxes, which in turn hinders revenue generation, and Orewa and Adewumi (2022) add that revenue and treasury staff who assume the Federation Account will always cover salaries show a casual attitude to collection, so that some councils have been unable to pay salaries after deductions by the state. Coker and Adams (2022) used descriptive qualitative analysis to study how councils manage their finances amid limited autonomy, corruption and interference through the joint account. They found that councils have not done well because of the lack of financial autonomy, state interference and embezzlement, and recommended full financial autonomy, abrogation of the joint account, and honest and transparent officials at the head of councils.

Fraud and revenue generation. Ghost workers are a well-known form of fraud in councils. Payrolls carry more names than there are working staff, some of them fictitious, some labelled as consultants or liaison officers, and some supplied by political office holders for supporters who do not work, with the money passing to officials or beneficiaries (Nwaodike, 2013). Briggs et al. (2020) studied the effect of financial crime on local government productivity in eight councils in Rivers State using a descriptive survey. Of 220 questionnaires distributed, 208 (95%) were returned and analysed with percentages and chi-square. Financial crime significantly and negatively affected effective service delivery and human resource administration, and greed, opportunity and need were the main inducements. The authors recommended proper compensation of council employees and stronger institutional and legal mechanisms for accountability and deterrence.

The Department for International Development (2015) attributes corruption and financial crime to weak public sector institutions, bureaucratic incentives and the involvement of government in the economy. Owolabi (2017) lists among the costs in the Nigerian public sector income inequality and poverty, heavy burdens on small and medium enterprises, discrimination against honest foreign businesses and reduced domestic savings and investment. Babatunde and Filani (2016) report an estimate that more than US$200 billion is lost annually in Nigeria to financial crime, state that it reduces the government's ability to meet public needs and slows growth, and note that measuring financial crime and public sector productivity is difficult because of weak transparency over inputs and outputs. Sorunke (2016) tested two hypotheses on the effectiveness of internal audit in fraud control in Osun State councils using questionnaires, interviews and observation, and found that the internal audit unit did not contribute significantly to fraud prevention and control. Fraud is easier in an environment of administrative and fiscal laxity, and a significant share of public resources is lost each year where internal and external audit are inefficient.

2.4 Summary of the literature

The literature agrees on three points. Councils receive large public funds, embezzlement and fraud are persistent in the sector, and weak control, state interference and weak accountability create the conditions for them. It is thinner on the quantitative link between these practices and the revenue a council raises from its own sources. Most work is documentary or qualitative (Kurfi & Danrimi, 2020; Edeh & Nwakamma, 2017; Coker & Adams, 2022) or examines service delivery and productivity (Briggs et al., 2020), and the few surveys come from other states. No study reviewed tests the relationship between embezzlement, fraud and revenue generation among civil servants in Calabar Municipality. This study does so.

3. Methodology

3.1 Research design

The study adopted a correlational design. The aim was to determine the direction and strength of the relationship between embezzlement, fraud and revenue generation as they exist among the respondents, and none of the variables was manipulated. A correlational design suits this purpose because malpractice in a council cannot ethically or practically be assigned to some officials and withheld from others, and because the design allows the relationships to be tested in a single survey. Its limit is that it shows association and not cause, a point taken up in the discussion.

3.2 Study area

The study was carried out in Calabar Municipality, a local government area in the south of Cross River State, Nigeria. The area adjoins the Calabar and Great Kwa Rivers and the creeks of the Cross River, which make Calabar a significant port, and it is the seat of much of the state's administration. It has a rich cultural heritage, with the Calabar Carnival among its best-known events, and it is home to Efik and Ejagham communities, the latter led by the Ndidem of the Quas. As an administrative and commercial centre it hosts markets, motor parks, businesses and public offices that are the usual sources of council revenue, which makes it a suitable setting for a study of revenue generation.

3.3 Population and sample

The population comprised 725 civil servants in Calabar Municipality. A sample of 258 was determined with Yamane's (1967) formula, $n = N / (1 + Ne^2)$, where N is the population and e the margin of error. With N = 725 and e = 0.05, the formula gives $725 / (1 + 725 \times 0.0025) = 725 / 2.8125$, or about 258. Respondents were selected by simple random sampling, so that each member of the population had an equal chance of selection and the sample would represent it without systematic bias.

3.4 Instrument

Data were collected with the Local Government Administration and Revenue Generation Questionnaire (LGARGQ). The instrument has two sections. Section A collects demographic data on the respondents, namely age and years of service. Section B contains items that measure the three study variables: embezzlement, fraud and revenue generation. A questionnaire was preferred because the respondents are literate civil servants who can complete it unaided, and because it allows a large sample to be reached at modest cost.

3.5 Validity and reliability

The instrument was validated for face and content. A draft copy of the questionnaire was presented to the supervisor, who corrected the

items to suit the purpose of the study. To establish reliability, a pilot test was conducted on 38 civil servants in Calabar South Local Government Area, a council that is not part of the study sample, so that the pilot respondents would not be counted again in the main survey. The responses were analysed with Cronbach's alpha, which yielded coefficients of .80 to .87. Coefficients of .70 and above are generally taken as acceptable for research of this kind, so the instrument was judged internally consistent.

3.6 Method of data collection and analysis

The demographic data were summarised with frequencies and percentages, and the study variables with minimum, maximum, mean and standard deviation. The hypotheses were tested with Pearson product moment correlation, which gives the direction and strength of the linear relationship between two continuous variables. Each hypothesis was tested at the .05 level of significance, and the analysis was run in SPSS version 23. A null hypothesis was rejected where the p-value was below .05.

4. Results

4.1 Demographic characteristics

Table 1 shows the demographic distribution of the 258 respondents. Most were aged 30 to 39 years (44.57%), and the largest group had served for 11 to 20 years (41.86%).

Table 1: Demographic description of the respondents (N = 258)

Variable	Category	Frequency	Percent
Age	Below 30 years	101	39.15
	30-39 years	115	44.57
	40 years and above	42	16.28
Years of service	1-10 years	90	34.88
	11-20 years	108	41.86
	21 years and above	60	23.26
Total		258	100.00

Source: *Author's field survey (2026).*

The age distribution shows a relatively young workforce, with 216 respondents (83.72%) below 40 years. The service profile suggests experienced respondents, since 168 (65.12%) had served for 11 years or more and were therefore likely to know how council revenue is raised and handled. The sample is therefore well placed to speak on the subject.

4.2 Descriptive statistics of the study variables

Table 2: Descriptive statistics of the study variables

Variable	N	Min.	Max.	Mean	SD
Embezzlement	258	26.00	53.00	41.8064	2.874
Fraud	258	27.00	53.00	42.9983	2.799
Revenue generation	258	27.00	49.00	42.0089	2.983

Source: *Author's field survey (2026).*

Fraud had the highest mean (42.9983, SD = 2.799), followed by revenue generation (42.0089, SD = 2.983) and embezzlement (41.8064, SD = 2.874).

The three means lie close together, between 41.81 and 43.00, and the standard deviations fall between 2.80 and 2.98. Responses were therefore clustered around the mean, which indicates broad agreement among respondents in how they rated each variable.

4.3 Test of hypotheses

Hypothesis 1. There is no significant relationship between embezzlement and revenue generation in Calabar Municipality.

Hypothesis 2. There is no significant relationship between fraud and revenue generation in Calabar Municipality.

Table 3: Pearson product moment correlation of embezzlement and fraud with revenue generation (N = 258)

Variables	r	p	Shared variance (r^2)	Decision
Embezzlement and revenue generation	.342	.000	.117	Reject H01
Fraud and revenue generation	.324	.001	.105	Reject H02

Significant at the .05 level. Source: Author's field survey (2026). N = 258.

The correlation between embezzlement and revenue generation was r = .342, and the associated p-value was less than .05; hypothesis 1 was therefore rejected. The correlation between fraud and revenue generation was r = .324, also significant at .05; hypothesis 2 was therefore rejected. Both relationships were positive and of low to moderate strength, with embezzlement and fraud each sharing roughly 10 to 12 per cent of their variance with revenue generation.

The coefficients of determination (r^2) show how much of the variation in revenue generation scores the two forms of malpractice account for. Embezzlement shares about 11.7% of its variance with revenue generation and fraud about 10.5%. The remaining 88 to 90 per cent is associated with other factors, such as the degree of financial autonomy, state interference through the joint account, staffing and the strength of internal audit, all of which the literature identifies as shaping council finances (Coker & Adams, 2022; Sorunke, 2016).

5. Discussion of Findings

The study set out to determine whether embezzlement and fraud are related to revenue generation in Calabar Municipality. Both null hypotheses were rejected: embezzlement (r = .342) and fraud (r = .324) were each significantly related to revenue generation at the .05 level. This section discusses what the two results mean in light of the literature, the theory that guided the study, and the limits of the design. The first result, that embezzlement is significantly related to revenue generation, agrees in substance with earlier work on Nigerian councils. Kurfi and Danrimi (2020) observed that embezzlement and reckless spending are increasing in some councils and show up through the joint account, fake projects, collusion and ghost workers, and warned of the collapse of local government if nothing is done. Coker and Adams (2022) identified embezzlement, with limited autonomy and state interference, as a reason why councils have performed poorly in raising and managing funds, and Kiabel (2022) showed that embezzlement drains council funds and assets and reduces the revenue available for spending. Orewa and Adewumi (2022) supply the mechanism closest to this study: where revenue collectors and treasury staff handle collections casually, or divert them, communities become unwilling to pay, and the council's own revenue suffers. The present finding adds that civil servants in Calabar Municipality see embezzlement and revenue generation as connected, which is what these accounts would lead one to expect.

The second result, that fraud is significantly related to revenue generation, is consistent with Briggs et al. (2020), whose survey of eight Rivers State councils found that financial crime significantly affected service delivery and human resource administration, and that greed, opportunity and need induced it. Nwaodike's (2013) account of ghost workers shows one route by which fraud touches council money: funds that should be applied to the council's purposes are paid to names that do not work. Sorunke (2016) adds that where the internal audit unit is weak, fraud prevention and control suffer, and the Department for International Development (2015) links financial crime to weak institutions. Taken together, the literature and the present result suggest that where fraud is present in a council, its financial position is affected. The positive sign of both coefficients needs careful reading. It means that higher scores on the embezzlement and fraud scales went with higher scores on revenue generation. Where the scales measure the extent of malpractice, as their titles indicate, this runs against what the reviewed studies would predict, and the fraud triangle offers one explanation (Cressey, 1953; Atierum et al., 2026). Opportunity grows where more money passes through council hands, so councils or units that collect more revenue may also expose more of it to diversion, particularly where controls are weak. The result may also reflect respondents' perception that revenue is being generated while officials fail to account for it fully. This would fit Sorunke's (2016) observation that weak internal audit allows fraud to persist alongside normal operations. These explanations are plausible but were not tested here, and they should be read as hypotheses for later work.

The findings also bear on the two theories. The fraud triangle treats opportunity as one of the three conditions for fraud, and the result is consistent with the idea that the flow of revenue through a council creates opportunity. Accountability theory (Lerner & Tetlock, 1999) predicts that officials who expect to justify their conduct to an identifiable party will take more care, and the finding that malpractice is related to revenue underlines the value of the mechanisms that create that expectation: audit, disclosure and sanction. Neither theory was tested directly, since the study measured malpractice and revenue and not the strength of controls, but both help to explain why the results matter. The design limits what can be concluded. A correlation shows association, not cause, and the coefficients are of low to moderate strength, with embezzlement and fraud each sharing roughly 10 to 12 per cent of their variance with revenue generation. The results do not show that malpractice raises revenue, nor that it reduces it. They show that the two move together among the civil servants surveyed. The responses are also perceptions, and respondents may under-report malpractice they have seen or over-report what they have only heard of. Even so, the findings are practically useful. They show that financial malpractice is a feature of the municipality's revenue environment that council management cannot ignore, which supports the view of Bartz et al. (2017) that every organisation handling money needs controls, and the call of Edeh and Nwakamma (2017) for close monitoring of the financial activities of councils.

6. Conclusion

The study examined the relationship between embezzlement, fraud and revenue generation in Calabar Municipality of Cross River State, Nigeria, using a correlational design and a sample of 258 civil servants drawn from a population of 725. Both embezzlement and fraud were significantly and positively related to revenue generation, with coefficients of .342 and .324, and both null hypotheses were rejected. The relationships were of low to moderate strength, and as the design is correlational they do not establish cause.

The findings indicate that the revenue base of the municipality is exposed to financial malpractice, and that strengthening control and accountability over revenue is a matter for council administration and not only for law enforcement. The study contributes survey evidence from a setting where little existed, a measurement approach that other researchers can adapt, and a baseline against which later studies can be compared. It also leaves a clear question for them: why the association between malpractice and revenue takes the form it does, and in which direction the influence runs.

7. Recommendations

Based on the findings, the study makes the following recommendations.

a. **Internal controls.** The Calabar Municipality council should establish robust internal controls over revenue collection and expenditure, including segregation of duties and verification of every transaction, large or small, so as to reduce the opportunity for embezzlement and fraud (Bartz et al., 2017).

b. **Internal audit.** The internal audit function should be strengthened and given the independence and resources it needs to detect and report irregularities, since weak audit allows fraud to persist (Sorunke, 2016).

c. **Transparency in budgeting and finance.** The council should adopt transparent budgeting and financial management, with regular audits and public disclosure of financial reports, so that officials know their conduct can be identified and evaluated (Enofe et al., 2015; Lerner & Tetlock, 1999).

d. **Accountability and sanction.** Accountability mechanisms should be put in place, including protection for whistleblowers and referral of cases to the anti-corruption agencies for investigation and prosecution, so that there are no sacred cows (Edeh & Nwakamma, 2017).

e. **Staff welfare and ethics.** Council employees should be properly compensated and trained in public service ethics, because need and greed are among the inducements to financial crime (Briggs et al., 2020).

f. **Financial autonomy.** Policy makers should consider the call in the literature for greater financial autonomy for councils and for review of the joint state-local government account, since interference and weak autonomy are linked to embezzlement and poor revenue performance (Coker & Adams, 2022; Kurfi & Danrimi, 2020). This study did not test autonomy, so the recommendation rests on the literature.

g. **Public engagement.** Citizens should be encouraged to take part in oversight of council finances, so that those who pay levies can see how they are used and are more willing to pay.

8. Limitations and Suggestions for Further Research

The study drew on civil servants in one local government area and relied on self-reported perceptions, which may under-report malpractice that respondents have seen, and may include some they have only heard of. The design is cross-sectional and correlational, so the direction of influence between malpractice and revenue cannot be established, and the coefficients are of low to moderate

strength. The measures were perceptual and not drawn from audited accounts.

Future studies could combine questionnaires with audited council accounts and revenue records, extend the sample to other councils in Cross River State and other states, and examine internal audit strength, financial autonomy and state interference as moderating variables. Longitudinal or panel designs could help to establish the direction of influence, and qualitative interviews with revenue collectors and treasury staff could explain why the relationship takes the form it does.

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