

**MANAGEMENT OF FINANCIAL RESOURCE IN THE DISTRICTS ASSEMBLIES
A CASE STUDY IN THE GA SOUTH MUNICIPAL ASSEMBLY**

By

KNUST

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COMMONWEALTH EXECUTIVE MASTERS OF BUSINESS ADMINISTRATION

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DECLARATION

I hereby declare that this submission is my own work towards the Executive Masters of Business Administration and that, to the best to my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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ABSTRACT

The purpose of this study is to find out how the Ga South Municipal Assembly manages internally and externally generated funds.

On this basis, Eighty (80) questionnaire were prepared and administered and interviews were also conducted to collect relevant data. The simple random sampling method was used to select the sample for the study. Simple percentages were employed to analyze and interpret the data.

The findings were that the district assembly's spending pattern favours capital expenditure than recurrent expenditure. It was also revealed that internally generated revenue is far below their budget in the years under study.

In order to solve these problems, it is recommended that, the district intensify their revenue generation programme by employing more hand to the revenue unit and widening their coverage in revenue generation to areas where they are not generating revenue as well as reviewing their rates for property to fulfill their development roles and also take into consideration realistic economic condition before constructing their budget.

DEDICATION

This project work is dedicated to my mother for her love spiritual and financial support. It is also dedicated to my brother Henery, sisters Adelaide, Mabel, Doreen and also to my dear wife Catherine Obeng-Mensah.

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ACKNOWLEDGEMENT

The researcher acknowledges the deep involvement of some personalities without whose help this work would not have been completed. The researcher is therefore greatly indebted in gratitude to them.

In the first place, the researcher is highly grateful to his supervisor Mr. Benjamine Opoku Acheampong for his untiring and prompt efforts and the useful corrections and suggestions for the successful accomplishment of this material.

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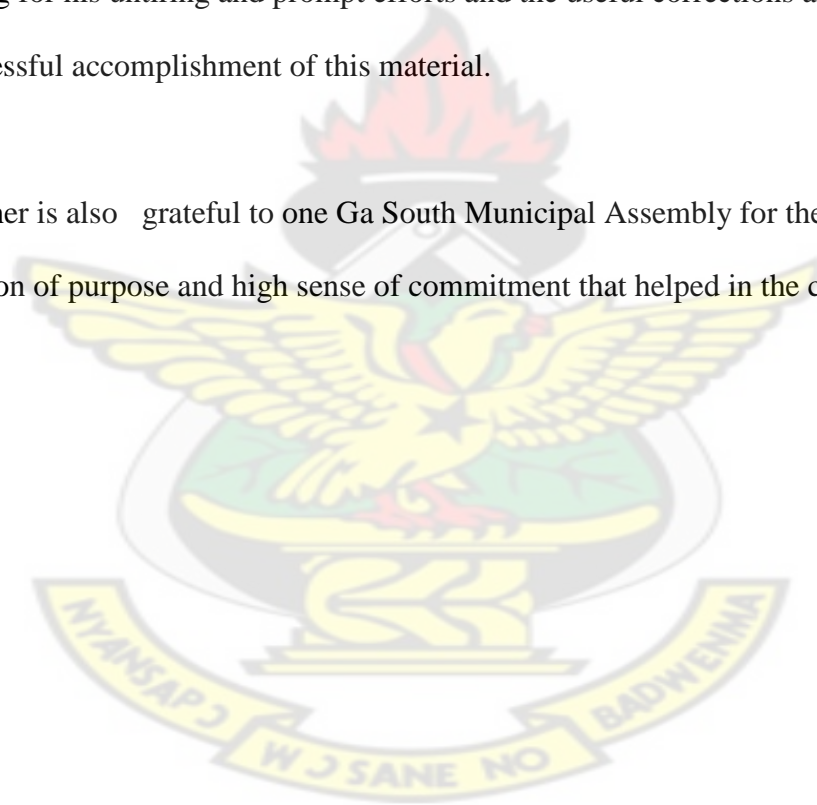


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CHAPTER ONE

INTRODUCTION

1.1. Introductions

Financial resources are very important in the operation of every organization. The management of scarce resources available at the local level to meet developmental goals and aspirations is a major concern to local government officials. Resources (people, material, equipment, time, and money) needed by the assembly are scarce and where available they must be prudently, equitably and fairly allocated amid varying needs and goals. Local government functionaries with the right skills and knowledge should be able to put these scarce resources to good use to benefit mother Ghana. Districts assemblies in Ghana by law have been entrusted with these scarce financial resources; there is therefore the need to study into how these financial resources are managed. This study will concentrate on how financial resources are managed in the Ga south Municipal Assembly.

1.2 Background of the study

Chapter Twenty (20) of the 4th Republic constitution of Ghana, 1992 (herein after referred to as constitution) makes provision for establishment of a system of local government administration, which shall as far as practicable be decentralized. Article 24 clause 2 (a) of the constitution empowered parliament to enact appropriate laws to ensure that functions, power and responsibilities, and resources are at all times transferred from the central government to the local government units in a co-ordinated manner.

Parliaments in accordance with the provisions of Article 24 clause 2 (a) of the constitution

enact Act. 462, on 24/12/1993. The local Government Act. This act ;among others states in section 1(3) b, c that every local Government Administration shall be responsible for mobilization of human and material resources in the district for its development. It further mandates local Government Administration to produce efficient and effective sanitary, Health and Educational services to the people in their areas of jurisdiction. Act 463 section 23 and 24 again mandated local Government Administration to create five (5) legal sub-committees among which is the social services sub-committee.

The local Government Act, 1993 Act 462, replaced the chapter 2 of the 1992 constitution. (Ministry of Local Government and Rural Development). The New Local Government system chapter 1, p. 7).Financial provisions for new local government system and contained in Articles 245 (b) and 252 of the 1992 constitution and section 34, parts VII, VIII,IX and X of Act 426.

These sources may be classified as:

a. Locally generated revenue (traditional). This may be from seven main sources and these are:

(i) Rate

1. Basic rate (Poll tax)
2. Property rate (landed property owners)
3. Special rate and
4. Rate payable by public corporation and organization owning properties in the area of jurisdiction of the district assembly.

(ii) Lands (stool land)

- (iii) Fees in accordance with section 34 of Act 462, and within guidelines set by the minister for local Government, District Assemblies, levy fees on a range of items.
- (iv) The sixth schedule of Act 462 outlines some of the areas for fees such as cattle pounds. Slaughter houses, market dues. Market stall, trading kiosks, etc. Under

2115 30

of 1992, all crops, with the exception of cocoa, coffee are now levied.

- (v) Licenses which includes petroleum installation etc
- (vi) Trading services
- (vii) Miscellaneous

b. Central government transfers to district assemblies. The major ones are

- (i) Grant-in-aid
- (ii) Recurrent expenditure transfer
- (iii) Ceded Revenue
- (iv) District Assembly Common Fund

Article 252 of the constitution provides for the establishment of a District Assembly Common Fund, which shall be allocated annually by parliament not less than five (5) percent of the total revenue of Ghana and payable in quarterly installment for development. This will be distributed among District Assembly based on formula to be approved by parliament, and be administered by a District Assembly Common Fund. These revenues listed above are supposed to be managed well so that it can be used for the following purposes:

Personal emolument that is salaries for hired and casual labour. Operational expenditure that includes payment of utilities and transportation Maintenance and repairs of office machines

and furniture as well as other assets. Capital project including schools. Clinics and all other social infrastructure.

1.3. Statement of the Problem

According to the Public Accounts Committee (PAC) sitting in February 2012, Chairmen of Finance and Administration Committees of the District Assemblies have not been exercising their oversight responsibility of inspecting accounts. The inspection is to monitor the work of the finance department of the assemblies and ensure that revenue collection of the various assemblies were apt. Since the inspection was not done, a lot of irregularities were revealed in the revenue collections in the districts according to the committee

The committee also identified that the some of the districts had weak internal control systems that made officers spend without going through due processes. The committee said the Sabzugu Tatale District Assembly in 2011 made payments of GHS7,263 to beneficiaries of its poverty alleviation component without any authorization. Even though some projects in the area were completed and handed over to the Assembly. The value of the project GHS29, 233 was paid to the contractors who executed the job, there was no authorizing officer to that effect, such practice bridged the financial regulations of the country.

In the Karaga District, the committee noted that value books could not be accounted for. Mr. Fuseini Alhassan Asuma, District Chief Executive of the Gushegu District, had to respond to an amount of GHS62, 671.29 which the District Assembly made without authorization and

supporting payment vouchers. Also the district failed to deduct GHS4, 686 to Internal Revenue Service as tax withholding from some suppliers.

The audit report for 2009/2010 cited an instance in the Yendi District where the Assembly approved a colossal sum of GHS188, 064 for contract works without following due procedures. This contravenes the procurement law.

Another issue that attracted the attention of the PAC was that most of the Assemblies have not been able to retrieve loans that were given two years ago under the Poverty Alleviation Fund citing the Yendi District as example, members of the Committee noted that GHS82, 870 that was disbursed had not been recovered.

It was also revealed that the MMDAs did not follow the due process in disbursing the Member of Parliament Common Fund and that most of the MPs were not aware of how their funds were being administered at the Assembly level.

It was also established that one of the areas where government funds were siphoned was the Transport unit of most of the districts.

Coupled with the above loop holes, the districts also face challenges in generating funds for development. According to the District Chief Executive for Atiwa District Assembly, A. Twum (personal communication March 10, 2012) , “ the first quarter of this year (2012) is about ending, yet the Assembly has only realized GHS46, 916.30 representing 14.1 percent of an estimated GHS332, 629.00 for the year. This is not a good performance as we are gradually drawing to the end of the first quarter”.

Obviously, the districts are having challenges to access the revenue that comes to them regularly.

From the Above revelations it is clear that the District Assemblies have major difficulty in the management of their financial resources. Apart from the issues raised on the challenges of district assemblies with respect to financial management and revenue generation, much research on financial management has not been done on the progress of Ga South Municipal assembly since it was caved from Ga west Municipal assembly in the year 2007. This research will therefore concentrate on how the assembly generates and manages its fund in the Ga south Municipal Assembly. Thus, this project seeks to examine the revenue performance of the districts assembly in Ghana and how the funds are utilized to achieve developmental objectives of the assemblies. It specifically targets revenue performance, component and patterns of expenditure, financial management role of the districts. It shall also examine the internal control system and constraints to the use of resources in the district.

1.4 Objectives of the study

1.4.1 General objectives

The general objective of this study is to examine the revenue performance of the districts assembly in Ghana and how the funds are utilized to achieve developmental objectives of the assemblies.

1.4.2 Specific objectives

The specific objectives of the study are to:

1. Analyze the revenue performance of the Municipal assembly
2. Examine the component and patterns of their expenditure
3. Evaluate financial management operation of the municipal assembly
4. Evaluate the internal control system of the municipal assembly

1.5 Research questions

1. What is the revenue performance level of the district assemblies?
2. What are the expenditure components of the district?
3. How is the financial resource of the districts managed?
4. What are the internal control systems of the assemblies?

1.6 Relevance of the study

The study of financial management in the district assemblies is very important because their activities contribute to societal development. The significant of this project include the following;

1. It will help to determine the performance of the district assembly chosen
2. Assess the expenditure patterns of the assembly to determine whether they are delivering on their mandate.
3. Assess common fund leased to the assembly and their corresponding project
4. This study will serve as a guide for other researchers for future study in the subject.
5. To help adopt appropriate measures and improve financial resource management of the chosen assembly.

1.7 Limitations of the Study

As with any research, there are limitations of this study. The researcher was constrained with many difficulties such as time factor and unwillingness on the part of the respondents to release the required information. It is in the light of this that the study was based in the Ga South Municipal Assembly of the Greater Accra Region. The major challenges for this study are listed below:

1. Absence of data on local economic variables
2. The Assembly is a newly created assembly assessing information was quite a challenge
3. Lack of sponsorship/finance

However, these limitations could not discourage the researcher to complete the study successfully.

1.8 Organization of the Study

The study is organized under five chapters. Chapter one deals with introduction which comprises the conceptual orientation and background to the study. Chapter two consists of review of literature relevant to the subject matter. Chapter three outlines the methodology of the research describing the method used in researching the project, that is, the method used in collecting the research data, population, sample size and sampling procedure, sources of data, data analysis procedure among others. Chapter four deals with the report of

findings of the study and analysis of data collected. Chapter five gives the summary, conclusion and recommendations from the study.

1.9 Conclusion

In conclusion the district assemblies in Ghana have a major role to play in the development of the nation, it therefore very important a study is conducted on their activities and critically scrutinize, for that matter this study.



CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter outlines the relevant and related materials of the topic. These include management of organization, evolution of local government in Ghana, financial management by local government in Ghana. Attention is also given to the strategic and effective finance and other relevant literature on the study.

2.2 How Funds are managed.

2.2.1. Funds management defined.

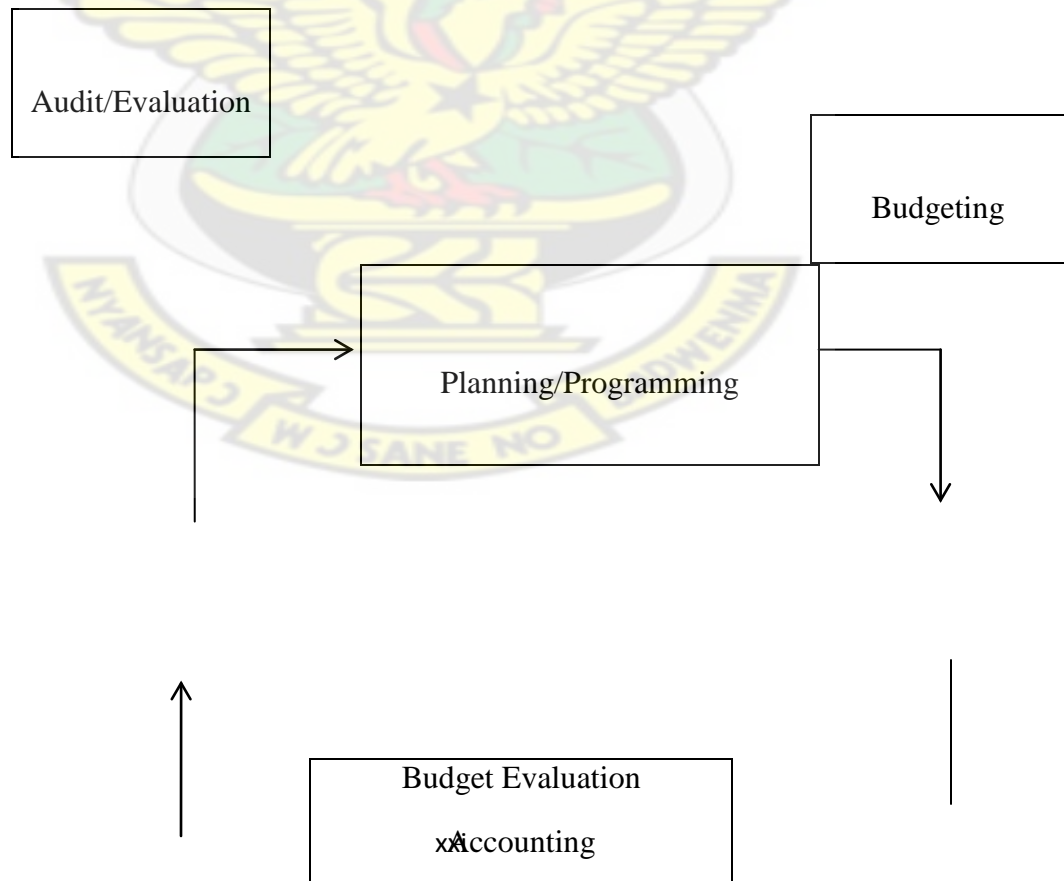
Funds management can generally be defined as a system instituted to ensure the judicious use of public finances with the view to achieving specified operational goals (Kessey, 1995). Thus, management of funds can be said to be a set of activities that purport to ensure the appropriation of funds to achieve the purpose for which they have been generated. Contextually therefore, failing to apply funds for their purposes of mobilization can be equated with management failure, although the system might have adhered to all the accounting principles and procedures of disbursement. The Municipality own valuable assets, enter into a numerable financial transactions, collect and spend large amount of money and are governed by financial laws enforcing their accountability. For this reasons, funds

management and accounting in particular are of crucial importance to the accomplishment of the Municipal stated goals.

2.2.2 The Municipals Financial Management Process

Benton E. Gurp defines Financial Management as the process of making the optimal use of firm's financial resources for the purpose of maximizing the owner's wealth-value. This definition indicates that the achievement of a sound financial management involves certain processes, which include planning and programming, budgeting, execution, accounting review (auditing). This process is depicted on the diagram below.

Figure 2.1 Financial Management Process



Source: field survey

Figure 2.1 depicts the financial management operations of the Municipality. The executive committee formulates plans and programmes which are approved by the full Assembly for a period of years, this forms a framework into which annual budgets are prepared. The planning and programming activities of the assembly give specific expression of its development strategies. Planning represents the strategic elements for selecting courses of action by a systematic consideration of alternatives to achieve policy objectives. The planning and programming activities of the Municipality makes the budgeting process more meaningful. Development objectives availability of resources and their interrelationship are taken into account and with this; they are able to achieve a coherent and comprehensive program of action.

The budgeting aspect of the financial management operations of the Assembly is the translation into monetary terms all the programs and activities of the Municipality within a given period. It involves different but related tasks or activities on the revenue and expenditure.

The third element in the financial management process observed in the Municipality is budget execution. This is an action, which translates the budget proposals into practice, thus making the Municipality's plans and programmes a reality.

The financial management process ends with evaluation, which has traditionally taken the form of audit. Both internal and external auditors try to find out how and when the Municipal resource was spent and what benefits the Municipality has gained. On the whole, the process helps to encourage improved management attitude and responsibility. Find from the net how the british mayor governs the city and manages the finance

2.3 Management of Organization

According to Gibson et al (1976), management refers to a set of activities concerned with planning, organizing or controlling. By this, Gibson et al meant that to manage an organization, one has to efficiently plan with the available resources, organize these resources properly and control their use towards the attainment of the goals of the organization.

Sherlekers (1984), on his part defines management as the guidance, leadership and control of the effort of a group of people towards some common objectives. This definition implies that, management means to direct, lead and control the action of the individuals and resources in an organization in order to achieve the objectives of the organization.

These two definitions suggest that, management is a process, that is, a sequence of co-ordinating available resources to achieve a desired outcome in the fastest and in the most efficient way.

2.4 The Evolution of local Government in Ghana

According to Nsanko (1993), the evolution of decentralized government in Ghana has been well documented, with a constant recurring theme of past Ghanaian governments of the need

to implement a decentralization programs designed to speed up the socio-economic program of the country.

Nsanko went on to trace the development of local government in Ghana saying that, successive Ghanaian governments have been attracted to decentralization as a means of reforming the country's administrative system. The search for effective administration has taken the form of government instituted commissions and committees whose mandate has been to inquire into the political and administrative relations between the centre and the periphery and make recommendations.

Since independence in 1957, public bodies have included the Greenwood Commission (1956), Van Lare Commission in (1958), Mills-Odoi Commission (1967), Siriboe Commission (1968) and Akufo-Addo Commission (1968). Others were the Public Administration Co-ordinating and Decentralization Implementation Committee (1983), committees of experts to draft proposal for a constitution for Ghana (1991) and the Consultative Assembly (1991). All the bodies expressed concern at the high level of centralized authority in Ghana and argued for a decentralized system, that will weld citizens, government and administrative in an organic union.

In this direction various Ghanaian governments have tried to decentralize the administration of the country through the creation of District Assemblies or similar institutions.

The Convention Peoples Party (CPP) initially adopted the colonial legacy of provincial and district administration. But, later, modified it to create as many as 183 local councils, to be

in-charge of primary education, constitution and market.

The National Liberation Council (NLC), however, reduced the number of District Assemblies to 40. In the Progress Party (PP) regime the existing district assemblies were maintained but administration was made more central thereby reducing the efficiency of the counselors.

The National Redemption Council (NRC) in 1974 established 65 District Assemblies. After this, the next major local government reform was in 1988 when the Provisional National Defence Council (PNDC) promulgated the local government law 1988; PNDCL 207 and increased the number of districts to 110.

Currently, the local government system consists of Regional Co-ordinating Council, a four-tier Metropolitan and a three-tier Municipal/District Assemblies Structure. The District Assemblies are either Metropolitan (population over 250,000), Municipal population over 95,000) or District (population 75,000 and over). There are six Metropolitan Assemblies, forty Municipal Assemblies and one hundred and twenty four district assemblies. The table below shows the region and the number of districts in Ghana.

Table 2.1 The Districts of Ghana.

Region	No. of Districts
Ashanti	27
Volta	18

Greater Accra	10
Upper East	9
Upper West	9
Central	17
Brong Ahafo	22
Northern	20
Western	17
Eastern	21
TOTAL	170

Field Survey

Table 2.2. The Districts in Ghana (Regional Summary)

REGION	NO. OF METROPOLIS	NO. OF MUNICIPAL ASSEMBLY	NO. OF DISTRICTS
ASHANTI	1	6	20
VOLTA		3	15
GREATER ACCRA	2	6	2
EASTERN		6	15
UPPER EAST		2	7
UPPER WEST		1	8
CENTRAL	1	6	10
BRONG AHAFO		7	15

NORTHERN	1	1	18
WESTERN	1	2	14
TOTAL	6	40	124

Source: field survey

2.4.1 Role of a Metropolitan / Municipal / District Assembly

The role of the district assemblies is to:

- a) be the pivot of administrative and development decision-making in the district and the basic unit of government administration.
- b) perform deliberative, legislative as well as executive functions.
- c) be a monolithic structure to which is assigned the responsibility of the totality of government to bring about integration of political, administrative and development support needed to achieve a more equitable allocation of power, wealth, and geographically dispersed development in Ghana.
- d) Constitute the planning authority for the district.

2.4.2 Sub-bodies

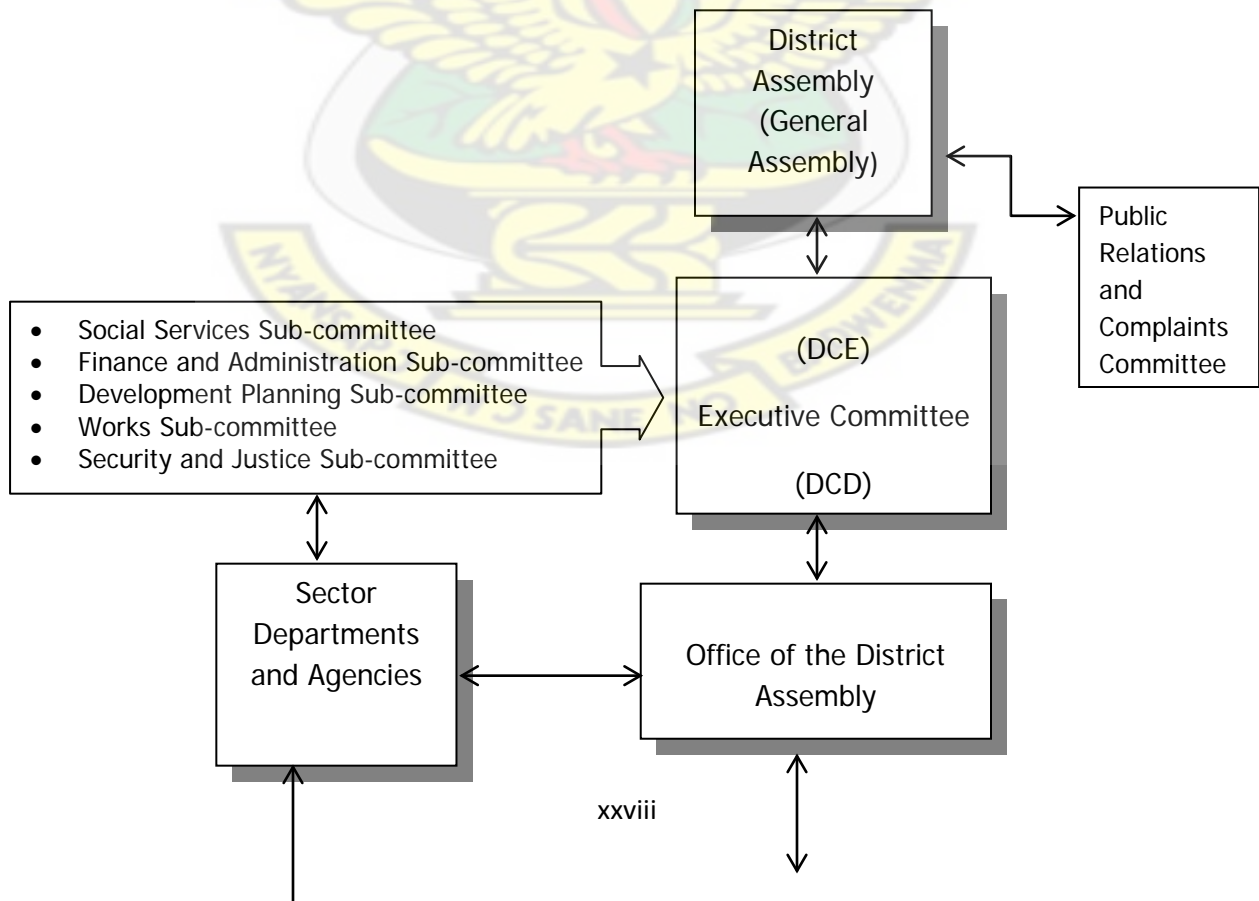
These are the Urban/Town/Zonal/ Area Councils and the Unit Committees. In the performance of its function the District Assembly works through the Executive Committee. This includes the Social Services Sub-Committee, Works Sub-Committee among others. The Executive Committee is presided over by the District Chief Executive and consists of not more than one-third of the total members of the Assembly excluding the Presiding member.

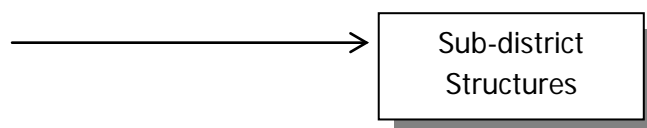
2.5 Management Structures of the Assemblies

The District Assembly is the highest political, administrative and deliberative authority in the District. It guides, directs and supervises all other administrative authorities in the district. It also exercises deliberative, legislative and executive function and is responsible for the preparation and approval of annual budgets. The structure of the assembly is as follows:

1. The General Assembly
2. The Executive Committee and Sub- Committees
3. Office of the District Assembly

Figure 2.2 the MMDA Management Structure





Source: Manual for District Assemblies

Figure 2.2, above depicts the district assembly as the pivot of administrative and developmental decision-making body in the district and the basic unit of government administration. It guides, directs and supervises all other administrative authorities in the district. It also exercises deliberative, legislative and executive function and is responsible for the preparation and approval of annual budgets. The district assembly is the highest decision making body in the district.

2.5.1. The General Assembly

The General Assembly meets three times in a year under the chairmanship of the Presiding Member (PM). The PM convenes and manages general assembly meetings as well as serves as the custodian of the good behaviour and financial propriety in the assembly.

2.5.2. The Executive Committee and Sub-Committees

The Executive Committee is presided over by the District Chief Executive (DCE) and consists of not more than one-third ($\frac{1}{3}$) of the total number of members of the General Assembly, the PM and Member(s) of Parliament (MPs).

The executive committee (EXECO), being the nerve centre of administration in the district is responsible for the:

1. Performance of executive and coordinating functions of the District Assembly.
2. implementation of the resolutions of the district assembly
3. Overseeing the administration of the district in collaboration with the Office of the District Chief Executive.
4. Implementation of the decisions of the General Assembly.
5. [Executive committee](#) performs an important leadership role including areas of strategic policy and financial planning.
6. Adoption of measures to develop and execute approved plans of the unit, area, urban, town and sub-metropolitan districts within the area of authority of the assembly.
7. Coordination of plans and programmes of the sub-committees and submits these plans as comprehensive plans of action to the general assembly.
8. making certain decisions subject to approval by the Assembly where necessary
9. Recommendation to the District Assembly, the coordination, integration and harmonization of district development plans and policies.

Heads of Departments of the assembly attend meetings of relevant committees as ex-officio members and advise the members. Heads of departments only advise on technical issues and do not have voting right.

2.5.3. Sub Committees of the Executive Committee

The Executive Committee has five statutory sub-committees. These are:

1. Finance and Administration
2. Works
3. Development Planning
4. Social Services
5. Justice and Security and
6. Any other the Assembly may otherwise determine

Sub-committees have distinct mandates in areas of public service delivery and corporate operations. They provide an important forum for detailed consideration of issues and participation in decision-making. They monitor current program delivery, service levels and emerging issues, recommend policy and program changes, and provide a forum for detailed discussion for decision-making. They also discuss plans and budget, service, administrative and investment issues that are coordinated by the Executive Committee and finally submitted for debate and final approval by the Assembly.

There are also committees formed for any special purpose, and for a finite length of time.

These are called special sub-committees

2.5.4 Public Relations and Complaint Committee

The General Assembly also has Public Relations and Complaints Committee (PRCC) chaired by the Presiding Member. This is a special standing committee because it is not a sub-committee of the executive committee. It reports directly to the Assembly. Its function is to receive and investigate complaints made against the conduct of Assembly members and staff of the Assembly by the public and make recommendations to the Assembly for redress.

2.5.5 Office of the District Assembly

This is the administrative and technical unit of the Assembly. The office of the District Assembly is headed by the District Chief Executive and includes the coordinating directorate and the decentralised departments. The District Coordinating Directorate is headed by the District Coordinating Director (DCD). The directorate coordinates and harmonises the work programmes of the departments of the assembly. Staff of the District Assembly:

1. provide technical advice and make recommendations to the Assembly
2. Implement Assembly directives and deliver services in accordance with assembly decisions.
3. assist residents in their dealings with the Assembly

2.6 Financial Management by Local Government in Ghana

According to Adebayo Adedeji (1969), the success or failure and the effectiveness or ineffectiveness of local Government in the final analysis depends on the financial resources available to the individual local governments and the way the resources are utilized. Hence, according to Adebayo, finance is the pivot around which every local government revolves. He again, observed that for local governments to achieve stability in their affairs, they need an independent source of revenue. This means the local governments should have their own reliable ways of raising revenue. It seems the Ghana legislator incorporated these views by Adebayo when they enacted the local Government Act, 1993, Act 462. Section 33, 34, 85, 88, 8 and 95 of Act 462 outlined in detail the legal sources of revenue to District Assemblies as follows:

- a) Joint commercial activity (s.33); subject to the approval of the Ministers, a District Assembly may join any other District Assembly in the carrying out of any commercial activity that falls within the scope of their respective functions and may determine as between themselves the allocation of the cost or benefit in respect of that activity.
- b) Power to charge fee (s.34); subject to such guidelines in respect of the charging of the fees as may be prescribed by the Minister, by legislative instrument, a District Assembly may charge fees for any service or facility provided by the Assembly or any license or permit issued by or on behalf of the Assembly.
- c) Development charges on serviced land (s.85); district assemblies shall impose on beneficiary prospective developers, a reasonable development charge for acquiring and

servicing the land.

d) The district assemblies common fund (s. 86); the administration of the fund shall distribute monies from the fund to districts in accordance with the provision of the District Assemblies Common Fund Act, 1993 (Act 455)

e) Power to borrow (s. 88); a district assembly may raise loans or obtain overdrafts within Ghana of such amount, from such sources, in such manner, for such purpose and upon such conditions as the Minister in consultation with the Minister responsible for finance, may approve, except no approval is required where the loan or overdraft to be raised does not exceed GHs 2,000. and the loan or overdraft does not require a guarantee by the Central Government.

f) Investment funds (s.89); a district assembly may invest all or any portion of the monies of the assembly in Ghana government treasury bills or in other investment as may be approved by the assembly.

g) Duty to make sufficient rates (s.95); a district assembly shall make and levy sufficient rates to provide for that part of the total estimated expenditure to be incurred by it during the period in respect of which the rate is levied and which is to be met out of money raised by rates.

The passing of Act 455 also seem to have considered the suggestion and according to Adebayo (1969) when he said consideration should be given to the introduction of some form

of equalization grants so that the gap between the richer and poorer local governments may be reduced. It is therefore not out of place to conclude that, the legislature has made adequate provision for District Assemblies to raise funds.

2.6.1 Expenditure of District Assemblies (s. 87)

1. Subject to this act, a District Assembly may incur all expenditure necessary, or incidental to the carrying out of any functions conferred upon it under this Act or any other enactment, or by the instrument by which it is established, provided that the expenditure is included in the approved budget of the district for the relevant years. (Source 1992 Constitution of Ghana/Local Government Act).

2. For the avoidance of doubt all monies received by a District Assembly from the district assemblies Common Fund shall be expended only on projects that form part of the approved development plan for the district. This section in effect empowers District Assemblies to plan for and spend in so far as such expenditure relates to their functions. (Source 1992 Constitution of Ghana/Local Government Act).

2.6.2. Accounts and Financial Reporting (s90)

Every District Assembly shall keep proper accounts and proper records in relation to them and shall prepare immediately after the end of each financial year, a statement of its accounts in such form as the Auditor-General may direct.

Section 90, therefore makes it obligatory on District Assemblies to keep proper books of Account and to prepare financial statement at the end of every financial year.

2.6.3 Financial Control

The local government Act, 1993, Act 462 has made several provisions, which attempt to control and ensure efficient management of the finances of District Assemblies. Such provisions are in section 91, 92, 93, 120, 121 and 122.

a) Power of Minister to give financial Instructions (s.91)

The Minister may, after consultation with the Minister of finance, issue written instructions, not inconsistent with any of the provisions of the Act, for the better control and efficient management of the finance of District Assemblies.

b) District Budgets (s.92)

Every Assembly shall, before the end of each financial year submit to the Regional Co-ordinating Council a detailed budget for the district stating the revenue and expenditure of the district for the ensuing year.

c) Access to records of District Assemblies (s.93)

A person authorized in writing for that purpose by the Minister shall at all reasonable times have access to and be entitled to inspect all books, accounts and records of any District Assembly and may advise the Assembly on them and submit reports to the Minister and the Regional Co-ordinating Council in connection with them.

d) Internal Audit (s. 120)

1. Every District Assembly shall have an Internal Audit Unit.
 2. Subject to this Act, the head of the Internal Audit Unit of the District Assembly shall be responsible to the District Assembly in performance of his functions.
 3. The head of the Internal Audit shall at intervals of three months, prepare a report on the internal audit work carried out by his unit during the period of three months immediately preceding the preparation of the report and submit the report to the presiding member of the assembly.
 4. The head of Internal Audit Unit in the district shall make in each report such observations as appears to him necessary as to conduct of the financial affairs of the assembly during the period to which the report relates.
 5. The head of the Internal Audit Unit of the district shall send a copy of each report prepared by him under this section to the Minister, the District Chief Executive and the Regional Co-ordinating Council.
- e) Audit- by the Auditor General (s. 121)
1. The accounts of a District Assembly established under this Act, together with all books, records, return and other documents relevant to the accounts and the annual statement of its accounts, shall each year be audited by the Auditor-General or an auditor approved by him and reported by him to the Minister, parliament and the District Assembly.

2. In his report, the Auditor-General shall draw attention to any irregularities in the accounts audited by him. In brief, all the steps outlined in the Act to ensure prudent financial control are in accordance with Ghana's Financial Reporting Regulation Act. The step as outlined in (a) to (e) above when properly followed will make it difficult if not impossible for any financial malfeasance to occur in the District Assemblies. But it is one thing having the control measures on paper and another having them implemented. This was confirmed by the Auditor-General when he reported on the accounts of District Assemblies for the period ended 31st December, 1992, that an amount of 446,500,000.0 could not be accounted for by the District Assemblies (The Auditor-Generals report, 1992)

2.7 Strategic and Effective Finance Tools and Criteria

Adeboyo Adejeji (1969) observed that, no one can talk about efficiency in finance without looking at the efficiency in raising and using the fund. In all, the caliber of staff of local government and their integrity effect the efficiency of finance. He stated further the quantum of fiscal resources available is partly determined by the functions and responsibility of a particular local government and partly by the effectiveness and efficiency of its tax administration.

In short, Adeboyo was suggesting a two-way approach to assessing the effectiveness of finance of local government. First, effectiveness of raising funds and secondly effectiveness in using the funds.

Pandey (1991) said, For the effective execution of the managerial finance functions, routine functions have to be performed. He stated four main routine function as follows:

- a) Supervision of cash receipt and payments and safeguarding of cash balances.
- b) Custody and safeguarding of the securities, insurance policies and other valuable papers.
- c) Taking care of the mechanical details of financing news articles.
- d) Record keeping and reporting

From this, Pandey seem to be of the view that, effective finance has to do with the raising and use of funds in addition to checking the use and reporting on the use of funds. There seems no much difference between what Pandey and Adebayo suggested, except that Pandey gave a detail and step-by-step approach.

Pinches (1990), was more pragmatic when he said “when conducting an analysis on the effectiveness of financing, we need to keep four (4) ideas in mind”. These four (4) ideas are as follows:

- a) It is necessary to look at trends.
- b) It is helpful to compare the organizations performance to that of others
- c) It is important to carefully read and analyze the annual report of the organization.
- d) Find answers to further questions that the analysis may raise and obtain additional information.

What Pinches implied was that, in judging the effectiveness of the financing of an organization, there is the practical need for trend and cross-sectional financial analysis of the organizations financial statements and annual report. This calls for the calculation and comparison of ratios, percentages and proportions.

It looks like Pinches approach is more practical. Pandey and Adeboyo suggested, in assessing the effective finance of any organization including governments.

2.8 Conclusion

The review discuss above will give a good bases to make objective discussion in the subsequent chapters and make reasonable recommendations for the topic.



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter explains the methods involved in gathering information for the study. It consists: dealing with the population, research design, sample and sampling procedures and

administration of the research instruments. The researcher describes groups from which the sample is drawn, the methods used in sampling and the rationale for that method. The methods of collecting data are stated and reasons for using a particular method and the method of analysis is also discussed.

3.2 The Study Area

The study was conducted in the Ga South Municipal assembly. The Ga South Municipal Assembly (GSMA) was in late 2007 one of the four (4) newly created districts in the Greater Accra Region. It lies within latitude 5° 48' North 5° 29' North and Latitude 0° 8' West and 0° 30' West. The Municipality shares boundaries with the Accra Metropolitan area to the South-East, Akwapim South; to the North-East; Ga West to the East; West Akim; to the North Awutu-Effutu Senya; to the West, Gomoa; to the South-West and the Gulf of Guinea to the South. It occupies a land area of approximately 517.2 sq km with about 362 communities.

3.3 Population

The study was conducted at the Ga South Municipal Assembly with employee population of about 100 people. The total population comprise of 150 people made up assembly members and workers this is illustration on the table 3.1 below:

Table 3.1 Population of Ga South Municipal Assembly

CATEGORY	POPULATION
WORKERS	100
ASSEMBLY MEMBERS	50
TOTAL	150

Source: Ga South Municipal Assembly

3.3.1 Sampling and Sampling Technique

A simple random sampling was employed in selecting the sample size. This sampling technique was adopted to give all elements within the target population equal chance of been interviewed. The work selected 60% of the total assembly members in Ga South Municipality that gave the researcher 30 respondents.

However, a different sampling technique was used to select the employees because not all of them were willing to respond to the interview. A purposive sampling technique was however applied to select the employees that information could be sourced from. In all, the sample size of the study was 80; this is illustration on the table 3.2 below:

Table 3.2: Population and sample size

	ASSEMBLY MEMBERS	EMPLOYEES	TOTAL
Population	50	100	150

Sample size	30	50	80
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Source: Ga South Municipal Assembly

3.4 Data Collection Procedure

In order to make the administration of the questionnaire quite easy, personal visit was made to the offices of the respondents. These visits started in March 2012. The visit helped to strike up a rapport between the researcher and the respondents. The administration of the questionnaire was done during these visits.

During the visit, the researcher explains the purpose of the study to the respondents; the respondents were assisted where necessary to answer the items in the questionnaire. The respondents used some days to fill the questionnaire and during this period of stay in the district, the researcher conducted the interview on the other respondents which lasted about twenty minutes per respondent.

3.5 Research Instrumentation

The main instruments that were used for data collection in the study are questionnaire and observation check list. The reason for using the questionnaire was that it provides a quick way of collecting data from the assemblymen since most spend a little time at the work place and therefore interview cannot be used. This was coupled with the fact that it would have been impossible for the researcher to locate all the assemblymen in their homes. Besides the questionnaire is also known to be valid and reliable if constructed.

The questionnaire for the assembly members was broken into two main sections. Section (A)

focused on personal data and made up of structural open-ended and close-ended questions. Section (B) dealt with financial resources and management of the assembly, revenue collection, common fund, records, auditing, and others.

The interview schedule as an instrument was used for field investigation; specific questions were structured for the residents of the area. The questions were on both the respondents personal data and their aspirations on how they are made aware of the assembly's activities and what has been done.

Personal visit was made to the traditional areas to observe projects undertaken by the Assembly. The reason for using visits and observation is to obtain direct information, which will help the researcher to varying the strength of the data gathered.

Secondary data was also used to supplement the interviews and questionnaire instrument. To this effect, notes were taken on official reports, records publication and statements of accounts and statistical data of the Municipality.

3.6 Research Design

The research design is an aspect of the study which describes how the study was conducted. The plan of action of the study includes, first the population of the study which covers Ga South Municipal Assembly; its employee, assemble members, and section of the community. It also include the sampling and sample size and the instrument of data collection,

3.7 Sources of Data

3.7.1 Primary Data

This includes first-hand data and information that was gathered from the employees and management through questionnaires administration. Suggested tool for primary data collection is structured questionnaire. Structured questionnaire is where questions and answers are specified. They are simple to administer and relatively inexpensive to analyse. By definition, these questions are restrictive and can be answered in a few words.

This helped the researcher to measure and assesses the effectiveness of mobilization of financial resources. The questionnaires were administered to the employees and management and assembly members of the municipal assembly.

3.7.2 Secondary Data

This comprises the existing document of Ga South Municipal Assembly on their policies and implementation strategies and outcomes of these policies. Other sources for obtaining our secondary data include; Print media-(publications in the dailies, magazines, journals, articles) and the internet.

3.8 Data Analysis Procedure

Data Analysis was done using excel office intergraded. The technique for data analysis was the frequency distribution and percentages which were used to determined the proportion of respondents choosing the various responses. Bar Charts, tables and pie charts were used to

ensure easy comprehension of the analysis. The raw data from the field was entered into analytical software that is, Microsoft Excel 2010 and the results and its analyses are presented in chapter 4 of the work.

3.9 Conclusion

The instrumentation and the Data collection process was not easy; especially the retrieval of the questionnaire. However the interviews and the list of information requested from the Ga South Municipal Assembly helped in the success of this project.



CHAPTER FOUR

4.1 Introduction

In this chapter, attention is given to data analysis and discussion in relation to the role of the

District Finance Officer and Mobilization of funds of the Municipality, management of funds with respect to the distribution of funds among expenditure items, outlays and controls exercised over expenditures, accounting and accountability of management,

4.2. Allocation of Funds

The Municipal's financial resources are allocated between two major expenditure items- Recurrent and Capital expenditure.

4.2.1 Recurrent Expenditure

Recurrent expenditure is those expenditures of the Municipality that are identified with consumption in the current financial year. Recurrent expenditure can be disaggregated into three units namely personal, operations and maintenance.

Personal expenses are those that the Municipality make to reward and motivate the staff (labour) as a factor of production. This includes wages and salaries, allowances and staff welfare expenses. Operational expenses are those made to keep the Municipality running. Examples include expense on stationary, telecommunication, and bank charges, sitting allowances, fuel and lubricants among others.

Maintenance expenses are expenses the Municipality make in respect of managing and preserving physical assets. Examples include servicing machines, buildings, furniture,, fixtures and fittings.

4.2.2. Capital Expenditure

Capital expenditures include all the expenditures that the Assembly makes with the view of creating assets with extended utility life span. Capital expenditure can also be categorized into three sub-division; Replacement, regulatory and new assets.

Replacement capital expenditure are expenses on capital assets meant to replace existing ones. Regulating expenditure refers to expenses made by the Assembly with the view to increasing the efficiency and knowledge about their operations through research and human capital development.

New assets creation expenditures are that expenditure made to increase the existing stock of physical assets with the aim of increasing the social capital and productive capacity of the whole District Assembly.

Below is table on the recurrent and capital expenditure of the assembly.

Table 4.1 Ga South Municipal Assembly Recurrent and Capital Expenditure

YEAR	RECURRENT EXPENDITURE	CAPITAL EXPENDITURE	TOTAL EXPENDITURE (GHS)
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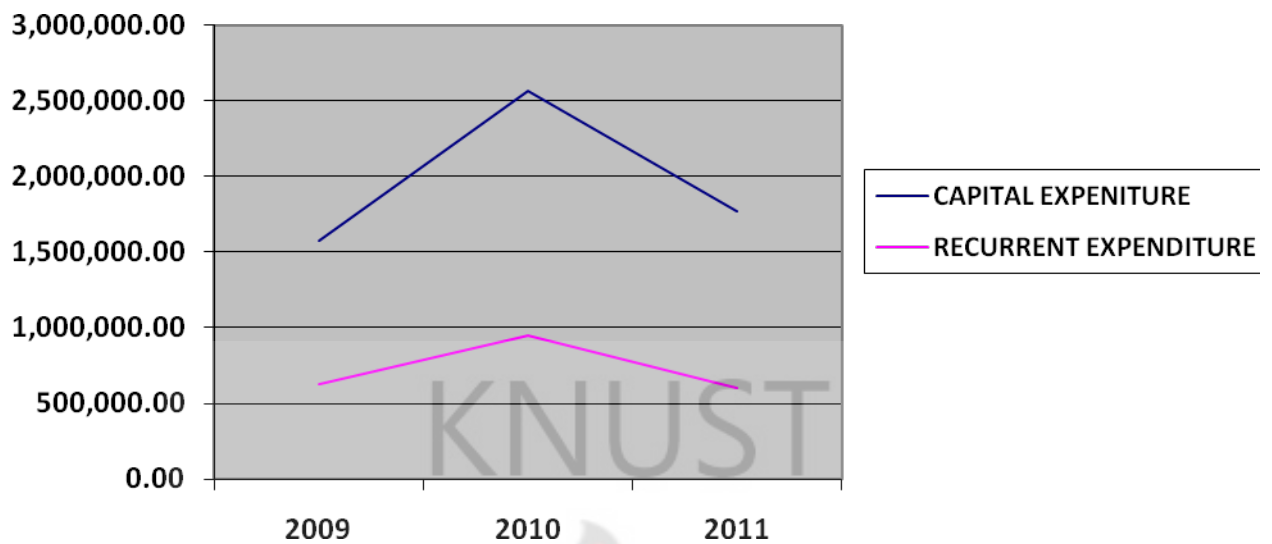
	(GHS)	(GHS)	
2009	630,570.44	1,576,157.51	2,206,727.95
2010	946,233.36	2,568,744.20	3,514,977.56
2011	602,512.01	1,771,084.83	2,373,596.84
TOTAL	2,179,315.81	5,915,986.54	8,095,302.35

Source Field Survey

In 2009, the Assembly spent GHS630, 570.44 on recurrent expenditure and GHS1, 576,157.51 on capital or development project representing 71.43 per cent of the total expenditure for that year. The subsequent year (2010) also saw capital expenditure rising above recurrent expenditure in 2010 and then a fall in capital expenditure in 2011 as compared to capital expenditure in 2010 but still a rise in capital expenditure compared to recurrent expenditure in 2011.

The graph below depicts the relationship between capital expenditure and recurrent expenditure.

Figure 4.1 Relationships between Capital Expenditure and Recurrent Expenditure



From the above line chart expenditure pattern for the Assembly has indeed confirmed the fact that the Municipal Assembly common fund concept has been a real heaven on earth for the Assembly. The gap between capital expenditure and recurrent expenditure for 2009-2011 were so wide. This means much funds were spent on capital projects than recurrent expenditure.

Table 4.2- 4.4 below gives a summary of the assembly's capital project the years under review their location and allocation for each year.

Table 4.2 Ga South Municipal Assembly Capital Project Allocation for 2009

PROJECT DESCRIPTION	LOCATION	PROJECT STATUS	TOTAL ESTIMATED COST GHS	PREVIOUS EXPENDITURE GHS	ALLOCATION FOR THE YEAR GHS
ROADS					
Re-grading of selected roads	District wide	New	14,000.00		14,000.00
SOCIAL					
EDUCATION					
Construction of 1 No. 3 classroom block with teachers room & utilities	Akweiman	New	80,100.00		50,000.00
Construction of 1 no. 6 classroom one-storey block with common room & utilities	Aplaku	New	120,000.00		80,000.00
Construction of 1 no. 3 classroom block with office & store	Honi Obeleakwa	New	80,100.00		50,000.00
Construction of 1 no. 3 classroom block with office & store	Domefaase	New	80,100.00		50,000.00
Construction of 3 no. Kitchen for school feeding programme	District wide	New	50,000.00		16,000.00
Construction of 6 classroom block with office & store	New Gbewe	On-going	82,261.75	32,193.31	50,068.00
Support for S.T.M.E.	District wide	New	4,000.00		4,000.00

Source: field survey

Table 4.2 Ga South Municipal Assembly Capital Project Allocation for 2009 continued

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DESCRIPTION PROJECT	LOCATION	PROJECT STATUS	TOTAL ESTIMATED COST GHS	PREVIOUS EXPENDITURE GHS	ALLOCATION FOR THE YEAR GHS
Procurement of furniture for schools in the Municipality	District wide	New	61,000.00		10,000.00
Rehabilitation of Municipal Education office	Amanfro	New	10,000.00		10,000.00
ACCOMMODATION					
Construction of Assembly Office Complex	Weija	New	500,100.00		120,000.00
Construction of 1 no. 4 bedroom bungalow for MCD	Weija	New	63,000.00		63,000.00
Construction of Weija Zonal Council Office	Weija	New	100,000.00		60,000.00
Construction of 1 no. Semi detached 2 bedroom bungalow	Domeabra Zonal Council	New	65,000.00		65,000.00
Procurement of Furniture for Assembly Offices	Weija	New	20,000.00		20,000.00
Construction of 2 bedroom flat for staff	Weija	New	150,000.00		80,000.00
Rehabilitation of Offices for Decentralized Departments	Weija AESL	New	22,000.00		22,000.00
Renovation and Conversion of Classroom block into Offices	Weija (I.T.S.)	Complete d	34,500.00	45,865.04	18,558.04

Source: field survey

Table 4.2 Ga South Municipal Assembly Capital Project Allocation for 2009 continued

DESCRIPTION PROJECT	LOCATION	PROJECT STATUS	TOTAL ESTIMATED COST GHS	PREVIOUS EXPENDITURE GHS	ALLOCATION FOR THE YEAR GHS
OFFICE EQUIPMENT					
Procurement of 20 Desktop, 10 HP Laser Jet Printers & a Fax Machine	Weija	New	23,200.00		23,200.00
Procurement of 1 No. Generator (115KV)	Weija	New	68,000.00		68,000.00
VEHICLES					
Procurement of 6 No. Pick-Ups	Weija	New	192,000.00		133,403.54
Procurement of Motorbikes for 14 Electoral Areas	District wide	New	35,000.00		35,000.00
ENVIRONMENT SANITATION					
Procurement of Sanitary wares	Weija	New	15,000.42		15,000.42
HEALTH					
Construction of office block for Health Directorate	McCarthy Junction	New	30,000.00		20,000.00

Source: Field Survey

Table 4.3 Ga South Municipal Assembly Capital Project Allocation for 2010

PROJECT DESCRIPTION	LOCATION	PROJECT STATUS	TOTAL ESTIMATED COST GHS	PREVIOUS EXPENDITURE GHS	ALLOCATION FOR THE YEAR GHS
<i>MARKET</i>					
Construction of market sheds	Ngleshie Amanfro	New	50,000.00	0.00	50,000.00
Construction of stores and rehabilitation of market sheds	Chantan	New	50,000.00	0.00	50,000.00
<i>SERVICES</i>					
Construction of police station	Tenbibian	New	104,200.00	0.00	80,200.00
Construction of 1 no. female cell and a place of convenience (WC)	New Weija S.C.C.	New	20,000.00	0.00	20,000.00
<i>ROAD</i>					
Maintenance of 20 selected feeder roads		New	157,000.00	0.00	63,030.00
<i>SOCIAL</i>					
<i>EDUCATION</i>					
Support for my first day at school		New	15,000.00	0.00	10,000.00
Construction of 1 no. 6 unit classroom one storey block with teachers' common room, office, store, and 8 unit kvip.	Aplaku	On-going	186,500.00	37,210.00	148,290.00
Construction of 1 no. 6 unit classroom block	Ngleshie Amanfro	On-going	57,711.00	24,082.00	23,630.00

Source: Field Survey

Table 4.3 Ga South Municipal Assembly Capital Project Allocation for 2010 continued

PROJECT DESCRIPTION	LOCATION	PROJECT STATUS	TOTAL ESTIMATED COST GHS	PREVIOUS EXPENDITURE GHS	ALLOCATION FOR THE YEAR GHS
Construction of 1 no. 3 unit classroom block with teachers' common room, office, store, and 6 unit kvip.	Akweiman	On-going	95,790.00	19,157.00	76,640.00
Construction of 1 no. 3 unit classroom block with teachers' common room, office, store, and 6 unit kvip	Domefaase	On-going	101,450.00	20,292.00	81,170.00
Construction of 1 no. 3 unit classroom with teachers' common room, office, store, and 6 unit kvip	Domefaase	On-going	101,450.00	20,292.00	81,170.00
Construction of 1 no. 3 unit classroom block with teachers' common room, office, store, and 6 unit kvip	Honi Obeleakwa	On-going	98,760.00	19,757.00	79,010.00
Construction of 1 no. 3 unit classroom block with teachers' common room, office, store, and 6 unit kvip	Ashamoah	On-going	95,261.00	19,052.00	76,210.00
Construction of 1 no. 6 unit classroom bock with office & store	Pannor	On-going	75,783.00	15,157.00	60,630.00

Source: Field Survey

Table 4.3 Ga South Municipal Assembly Capital Project Allocation for 2010 continued

PROJECT DESCRIPTION	LOCATION	PROJECT STATUS	TOTAL ESTIMATED COST GHS	PREVIOUS EXPENDITURE GHS	ALLOCATION FOR THE YEAR GHS
Rehabilitation of the Sonitra offices as municipal education directorate	Ngleshie Amanfro	New	13,500.21	0.00	13,510.00
HEALTH					
Construction of record offices for district hospital	McCarthy Junction	New	40,000.00	0.00	40,000.00
SUB-TOTAL (HEALTH)			40,000.00	0.00	40,000.00
OFFICE EQUIPMENT					
Procurement of 1 GPS and total station	GSMA Office Weija	New	4,500.00	0.00	4,500.00
Procurement of 4 No. Pick-up for the GSMA Office	Weija	New	132,010.00	0.00	132,010.00
Procurement of 1 No. Grader at GSMA	Weija	New	100,000.00	0.00	80,000.00
Procurement of 1 No. Scanner	Weija	New	9,000.00	0.00	4,000.00
PROJECT MANAGEMENT					
Revaluation of 600 immovable properties	District wide	On-going	40,000.00	0.00	40,000.00

Source: Field Survey

Table 4.4 Ga South Municipal Assembly Capital Project Allocation for 2011

PROJECT DESCRIPTION	LOCATION	PROJECT STATUS	TOTAL ESTIMATED COST GHS	PREVIOUS EXPENDITURE GHS	ALLOCATION FOR THE YEAR GHS
MARKET					
Construction of market sheds	Ngleshie Amanfro		70,000.00		60,000.00
Construction of stores and rehabilitation of market sheds	Chantan		70,000.00		60,000.00
SERVICES					
Construction of police station	Tenbibian	New	104,200.00		104,200.00
Maintenance of security services	District wide	New	20,000.00		20,000.00
ROAD					
Maintenance of 20 selected feeder roads	District wide	New	30,000.00		30,000.00
SOCIAL					
EDUCATION					
Construction of 1 no. 6 unit classroom one storey block with teachers common room, office, store, and 8 unit kvip	Aplaku	On-going	186,500.00	98,480.33	87,569.00
Construction of 1 no. 3 unit classroom block with teachers' common room, office, store, and 6 unit kvip.	Akweiman	On-going	95,790.00	43,473.23	22,280.00
Construction of 1 no. 3 unit classroom block with teachers' common room, office, store, and 6 unit kvip.	Honi Obeleakwa	On-going	98,760.00	45,655.00	30,132.00

Source: Field Survey

Table 4.4 Ga South Municipal Assembly Capital Project Allocation for 2011 continued

PROJECT DESCRIPTION	LOCATION	PROJECT STATUS	TOTAL ESTIMATED COST GHS	PREVIOUS EXPENDITURE GHS	ALLOCATION FOR THE YEAR GHS
Counterpart fund for the construction block with teachers Common room, office, store, and 6 unit kvip.	District wide	On-going	390,000.00		390,000.00
Rehabilitation of 1 no. 3 unit classroom block with teachers' common room, office, store, and 6 unit kvip	Gbawe Gonse	New	80,000.00		80,000.00
HEALTH					
Construction of Administration block for Municipal hospital	McCarthy Junction	On-going	103,664.83	15,549.72	63,116.00
Rehabilitation of Nurses Quarters'	Obom	On-going	68,000.00		38,000.00
ACCOMMODATION					
Construction of Assembly office complex	Weija Junction	On-going	320,000.00	2,685.00	300,000.00
Construction of zonal council offices	Weija	On-going	132,721.51	10,000.00	122,721.51
Construction of zonal council offices	Domeabra	On-going	113,690.00	22,738.16	65,952.00
Construction of 1 no. 6 Bedroom Bungalow with boys quarters for MCE	Dunkonna	On-going	234,137.00	-	100,000.00
OFFICE EQUIPMENT					
Procurement of 4 no. Pick-Up for the GSMA	Weija	On-going	278,520.00	139,520.00	69,000.00
PROJECT MANAGEMENT					
Revaluation of immovable properties	District wide	On-going	204,688.50		106,157.31

Source: Field Survey

From tables 4.2-4.4 the Assembly really has devoted more funds to development projects which has justify their existence and also retain the confidence of the people in the District Assembly Concept. It is through developmental investment activities especially if they are planned to meet the priority of the community, can and retain the confidence of the people.

Development is the main function of the Assembly and it is development project perceived by the people that they would use to measure the success of the District assembly Concept.

4.3. Financial Controls over Expenditures

The main purpose of financial control as a management function is to ensure that the budget does not deviate from its original goals during its implementation. The table below depicts the Assemblies budget and actual expenditure for 2009-20011

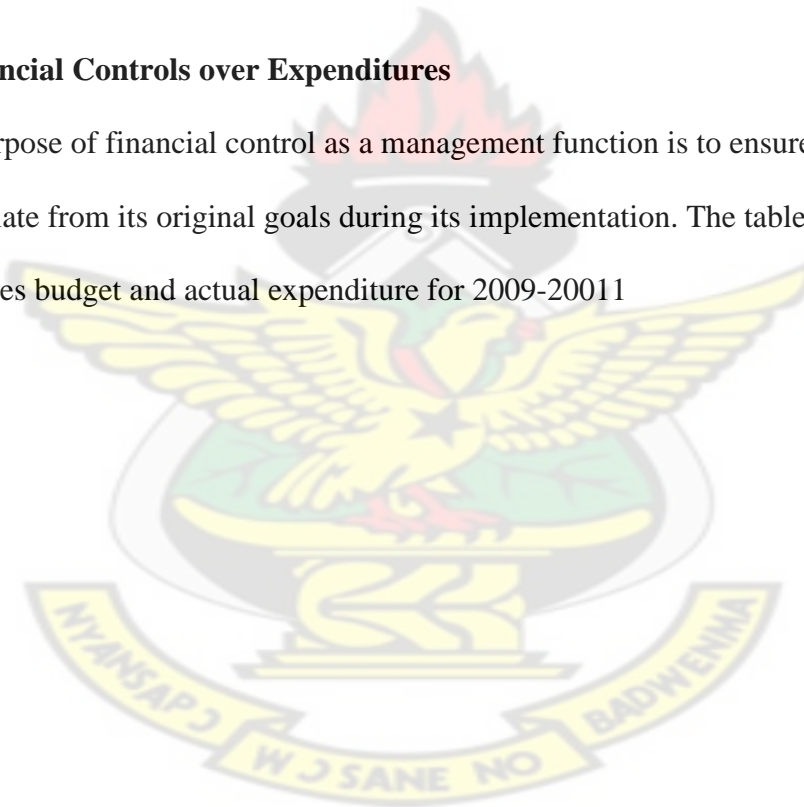


Table 4.5 Ga South Municipal Assembly's Budgeted and Actual Expenditure for 2009-2011

	BUDGETED EXPENDITURE		ACTUAL EXPENDITURE		VARIANCE	
YEAR	RECURRENT GHS	CAPATAL GHS	RECURRENT GHS	CAPITAL GHS	RECURRENT GHS	CAPITAL GHS
2009	942,233.00	1,827,414.30	630,570.44	1,576,157.51	311,662.56	251,256.79
2010	942,233.00	2,635,061.00	946,233.36	2,568,744.20	-4000.36	66,316.80
2011	2,069,352.00	4,927,180.00	602,512.01	1,771,084.83	1,466,839.99	3,156,095.17
TOTAL	3,953,818.00	9,389,655.30	2,179,315.81	5,915,986.54	1,77,4502.19	3,473,668.76

Source Filed Survey

From table 4.2, the financial performances of the Assembly for the years under review revealed that, the assembly over spend in 2010 with respect to recurrent expenditure items but for capital expenditure, there was no negative variance. To support with figures, the Assembly in the years under review (2009-2011) planned a total of GHS 3,953,818.00 on recurrent expenditure item but they actually spent a total of GHS 2,179,315.81 recording a positive variance of GHS1, 77, 4502.19 The total budget for capital expenditures for the years under review was GHS9, 389,655.30 but the actual total capital expenditure was

GHS5, 915986.54

As noted this huge variance of GHS 3,473,668.76 is as a result of changing economic trends and availability of funds.

Also the assembly was able to save a substantial amount of what they planned to spend on their recurrent expenditure for the years (2009-2011). This shows that the Assembly has got a good budgetary control system in place. Truly, the Assembly has instituted internal procedures for control over expenditures. These procedures are as follows:

1. Local budget are fixed by the executive committee and approved by the full Assembly.
2. It is the District co-ordinating Director alone that authorizes all appropriations.
3. The Head of departments uses departmental memorandum on request for goods and services upon the approval of such request by the District Co-ordinating Director.
4. Then the supplier officers prepare local purchases orders (LPO) with three suppliers invoices attached.
5. The District Chief Executive, the District Co-ordinating Director and the District Finance Officer then select the most favourable offer

6. The procurement officer then comes in when he submit the LPO to the supplier for purchasing. Goods and services are delivered to central store, which is under the responsibility of the stores officer.
7. The District Finance Officer then prepare payment voucher in the suppliers name against the specific budget line and departments.
8. The District-Co-ordinating Director and the internal auditors then check the voucher against the budget line and the LPO.
9. If these two documents are in agreement with each other, a cheque is then prepared by the finance officer and endorsed by him and the Co-ordinating Director.
10. The check is finally submitted to the supplier who presents it to the Assembly's Bankers for payment.
11. The Assembly is then debited by the Bank.

The tables below give a clearer understanding on the assemblies budgetary control systems

Table.4.6 budgetary Allocation for 2009-2011

SOURCE	2009		
	APPROVED	ACTUAL	ACTUAL
	BUDGET (GHS)	RECEIPTS (GHS)	EXPENDITURE (GHS)
GOG	312,927.00	215,316.96	213,316.96
IGF	1,528,855.00	642,918.86	658,873.56
DEV'T PARTNERS	24,000.00	20,000	22,410.00
COMMON FUND	1,942,600.00	1,495,257.78	1,231,232.02
OTHERS	36,000.00	219,778.65	12,751.00

Source: field Survey

SOURCE	2010		
	APPROVED	ACTUAL	ACTUAL
	BUDGET (GHS)	RECEIPTS (GHS)	EXPENDITURE (GHS)
GOG	380,821.00	267,870.00	267,870.28
IGF	1,408,910.00	891,271.29	1,037,587.30
DEV'T PARTNERS	282,500.00		55,672.06
COMMON FUND	2,081,389.00	858,868.04	1,518,025.72
OTHERS	40,000.00	424,126.00	511,788.94

Table.4.6 budgetary Allocation for 2009-2011 continued

SOURCE	2011		
	APPROVED BUDGET (GHS)	ACTUAL RECEIPTS (GHS)	ACTUAL EXPENDITURE (GHS)
GOG	2,259,050	474,187.97	453,102.88
IGF	1,537,228.00	1,262,185.83	1,159,625.72
DEV'T PARTNERS	5,134,100.00	100,000.00	13,924.51
COMMON FUND	1,983,420.00	1,368,549.63	1,299,812.86
OTHERS	2,259,050	673,500.91	676,385.87

Source: field Survey

Despite this elaborate procedure, some of the Assemblymen expressed their dissatisfaction about the financial control and management practices of the Assembly. Reasons given to support their stand includes:

1. sometimes, new-spending officers are allowed to make expenditure commitments
2. and also in some cases, expenditure are made before document were prepared to cover them.

4.4 Accounting and Accountability of Management

Accounting in the general sense is a process in which transactions and events of an operating entity are recorded for the purpose of accumulating and providing financial information essential to the good conduct of its activities. In the public sector (District Assemblies), the role of accounting is the recording, analyzing, classifying, summarizing, communicating and

interpreting financial information about the Assembly's funds and property.

Accounting is an indispensable tool used to reveal management performance in the use of the Assembly's resources. In this connection, the role of accounting is to record actual events in relation to the budget so that the Assembly and the people whom the Assembly represents can see that public money are being administered properly in relation to the budget and other relevant law.

Local Government law 462 of 1993 stresses this accountability function of the management of the Assembly by providing in section(9) of the law that Every Assembly shall keep proper account records in relation to them and shall prepare immediately after the end of each financial year a statement of its accounts in such forms as the Auditor-General may direct. To satisfy this condition, the Assembly at the end of each financial year prepare financial statements and reports, which are audited by auditors to give account of their stewardship. These financial statements and reports include;

1. Balance sheet showing the financial position of the Assembly as at the end of the financial year.
2. Revenue and Expenditure Accounts.
3. Comparative statement of revenue and expenditures.
4. Statements of rates arrears.
5. Analysis of deposits, advances and special rates.

These accounts are prepared and rendered for auditing by both internal and external auditors, external auditors being personnel from the controller and Accountant Generals Department.

For the financial year ended 2009-2011, the internal auditors reported, after examining the books and financial statements of the Assembly that, although their accounts were satisfactorily kept they were not promptly recorded.

Consequently, the annual financial statements for the period under review were not submitted within the period stipulated by section 87 of paragraph VII of the financial memoranda.

There were a lot of inaccuracies in the trail balance, which occurred as a result of typographical errors, wrong casting and false accounting. If really the finance officers of the Assembly value the importance of the information they provide, then, they should take time and check thoroughly and confirm the accuracy of the figures in the accounts before they append their signature and circulate them.

4.3.1 The Financial Management Role of the District Finance Officer (DFO)

The management role of the DFO relates to four main areas. First he is an information manager. Here, he provides information that is relevant for the entire management personnel of the Assembly for relevant decision-making.

He sees to it that the accounting system over which he presides is operated in accordance with well-known criteria including cost-effectiveness.

Secondly, he is a financial advisor. By this, he ensures that the accounting system provides timely, adequate, accurate and relevant information, which he uses to give advice to management.

Unfortunately, this role of the DFO is not well performed as the auditor_report on the Assembly by stating, there are a lot of inaccuracies in the trail balance which occurred as a result of:

1. Typographical mistakes
2. Wrong casting
3. Delay in entering transactions in the cash books.

Third, he is a financial controller. He has the responsibility of managing the funds and cash resources under the general direction of the District Chief Executive.

4.5 Mobilization of Fund

Mobilization of funds is a key factor in the local government concept. The district assemblies can generate enough financial resources for the socio-economic development of their respective areas of jurisdiction. The analysis of data and discussion of this aspect is organized in two main categories Internally Generated fund and the Common Fun

4.5.1 Internally Generated Fund

This is the income generated by municipal assembly. The table below shows the budgeted internally generated revenue and the actual revenue generated for the years under review.

Table 4.7.Ga South Municipal Assembly Budgeted and Actual Internally Generated Revenue

YEAR GH¢	BUDGETED GH¢	ACTUAL GH¢	VARIANCE GH¢
2009	1,528,855.00	642,918.86	885,936.14
2010	1,408,910.00	891,271.29	517,638.71
2011	1,537,228.00	1,262,185.83	275,042.17
TOTAL	4,474,993.00	2,796,375.98	1,678,617.02

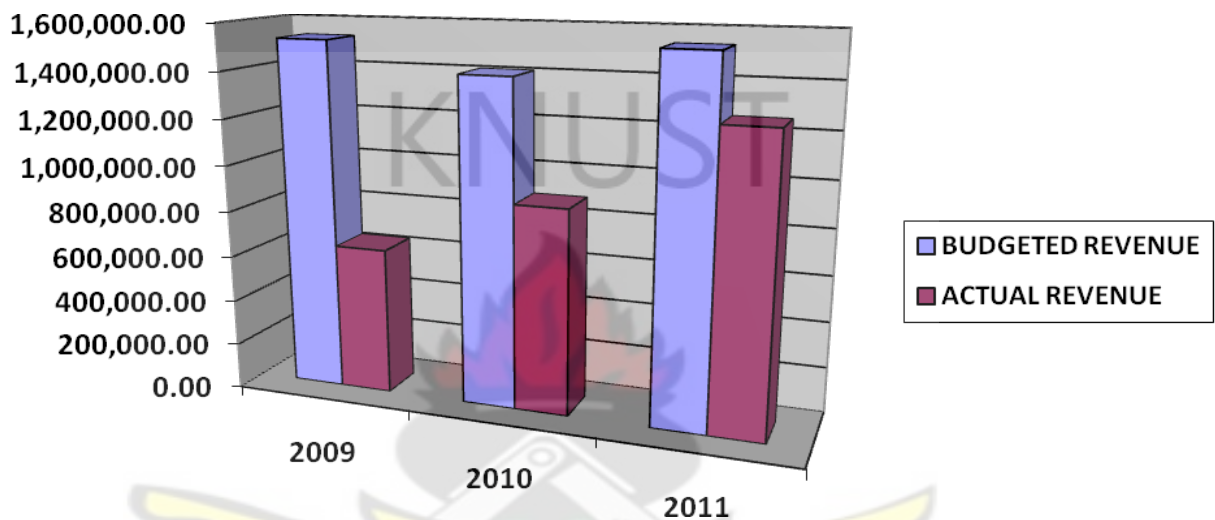
Source Field Survey

From the above, it is clear that the Assembly internally generating capacity is being under-utilized, to support with figures, the total budgeted internally generated revenue is **GHS4,474,993.00**, The difference of **GHS1,678,617.02** is too much, and steps must be taken to deal with it.

Further the relationship of budgeted and actual internally generated funds is depicted on the graph below.

Figure 4.2

Relationship Between the Budgeted And Actual internally Generated Funds(IGF)



Source Researchers Construct

4.5.2 Common Fund

Common fund is the portion of revenue from the government to undertake developmental projects in the Assembly. The table below shows the portion of the Assembly's Common fund, received in the years under review.

Table 4.8 Ga South Municipal Assembly Portion of Common Fund

	COMMON FUND		
YEAR	BUDGETED GHS	ACTUAL RECEIPT GHS	VARIANCE GHS
2009	1,942,600.00	1,495,257.78	447,342.22
2010	2,081,389.00	858,868.04	1,222,520.96
2011	1,983,420.00	1,368,549.63	614,870.37
TOTAL	6,007,409.00	3,717,675.45	2,284,733.55

Source:Field Survey

This fund is supposed to be used to solve the problems in the Ga South Municipal Assembly.

Some of the problems they face include;

1. Poor educational infrastructure.
2. Poor health facilities.
3. Acute housing problem (both residential and office).

4. Inaccessibility.
5. Illiteracy
6. HIV/AIDS

The common fund, which was introduced in 1994, brought a great relief to the district because it has provided resources for addressing some of the above mentioned problems.

- School blocks
- Urban Roads
- Feeder Roads
- Health centers
- Water and Sanitation (bore holes & KVIPS)

Though the Assembly is not doing badly in this respect there is more room for improvement.

4.6 Conclusion

This three Es,(effectiveness, economy and efficiency) which constitute value for money, cannot be ignored in any way if the management of the Assembly can achieve sound financial management with the tax payers money

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In the previous chapters, the data collected for the study were analyzed and discussed. In this chapter summary of findings for the study is presented. The conclusions address the problem statement and the objectives set for this work. These are discussed in relation to the findings of the project and suggestions and recommendations are made to be considered.

5.2 Summary Findings

In many instances the Assembly's actual revenue items were found to be far below what they budgeted for. Sometimes, the gap between the actual and budgeted amounts were so wide that the writers was inclined to believe that the Assembly did not have any reliable data on which they based their estimates.

On the expenditure side, the writer found out that the Assembly did well in some of the years under review to spend within their approved budget. This they were able to achieve because of good budgetary control system they have in place.

On the internal controls, though there are internal control systems in place for the assembly as well as the provisions in the financial administrative act and the financial regulations, the

assembly does not follow these procedures to the latter.

The research also revealed that spending officers are allowed to make expenditure commitment before documents are prepared to cover them. In some cases expenditures are made before documents were made to cover them.

In many instances the research revealed that the common fund allocation for the municipality which is mainly used for development in the municipality fell short of the approved budget. That is the assembly received less than the approved budget for the common fund.

The research findings also revealed that the municipal assembly follows the principal of lodging internally generated funds before spending.

5.3 Conclusion

Fund Management Accountability in particular is very crucial to the accomplishment of the Assembly's stated goals. The Assembly as noticed earlier, enters into innumerable financial transactions, collects and spend large amount of money and are governed by financial laws enforcing their accountability.

The efficient and effective management of their financial affairs calls for a well founded strategic, managerial and operational decisions in order for the management to avoid waste or mismanagement of financial resources. To make such decisions, policy makers and management of the Assembly require relevant, timely, reliable and appropriately reported information to enable them meet their responsibilities for strategy, management and

operations.

The provision of sound financial information within the Assembly will enable well-judged decisions to be made and thereby facilitate the effective management of their financial affairs and the efficient use of their financial resources.

It is in light of this that the Assembly can economically, efficiently and effectively manage the financial resources that comes to them apart from what they get from the District Assembly that the researcher have put forward the recommendations below

5.4 Recommendations

1. The Assembly has to intensify their efforts and take appropriate measures to ensure an improvement in the collection of their existing traditional revenue sources. This can be achieved through intensive campaigns to educate the people on their tax obligations and also to encourage the people to know and appreciate what their taxes do for them in the form of development and services.
2. Property rates have to be seriously reviewed. The Assembly should urgently get the Land Valuation Board to revalue all properties in the Municipality with the view of raising the rate imposed on them to change property rates. The current rate is GHS 300, an annual rate of GHS500 is recommended.
3. The Assembly should improve their mechanism for establishing estimates that can be achieved in each budget year. In establishing such estimates they should be guided by

what is realistically attainable within each financial year which in turn should be based on relevant economic and financial data.

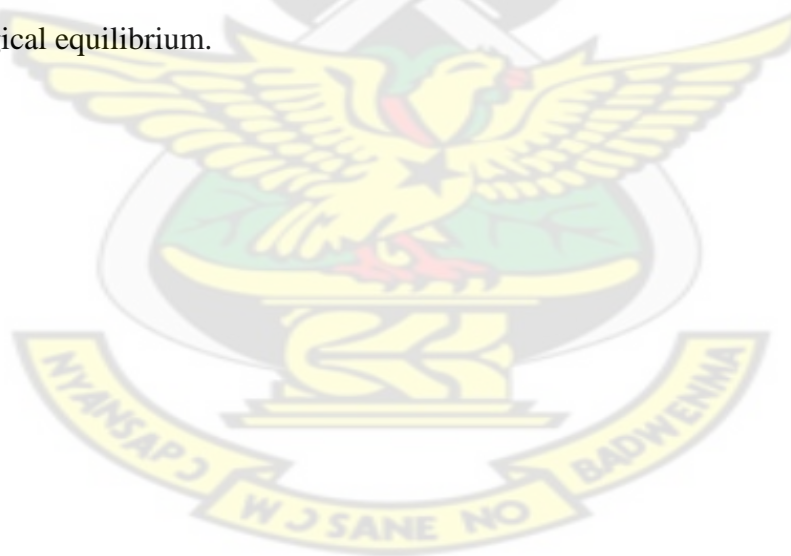
4. Management should undertake an immediate review of their identified areas of financial resources, strengthen their revenue collection machinery with the view to removing all avenues for future fraud and irregularities and then intensify their revenue collection activities.
5. A comprehensive staff evaluation should be undertaken by management to add more hands to the work of the finance offices of the Assembly. The staffs needs to be developed through regular training to acquire new and additional skills to discover new strategies for improving on their performance. Fifty (50) additional staff help in the revenue collection is highly recommended since the municipality is very big.
6. Management should ensure that laid down procedures are followed to the latter and that in their locative functions, they should consider first, communal priority needs.
7. Management also has to ensure that financial statements and report are presented in good order and on time for good and timely managerial decision making.
8. The Assembly should explore areas where legitimate taxes can be imposed and put in place effective means of tax collection. Tax evasion undercut the revenue base of the Assembly. To ensure effective tax collection system calls for the education of

taxpayers; and the vigilance, activeness, commitment and integrity of the operators of the tax collection machinery.

9. Substantial part of revenue generated should go into development. Though trends has been that recurrent budgets fall far below development budgets. With the numerous projects like schools and road network within the municipality not in good shape more recourse could be put in development project.

10. The Assembly could also explore areas of revenue generation other than taxes.

Woodlot project, for instance can be embarked upon. Apart from substantial revenue they offer, they ensure the preservation of the environment, and maintenance of the ecological equilibrium.



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APPENDIX

QUESTIONNAIRE

You will be contributing greatly to this research in your respond to the items provided. This questionnaire is aimed at finding out how financial resources are managed in the District Assemblies. This is purely an academic exercise and information provided will be treated as confidential.

Please provide the appropriate response(s) and tick [✓] the appropriate boxes which are applicable and fill the blank spaces.

A. PERSONAL DETAILS

Name:.....

Educational Background.....

Sex.....

Qualification:.....

Relation to the Assembly:

- (a) Civil Service []
- (b) Assembly person []

If (a) Indicate your status.....

If (b) Indicate your profession.....

(B) FINANCIAL RESOURCES AND MANAGEMETN

(1) How do you consider the actual and potential financial resources of the Assembly vis-avis its responsibilities?

- (a) Very adequate []
- (b) Highly adequate []
- (c) Normal []
- (d) Inadequate []
- (e) Very Inadequate []

Give reasons for your position.....

.....

.....

(2) How do you consider the financial management operations of this assembly?

- (a) Highly efficient []
- (b) Efficient []

(c) Ineffective ☐

Give reasons to support your position.....

.....

(3) Does the assembly have in place internal controls and disbursement procedures for the utilization of funds?

(a) Yes ☐

(b) No ☐

(c) Don't know ☐

(4) If yes, are these procedures followed to the latter?.....

If No, why not?

.....

(5) What in your opinion are responsible for financial problems in your locality?.....

.....

(6) How do you consider the effectiveness of your Assembly of the following methods of handling local financial problems?

Scale:

1. Highly Effective

2. Effective

3. Normal

4. Less effective

5. Ineffective

(a) Requesting for more grant

1 2 3 4 5

(b) Demanding more lucrative tax base from the government

1 2 3 4 5

(c) Increasing tax rates

1 2 3 4 5

(d) Asking the government to take on more local responsibilities

1 2 3 4 5

(e) Raising loan

1 2 3 4 5

(f) Improvising financial / resources management

1 2 3 4 5

REVENUE COLLECTION

(7) Is the assembly able to generate revenue to their budgeted revenue?

(a) Yes []

(b) No []

(8) What in your own opinion are the reasons for actual revenues falling short of their estimated amounts?.....

.....

.....

(9) Although paid once a year, basic (head) rate of or poll tax is one of the problematic local tax in terms of collection. Has the assembly adopted any strategy to improve the collection of basic rates?

(a) Yes []

(b) No []

Give reasons for your position.....

.....

.....

(10) In your opinion, how can the Assembly improve the collection of market tolls, licenses and property rate?.....

.....

.....

(11) When was the last time that properties in the Municipality were revalued?

.....
.....
.....
....

(12) Do you agree to the following statement that the values of properties rate also determine how much the Assembly can realize through property rates?

- (a) Yes []
- (b) No []

Give reasons for your position.....

.....
.....

(13) Do you involve ratepayers in fixing rates?

- (a) Yes []
- (b) No []

Give reasons for your position.....

.....
.....

(14) Apart from the District Assemblies Common fund which the government of the progressive allowance established in 1993 under Act. 455, what other forms of funds does

the Assembly receive from the government?

.....

.....

(15) Does the Assembly received their share of the common fund on time?

(a) Yes []

(b) No []

If No, why

Not?.....

.....

.....

RECORDS AND AUDITING

(16) What kind of financial statements and reports does the Assembly produce at the end of each financial

year?.....

.....

(17) Are these statements and reports audited every year as is enshrined in Act 462?

(a) Yes []

(b) No []

If No, why Not?

(18) Has there been any reported cases of embezzlements and misappropriation of funds?

(a) Yes []

(b) No []

(19) If yes, what was the management attitude towards the issue?

.....

.....

(21) What are the various factors that are taken into accounts before the Assembly comes out with their budget for each financial year?.....

.....

.....

.....

(22) On what basis/ criteria does the Assembly allocate funds among competing Budgetary items?

OTHERS

(23) What are the major factors that militate against the smooth operation of the Assembly

.....
.....

... (24) What suggestions do you offer for the alleviation of these problems?

.....
....

KNUST

.....
....
.....
.....

