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GHANA

Improving Revenue Mobilisation in the District Assemblies in Ghana: The Role of Ghana  
Audit Service

KNUST

By

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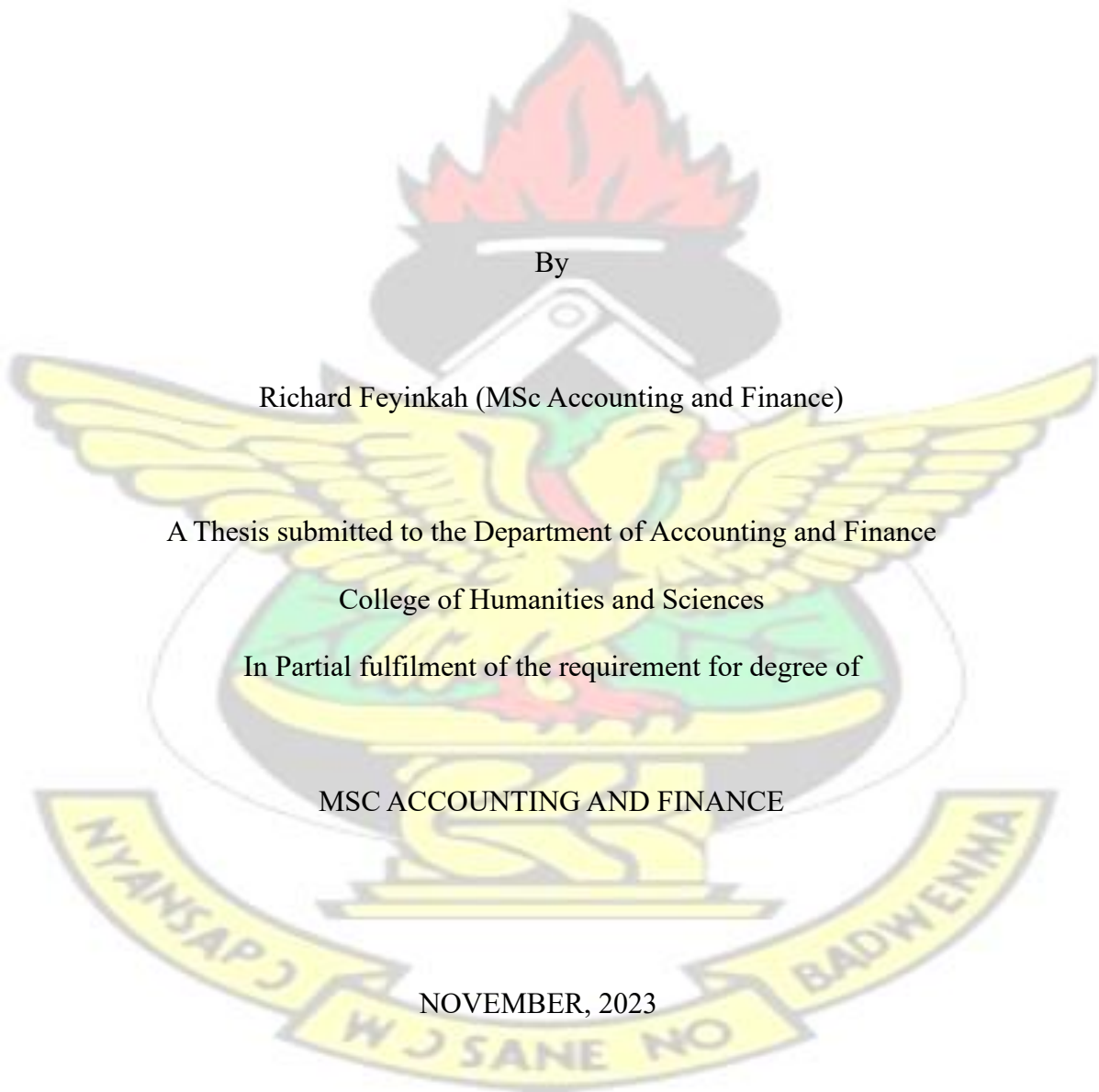
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MSC ACCOUNTING AND FINANCE

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**DECLARATION**

I declare that this dissertation is my own original work and no part of it has been presented for the award of any other degree of this university except where due acknowledgement has been made in the text.

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**DEDICATION**

To my late father,

John Danful Fanyinkah

# KNUST



## ACKNOWLEDGEMENT

My appreciation goes to Dr. Kwame Mireku, my supervisor who guided me throughout this dissertation. Again, I acknowledge the staff of Ghana Audit Service for their support.

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## **ABSTRACT**

The main purpose of this study is to examine how to improve revenue mobilisation in district assemblies in Ghana. The research was quantitative, and it used an explanatory approach. The study population comprised staff of district assemblies and the Ghana Audit Service. Data from 79 participants were collected using a convenience sample method. SPSS v26 was used for the analysis of the study's objectives. Descriptive statistics were used to provide a summary of the data. The findings showed that there is a moderate to high rating for the performance of traditional revenue sources for district assemblies in Ghana. From the findings also, the first and most important role of Ghana's audit service in the mobilisation of internally generated funds for the district assemblies is that it gives accurate reporting on IGF profits and expenditures, increasing openness in revenue collection and expenditure. The findings also indicated that the implementation of measures such as charging businesses for erecting advertisement screens and walls, imposing fees for towing broken vehicles, and issuing municipal or district assemblies bonds are crucial in enhancing revenue mobilisation for the district assembly are the factors play a significant role in improving the assembly's revenue mobilisation. Given the significance of accurate reporting on internally generated funds (IGF) earnings and expenditures, it is critical to improve revenue collection monitoring and reporting processes at the district assembly level.



## CHAPTER ONE

### INTRODUCTION

#### 1.0 BACKGROUND OF THE STUDY

Decentralised governance systems such as District Assemblies are used by countries to bridge the gap between the central government and the citizens. Essentially, decentralised institutions are mandated to team up with the central government to carry out its political, socioeconomic, administrative, and developmental works that will inure to the benefit of the citizens (Scott, 2018). Establishing such institutions at the local level ensures that the pertinent issues facing the citizens are solved quickly. One of the aims of decentralised institutions is to achieve good governance and accountability (Dzigbede, 2020). To send development to the fore of citizens, the central government has consistently been devolving many of its responsibilities onto subnational bodies. This hitherto proliferation in tasks of subnational institutions (District Assemblies) put more burden on their expenditure obligations (Yeboah and Andrew, 2020).

In essence, improving upon the revenue generation channels and devising acceptable revenue mobilization strategies will be the panacea to meeting the financial obligations of the institutions. Therefore, aside from the mandate of championing government development projects at the local level, decentralised institutions are also required to mobilize revenue to complement the operations of the central government, and to oversee their day-to-day operations (Brown, 2019; Adu-Gyamfi, 2014).

The Institute of Fiscal Studies (2017) describes this passing down of expenditure and revenue mobilization and generation responsibilities from the central government onto regional or local government institutions as fiscal decentralization. This practice in Ghana is adequately backed by the 1992 constitution, as it mandates local government institutions, especially the District Assemblies to mobilize and spend their own revenue for development (IFS, 2017). In a study,

Baumann (2000) notes that the nature of the responsibilities assigned to decentralised institutions accentuates the need for them to generate their own revenue. Therefore, sustainable revenue sources for District Assemblies are a precursor to achieving a successful fiscal decentralization process (Scott, 2018). Therefore, fiscal decentralization is positioned to empower the use of local expertise to generate revenue that will help to improve the service delivery of the District Assemblies (Yeboah and Andrew, 2020).

Generally, District Assemblies have three main streams of revenue: internally generated funds, central government transfers, and donor support (Adu-Gyemfi, 2014; Opoku, Kyeremeh and Odoom, 2014). The transfers from the central government include salaries paid by the central government, the District Assemblies Common Fund (DACF), the school feeding program, etc. (Adu-Gyemfi, 2014; Opoku et al., 2014). This source of revenue is not always enough to carry out the institutions' obligations. The Ministry of Finance 2014 purged the DACF to a fixed rate of 7.5% of revenue accrued to the country (IFS, 2017). This fixed allocation rate means that Assemblies have limited access to government support, especially when the expenditure from their jurisdictions is more than the 7.5% allocation. Thus, it has become necessary to seek different means to generate revenue for the efficient administration of the duties of the institutions (Adu-Gyamfi, 2014). On the contrary, Puopiel and Chimsi (2015) indicated that the literature available shows that 60% of District Assemblies' revenue is government transfers. That is why Martinez (2015) averred that the revenue sources for local government (district assemblies) in developing countries are mostly obtained from external sources and natural resources.

The IGF on the other hand is largely determined by how innovative and strategic the District Assemblies are able to use existing revenue mobilization and generation mechanisms to their own benefit (Brown, Ofosuhene and Akenten, 2018). The internally generated funds are made up of taxes on goods and services, property rates, licenses, royalties, fees, fines, forfeits and

penalties, etc. (IFS, 2017; Yeboah and Andrew, 2020). These constitute the revenue mobilization strategies; whereas the returns accrued from the investments of the Assemblies represent the revenue generation mechanisms. These two mechanisms are the only revenue sources that MMDAs have full control of and can utilize them well to rake in the necessary revenue. In that case, the effective performance of MMDAs will be thwarted if there exist no well-functioning strategies and bodies that can ensure the optimum mobilization and generation of revenue through the IGF (Olowu and Wunsch, 2003).

Historically, both the central government and local assemblies have been faced with shortages in revenue generation (Adu-Gyamfi, 2014; Puopiel, and Chimsi, 2015). This has constrained their spending abilities, thus affecting the number of development projects they undertake. The shortage in revenue mobilization is associated with several factors; lack of trained revenue collectors, inadequate logistics, corruption, lack of employee motivation, and hard-to-reach taxpayers (IFS, 2014; Adu-Gyamfi, 2014; Zallé, 2020). It is worth noting that the identified three sources of revenue mobilization will not meet their goal if the financial and corporate governance in district assemblies are poor. When authorities that manage these institutions (managers, auditors, accountants, procurement, etc.) are shoddy, then the resources generated will be misused. These authorities, especially internal auditors are so important because they oversee the judicious utilization of the generated funds (Kudo 2017). Therefore, district assembly auditors should get the needed logistics and personnel; because not only will a well-resourced auditor ensure accountability in the accrued revenue, but they will also reduce fund embezzlement in the local government sector (Dzigbede, 2020).

Despite the commendable roles of internal auditors in managing funds in the district assemblies, the 2021 Auditor General's report still found a loss of Ghc66 million to irregularities and infractions at the Metropolitan, Municipal, and District Assemblies (MMDA) in Ghana. (Auditor General's Report, 2021). Indicatively, the staff of these assemblies is inefficient in

singlehandedly curb revenue loss at the local government level. Corruption has covertly bridled the professional conduct of internal auditors. Therefore, external audit support from the Ghana Audit Service is necessary to unravel this situation. This Service, according to the Audit Service Act 2000 (Act 584) is mandated to increase audit coverage of all the MMDAs, review audited reports from the district auditors, validate the reports, train its staff on professional and internationally accepted audit practices, and implement the recommendations on surcharges and disallowance of assemblies that are found guilty of financial infractions (Audit Service of Ghana, 2019). Therefore, to propel revenue mobilization, generation, and efficient management of the resources, there is a need to deal with these obstacles to the sources of IGF and management challenges by resourcing external auditors to serve as watchdogs over the different revenue streams used by the district assemblies.

### **1.1 PROBLEM STATEMENT**

In a decentralized political system like Ghana, district assemblies are also tasked with the function of generating revenue for the central state through taxes and also providing basic service delivery at the local level. As such, research on revenue mobilization has been very much focused on the IGF, specifically taxation. Studies such as (Mawejje,2019; Kamasa et al, 2022;) highlighted taxation reforms and tax revenue mobilization in the district assemblies. Likewise, there are extant studies on how revenue mobilization impacts the delivery of public services (Scott, 2016; Behara, Mohanty & Dash, 2020). As much as research has highlighted the mobilization of revenue on service delivery and the role of tax reforms in enhancing the mobilization of resources, there has been little focus on what other factors account for a sustained relationship between revenue mobilization and service delivery.

The role of auditors in district assemblies on financial management cannot be oversimplified. However, the role of internal auditors as spelt out by the Internal Audit Agency Act, 2003 (Act

658) (2020) is bridled with corruption and deliberate creation of irregularities as opined by the Auditor General's report, 2021. Therefore, the need for a watchdog over the conduct of internal auditors, and the overall financial management has heightened. Also, with the dearth of knowledge in reviewed literature on the role of external auditors in improving local revenue generation and mobilization in the country, this study is positioned to fill the gap in the research by focusing on how external auditing (Ghana Audit Service) can play a key role in providing oversight over statutory bodies in the country and improve the mobilization of revenue and delivery of services at district assemblies in the country.

## **1.2 OBJECTIVES OF THE STUDY**

The main purpose of this study is to examine how to improve revenue mobilisation in district assemblies in Ghana: The role of the Ghana Audit Service. The specific objectives of the study are as follows:

1. To assess the performance of the traditional revenue sources of district assemblies in Ghana
2. To examine the role of the Ghana audit service in the mobilisation of internally generated funds for District Assemblies in Ghana.
3. To identify other sources and measures that can improve internal revenue mobilisation for the district assemblies in Ghana.

## **1.3 RESEARCH QUESTIONS**

Based on the specific objectives, the study seeks to answer the following research questions:

1. What is the performance of the traditional internal revenue sources of the district assemblies in Ghana?
2. What is the role of the Ghana audit service in the mobilisation of internally generated funds for the district assemblies in Ghana?

3. What other sources or measures can improve the internal revenue mobilisation of the district assemblies in Ghana?

#### **1.4 SIGNIFICANCE OF THE STUDY**

The significance of this study is presented in two constructs: research significance and policy significance. With the research significance, this study is positioned to contribute to the extant literature on the strategies that can be adopted to improve revenue mobilisation at the district level. It also serves as one of the foremost studies to examine the moderation role of the external auditors on the District Assemblies' revenue mobilisation and service delivery. Therefore, this study serves as a stepping stone for future research on similar topics; because most of the extant literature on revenue mobilisation is on internal auditors.

Regarding the policy significance, the conduct of this study has come at a time when both the central government and subnational bodies are smarting from revenue shortfalls. Thus, the current study is poised to unveil the different strategies that can be adapted to beef up revenue mobilisation at the district level. Also, corruption is reeling across the length and breadth of public sector institutions in the country; therefore, the role of external auditors has become necessary to not curb the canker, but also improve revenue and service delivery at the district assemblies in the country.

#### **1.5 SCOPE OF THE STUDY**

The scope of a study entails the confines within which the study was conducted. The current study is aimed at unveiling the ways to improve revenue generation in district assemblies in Ghana, with emphasis on the role of the audit unit in revenue mobilisation. Specifically, those in the Greater Accra region. The study is limited to three district assemblies. The participants of the study are the staff from these District Assemblies, most especially the District Chief Executives, internal auditors, revenue mobilisation officers, finance officers, planning

officers, etc.

## **1.6 BRIEF METHODOLOGY**

To achieve the study objectives, a quantitative method was adopted. This method enabled the researcher to unearth the roles played by the Ghana audit service in revenue mobilisation for the assemblies. The study was carried out in three district assemblies in the Greater Accra region. The key staff members were selected from each assembly. Data was gathered using a questionnaire. Data gathered were analysed using SPSS. Frequencies, percentages, means, standard deviation and relative importance index were employed for the analysis.

## **1.7 ORGANISATION OF THE STUDY**

The study contains five chapters. In the first chapter, the study provided background information, including the problem statement, main objectives, and specific objectives. The second part of the study reviewed extant relevant literature on the topic. The third chapter is made up of the methodology of the study. Specifically, this chapter particular, provided a detailed research design, the data source and type, the sample size and sampling method, the data collection instruments, and the data analysis. In addition, the presentation and interpretation of the study's findings will be included in the fourth chapter. The last chapter presents the summary, conclusion, and recommendations.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.0 INTRODUCTION

This chapter of the study investigates the literature on revenue mobilisation in Ghanaian district assemblies: the role of the Ghana Audit Service. The chapter begins with conceptual reviews of various revenue mobilisation ideas, then moves on to the theory behind the study, then numerous empirical works of literature, and concludes with a conceptual framework.

#### 2.1 CONCEPTUAL REVIEW

##### 2.1.1 Decentralisation

The concept of political decentralisation refers to the delegation of power to subordinate levels of government. These subordinate levels of government are selected by the voters in their respective areas and enjoy some degree of autonomy (Scott,2011). Political decentralisation aims to bring about more participative forms of government by granting individuals or their representatives a greater say in the creation and execution of developmental policies and programs. This can be accomplished by giving citizens more power to elect their representatives to political bodies (WHO, 2017). Devolution serves as the organisational framework for political decentralisation. A local government that possesses a considerable amount of local autonomy is said to have "devolved" a large amount of responsibility, decision-making, resource, and income generation authority when devolution occurs.

According to Ahwoi (2010), decentralisation is a method of public administration reform that entails the delegation of responsibilities, authorities, expertise, and resources from central to subnational levels of government. In a similar vein, decentralisation refers to the delegation of authority for planning, management, raising, and allocating resources from the central government to lower levels of government (Scott and Rao, 2011). In contrast, decentralisation



was defined by Hongslo, Hovik, Zachrisson, and Aasen Lundberg (2016) as any action in which a central authority explicitly surrenders powers to institutions and individuals at lower levels in a political-administrative and geographical hierarchy. Therefore, decentralisation is how the government is brought closer to the governed, and it aids in the improvement of public administration by allowing local authorities to act as the planning and decision-making bodies, thereby increasing the government's ability to achieve local participation. Decentralisation, as defined by Darimani, Abdulai, and Agyarko (2019), is the practice of giving the power to plan, make decisions, and administer public operations away from the central government and to more localised entities. Decentralisation may be described as the act of transferring the governance process to the local people so that they can manage, direct, and control their development with the support of the central government and the decentralised bodies. Administrative, political, and fiscal decentralisation are the three distinct forms that decentralisation may take (Scott , 2011).

The term "administrative decentralisation" refers to the process through which power, funds, and duties are redistributed from the centre of government to regional and local branches (Scott, 2011). The rights of appointment, promotion, compensation, deployment, and retirement are all being transferred to receiving local authorities as part of the administrative decentralisation process. This process also entails the transfer of officials to the service of the receiving local authorities. Vertical cooperation with the various layers of administration and horizontal coordination with the line departments are both required by administrative decentralisation (Chakrabarti, Chattopadhyay, and Nath, 2011). The transfer of authority for the management of public funds and the provision of governmental services from the national to the subnational level is what is meant by the term "fiscal decentralisation" (Ewetan, 2012).

Fiscal decentralisation is covered in the next subsection because it is the study's pivot.

### **2.1.1.1 Fiscal Decentralisation**

The term "fiscal decentralisation" refers to the process through which financial responsibilities are transferred to regional and local governments (Dick-Sagoe, 2012a). There are two aspects to fiscal decentralisation: the first is the distribution of spending responsibilities and revenue sources among different levels of government (Dick-Sagoe, 2012a); the second is the degree to which local governments are given discretion over how they should allocate their resources in terms of both expenditures and revenues (Hasanli, 2017). According to Moses Antony Rajendran (2013), fiscal decentralisation refers to the practice of giving local governments the authority to collect, distribute, and administer the financial resources that correspond to locally specified agencies. In addition, according to the findings of several scholars, fiscal decentralisation functions as a financial tool that reinforces all types of decentralisation by shifting the authority to collect taxes and other forms of income to the level of local government from the central government (Scott and Rao, 2011).

The capacity to raise money both abroad and at home is a key component of fiscal decentralisation, which is why it has become such a hot topic in the decentralisation debate in many developing nations. It has been argued that local governments would not be able to accomplish their preferred developmental goals without fiscal decentralisation, which is essential for the efficiency of decentralised institutions. This means that decentralised institutions would be unable to carry out initiatives necessary to fulfil their mandates in the absence of budgetary decentralisation (Dick-Sagoe, 2013). The most popular theoretical justification for decentralisation is to improve the efficiency of allocation among competing local desires for public services and goods (Gemmell, Kneller and Sanz, 2013). The capacity of the decentralised units to exercise fiscal responsibility is essential to the achievement of the aforementioned efficiency. This means that for decentralised units to fulfil their role, they require the ability to make spending decisions and access sufficient funds earned locally or

transferred from other sources or the central government. The term "fiscal decentralisation" is commonly used to describe the practice of dividing up government funding and duties across different tiers of government.

### **2.1.2 Revenue Mobilisation**

The process of revenue mobilisation includes money raising. With the district assembly, revenue mobilisation refers to the process of increasing the assets of public finances in a way that does not raise the amount of obligation or the amount recovered from expenses. These funds come from things like licence fees, taxes, penalties, and costs associated with lands and royalties, as well as permit rates. Another source of this revenue is the selling of goods and the provision of services to consumers or residents of the country. According to ChilengaButao (2020), MMDAs have the potential to function effectively in situations where there is a system or an efficient capacity for revenue mobilisation, which generates outcomes. Investing in something and seeing a return is what we call revenue generation while selling a product or delivering a service to a paying consumer is what we call revenue mobilisation. According to Adu-Gyamfi (2014), there are two components to effective internal revenue mobilisation: policy creation and administrative policy.

Administration policy entails carrying out the decisions made in advance by policy formulation, whereas legislative policy entails ensuring that legislation is enacted in tandem with policy formulation. Along with the passage of the local government system act came the beginning of revenue mobilisation. Revenue-generating services are also provided by subnational and municipal governments. Revenue refers to the money collected by any level of government (national, state, or municipal) to fund its operations (Edogbanya and Ja'afaru, 2013). Revenue is defined here as the sum of money collected by district assemblies (i.e. local governments) from taxpayers in their respective regions of authority. According to the context of this research, "revenue mobilisation" means the work done by district assemblies to raise money locally.

### **2.1.3 District Assembly Financial Resources**

There are primarily three types of funding available to District Assemblies in Ghana: Intergovernmental Fiscal Transfers, IGF and Other Financial Arrangements. The following provides an in-depth explanation of these sources:

#### **2.1.3.1 Internal Generated Funds (IGF)**

The phrase "internally generated funds" (IGF) refers to the revenue sources collected exclusively by a state or local government (Ayensu, 2013). Similarly, the internally generated Fund (IGF) is comprised of all funds collected by Metropolitan, Municipal, and District Assemblies (MMDAs) (Fynn, 2014). According to Ahwoi (2010), IGF is revenue that the legislation allows the assembly to collect within their respective jurisdictional borders. In addition, IGF refers to the revenue that District Assemblies generates internally. According to Act 936 , The Local Governance Act of 2016, this consists of normal, special, and property taxes, as well as fees, licenses, trade services, speciality funds, such as land royalties or stool, mineral development funds, forestry royalties, and investment income (Ayensu, 2013). IGF represents income generated by local governments within their area of jurisdiction.

#### **2.1.3.2 Inter-Governmental Fiscal Transfer**

Research shows that in Ghana, local government expenditures are not covered by income collected locally. Therefore, fiscal transfers between different governments are required to bridge this budgetary gap that has been created. It has been noticed that there are significant discrepancies, on account of differences in the capability for generating revenues, in the amounts of money that District Assemblies bring in from their various sources of income. As a result, exchanges between governments can be leveraged to accomplish national redistribution goals to balance the differences in financial limits across sub-national governments. Also, monetary transactions between governments might be used to promote domestic consumption of goods and services that have a positive impact on their surrounding environment and

community. It is advocated that such trades take place in Ghana to assist efforts to alleviate poverty and specific activities in the region (Within, 2022). There are many different types of monetary exchange systems in use throughout the world, and each one is appropriate for a certain set of conditions. Legislative laws in Ghana make it possible to identify three primary channels through which the government conducts monetary transactions (Within, 2022). These three categories are known as the Common Fund, Recurrent Expense Transfers, and Ceded Revenues of the District Assemblies.

#### **2.1.3.2.1 District Assemblies Common Fund**

Article 252 of the 1992 Constitution of the Republic of Ghana establishes the District Assembly Common Fund (DACF). The DACF was formed by Act 455, a Congressional Act, and concerns the allocation of at least 5% of the "whole national revenue" to MMDAs. This clause was incorporated into the DACF. The Administrator of the DACF is responsible for managing the trust and allocating its monies among all MMDAs in accordance with a parliamentary-approved formula. This money is dispersed on a quarterly basis. The DACF wants to encourage local consumption of specific products and services, such as those resulting from measures to alleviate poverty.

#### **2.1.3.2.2 Recurrent Expenditure Transfers**

Since 1995, the Government of Ghana has assumed responsibility for duties relating to the pay and pensions of district workers, provided that such employees were counted as meeting the authorised maximums for the Assemblies' manpower levels. The expenditures associated with the Assemblies' day-to-day operations and authoritative duties, as well as any others, are entirely funded by the Ghanaian government.

### **2.1.3.2.3 Revenues Ceded to Others**

The term "ceded revenues" refers to any revenue streams that historically fell within the authority of the Central Government but have now been transferred to the jurisdiction of the District Assemblies. These include rates and duties on crops other than cocoa, coffee, and cotton as well as paying taxes on the enrolment of exchange, enterprises, and professions. In addition, stimulation requirements and clubhouse income are included in this category.

### **2.1.3.3 Other Financial Resources**

Internally Generated Revenues and Inter-Governmental Financial Exchanges are the two revenue streams available to District Assemblies. Other financial structures might support districts' capital usage, but these sources of revenue are important. Inter-governmental value considerations argue that capital projects should not be subsidised by local taxes due to the extended growth of earnings from such investments, which accumulates at a later period. Capital expenditures made today will improve the well-being of future generations; as a result, those generations should be responsible for covering the costs of these services under the principle of value considerations.

The problems with raising adequate sums through personal resources and monetary transactions also necessitate raising capital elsewhere (Jonah and May 2019). District Assemblies may arrange for their funding through statutory measures, partnerships with other groups, or self-management of their operations. A potential economic strategy for districts' capital investment demands in Ghana has been identified, and it consists of four essential systems: Grants from donors and national governments, non-monetary agreements, and investment fund earnings including community service, self-help initiatives, and monetary donations from businesses and people.

#### **2.1.4 Role of Internal Audit in the MMDAs**

Internal auditing is becoming increasingly important in MMDAs, especially as regards service provision and resource mobilisation. Internal Audit Agency (IA) serves a number of crucial responsibilities in the execution of MMDA's basic tasks in Ghana, all of which are in line with the "three pillars" functions of risk management, controls, and good governance. This encompasses the collection and application of available resources. The following responsibilities have been assigned to the MMDAs' internal audit units under the Local Governance Act, 2016 (Act 936), the Public Financial Management Act, 2016 (Act 921), and the Internal Audit Agency Act, 2003 (Act 658). According to Onumah and Krah (2012), it is no longer optional to implement IA in government agencies if we care about ensuring effective service delivery and good governance. For development projects to be carried out, Ghana's Metropolitan, Municipal, and District Assemblies (MMDAs) must earn sufficient Internal Generated Funds (IGFs) as partners to the central government. Internally produced funds are utilised to supplement the District Assemblies Common Fund (DACF), a legal mechanism for financing public infrastructure projects and citizen services. Internal revenue mobilisation is important since MMDAs are responsible for providing municipal and other services and maintaining law and order, all of which need substantial financial resources.

#### **2.1.5 Internal Audit Structure in the Public Revenue Mobilisation**

The internal audit function within the public sector must be structured and positioned effectively inside the institution since, according to the literature; internal audit requires independence and objectivity to function successfully. The variety of internal audit organisational systems and methods of service delivery can be attributed, in part, to the enormous scale and complexity of the public sector. Again, the research shows that there are three main concepts at play in the internal audit configuration in the public sector:

"internality" (Cassani and Tomini, 2020), "ownership" (Ziniyel, Otoo and Andzie, 2018), and "organisational profile or standing" (Menza, Aga and Jerene, 2019). The internality of the internal audit process guarantees that the internal auditor is not viewed as a spy by the controlling organisation but rather as a member of the management team.

As management is largely in charge of creating strict internal control within the firm, management should claim internal audit as its own creation for management's benefit. Management is not likely to back the internal auditing effort if they do not feel ownership over it. According to the principle of an organisational profile of status, the internal audit function of an entity should be given a sufficiently high status within the organisational structure to facilitate better communication with senior management and to ensure the independence of internal audit from the auditees. One can classify the public sector's internal audit structure as either a centralised or decentralised approach, although a hybrid form is also possible. According to Mokono and Nasieku (2018), the Ministry of Finance plays a crucial role in the centralised model, not only in budgeting and assigning funds to line ministries, but also in directly intervening in ex-ante control, deploying its own employees in the line ministries. When power is distributed more evenly, each line ministry is accountable for its own budget and the implementation of necessary controls.

### **2.1.6 Service Delivery**

As part of the devolution process, the engagement of local governments and people has been championed as a potent method of strengthening the service delivery system in many developing nations. This is because many of these countries are still at a relatively early stage of economic development. In general, proponents of decentralisation think that it puts decision-makers closer to the people, hence increasing the responsiveness of local governments to provide needs that the central government may be unable to provide. (Hooda, 2016). Through devolution, layers of bureaucracy are eliminated, local information is included in decision-



making processes and planning, and local community members and government officials are involved in these activities. This ultimately leads to more efficient service delivery. In addition, the provision of services is an important part of the relationship that exists between the government and the people it serves (Abe and Monisola, 2014). The level of service that a government provides to its citizens is used as a measure of that government's effectiveness (Monisola, 2014).

Service delivery to the populace is the ideal benchmark to use when evaluating the effectiveness of the government in terms of good governance. According to Abe and Monisola (2014), citizens have the right to expect their government to provide them with improved services. Low inflation, improved education, the provision of improved health care at low cost, the provision of clean water, and the provision of good roads and good road networks to rural regions for the movement of agricultural goods and raw materials were provided as the metrics for evaluating service delivery to the people. As a result, a great number of governments all over the world have turned to decentralised governance to improve service delivery (Alibegović and Slijepčević, 2018). There is a widespread school of thought among academics all over the world that maintains the provision of services is an indication of how healthy a society is, which in turn enhances the social interaction between the state and its residents. The supply of public services is not only an essential factor in determining the quality of life, but also an essential component of any plan to fight poverty (Nayak and Samanta, 2014; Akinboade, Mkwena, and Kinfaak, 2013).

### **2.1.7 Challenges of Revenue Mobilisation in Ghana**

A significant amount of authority has been transferred to the Metropolitan, Municipal, and District Assemblies as a result of the decentralisation process. They are responsible for overseeing the overall growth of their service region. The Assemblies, as part of the devolution of power from the Central Government to the Assemblies, are required by the

1992 Constitution to create their revenue, known as domestically generated money, to finance their development agenda. Although the Assemblies' ability to generate revenue has increased over time, it has fallen short of its goal for the following reasons:

First, the reluctance of people to pay basic rates is a significant obstacle for several District Assemblies. The District Assemblies produce a significant amount of their own money through the collection of basic rates; as a result, the District Assemblies' efforts to guarantee the sustainable development of the districts are severely hampered when basic rates are not paid. The poorest portions of the urban population have responded negatively to the imposition of user fees by demonstrating broad reluctance to pay the costs.

Second, indifference on the part of revenue collectors: This tendency has grown widespread in Ghana's District Assemblies. It has been brought to the attention of the Assemblies that those responsible for collecting income do not provide proper accounting of the funds collected. Additionally, there are revenue collectors that conspire and condone taxpayers who do not pay the appropriate amount of tax. This issue has arisen as a direct result of the unqualified character of those responsible for collecting taxes. These operations of the revenue collectors in Ghana have a negative impact on the growth of the District Assemblies. This has an impact on the capabilities and responsibilities of the District Assemblies.

In addition to this, a lack of enforcement on the payment of property rates: The Local Government Act, 1993, Act 462 defines property charges as one of the several methods that can be utilised by the District Assemblies to produce money on an internal level. It is also deplorable to see that several District Assemblies in Ghana do not take advantage of this opportunity to increase their earnings. Additionally, property owners avoid paying their rates since the collection of property rates is carried out using archaic procedures. Because of this, the administration of property rates is now exceedingly expensive (Akeyo, 2017).

In addition to this, poor tracking of economic activities: The District Assemblies in Ghana face difficulty in the form of the failure of certain people and small-scale firms involved in economic activities to pay tax. Moreover, inadequate monitoring of economic activities. Some lack the mechanism necessary to guarantee an acceptable level of supervision of economic activity within their sphere of control. As a direct consequence of this, the businesses in question now pay an amount of money that is lower than what was anticipated (Ankamah and Yao, 2013)

Finally, inadequate record-keeping is impeding smooth progress. In Ghana, the various District Assemblies lack sufficient data on all of the economic activity that may be found inside their respective districts. For instance, they do not count or gather information on the number of hairdressers, barbers, tailors, vendors, or lottery kiosks among other businesses that are active inside the district. Any effort to enhance the amount of money generated internally will be hampered as a result of this. When properly managed, these sources of money have the potential to supply local governments with large and dependable cash (Abdulai, Tundyiridam and Alhassan, 2016).

## **2.2 THEORETICAL REVIEW**

### **2.2.1 Theory of Reasoned Action (TRA)**

Humans, according to proponents of the theory of reasoned action (TRA), are logical and methodical in their decision-making, and they do it by methodically analysing all relevant data. (Ajzen and Fishbein, 1980). The theory confirms that "a person's intention to perform (or to not perform) a behaviour is the immediate determinant of the action" (Ajzen and Fishbein 1980). Behaviour, behavioural intention, attitude, subjective standards, and beliefs/evaluations are central to the theory. According to the notion, these ideas are distinct from but related to one another (Silva et al., 1998). An individual's subjective norms, which are the result of social influence, and one's attitude toward behaviour are the two most influential determinants of one's actual behaviour (Silva et al., 1998; Hosseini, ZGharlipour, Mansoori, Aghamolaei and

Mohammadi, 2015). An individual's outlook on life is the primary element influencing these aspects (Hosseini et al., 2015). Attitudes on the part of the individual may be more crucial than societal factors to consider while planning certain actions (Silva et al., 1998). The theory's ability to explain phenomena is enhanced by giving due consideration to both of the factors that influence purpose. Thus, one's attitude is determined by their assumptions about the actions of others. To put it another way, a person's subjective norms are a result of his or her normative views, or the ideas that he or she has about what other reference groups or individuals think the individual should or should not do. (Silva et al., 1998). Pressures are applied by the subjective standard regardless of how individuals feel about the behaviour in the issue. It is only via the mediation of ideas, attitudes, and norms that demographic and personality factors are thought to be able to predict behaviour. (Silva et al., 1998). According to this idea, people are more likely to make plans to engage in a behaviour if they have a favourable impression of it and feel that influential others agree that they should engage in it. (Myresten and Setterhall, 2015; Ajzen and Fishbein 1980). Much empirical data is supporting the efficacy of TRA for predicting behaviour in fields as diverse as education and health (Silva et al., 1998). It has been used extensively to model a wide range of health-enhancing behaviours (Norman, Abraham and Conner, 2000), and it is particularly effective in predicting both condom usage and intent to use (Bennett and Bozionelos, 2000; Sheeran and Taylor, 1999). Predictions of morning meal intake using the TRA have also been accurate (Hosseini et al., 2015). The TRA provides a framework for understanding the study's four aims. This is because the theory postulates that individuals are logical and would make an effort to engage in a behaviour when they have a favourable impression of it and feel that significant others will agree that they should. This will help to explain the attitudes that citizens have towards the revenue collectors of the assembly when they arrive asking that they pay their taxes. In addition to that, it will serve as a foundation for the assembly to create its methods of income mobilisation. This theory assists in clarifying how

the use of the income that is mobilised may influence individuals to want to either pay their taxes or not want to. In short, it would be helpful if it explained the difficulties that the assembly would have in its endeavour to organise funds from the public to fund its operations.

### **2.2.2 New Public Management Theory**

The new public management theory developed in the 1980s and 1990s. Hood (1991) first introduced this concept, arguing that the state should be reorganised along more efficient and cost-effective lines. The main character advocated for private companies to be given more opportunities to work with the government. According to Mongkol (2011), who relies on research from (Hughes, 2003), the goal of recent reforms in public administration is to enhance the quality of public services while decreasing public spending and boosting the effectiveness of government operations and policy execution. The new public management was largely motivated by the idea that huge, monopolistic public bureaucracies are inefficient (Andrews, 2012). The theory is a collection of principles to make public institutions more like their private sector counterparts (Bourgon, 2007).

Notably, some studies suggest the recently implemented changes to public administration do not necessarily result in an improvement in the quality of service provided. For instance, Simonet (2008) evaluated the many efforts that governments in the United Kingdom, Germany, France, Switzerland, and Italy made to provide improved healthcare services while simultaneously reducing costs. According to the findings of the study, new forms of public administration contributed to increased bureaucracy and inequality in certain nations, but not all countries. Even though competition is a central component of the theory, it did not automatically result in improved patient outcomes. Furthermore, in contrast to other areas, the application of new public management theory in health care has resulted in larger providers (such as hospitals and insurers) and regulations that have remained relatively unchanged.

The new public management theory has also received criticism for several weaknesses. In the first place, Mongkol (2011) argued that there is a contradiction of centralisation inside decentralisation within the idea. When public administrators are given more responsibility for running programmes, power may be centralised in their hands. Thus, contrary to its stated goal of fostering decentralisation in public organisations, modern public management may result in centralised decision-making by public managers. Second, there is caution about bringing private-sector management practices into the public sphere. There may be dangers in adopting some private sector methods, even though new public administration has supported their usage. Numerous academic critics have claimed that the public sector is unique from the private sector due to the presence of political, ethical, constitutional, and social components in most sectors of public service and administration (Mongkol, 2011).

Citizens' involvement, social accountability procedures, and service delivery factors are all areas where the new public management theory may provide light on the issues at hand. The new customer responsiveness idea in public administration must include a method for determining the level of satisfaction experienced by end-users; hence, this theory requires citizen participation in the process of evaluating public service delivery. (Pollitt, 1995). To better comprehend how social responsibility affects service provision, this research draws upon the framework of modern public management. To make public sector managers and service providers more responsive and responsible, the new public management theory advocates for the employment of market processes inside the public sector (Hughes, 2003; Mongkol, 2011). The idea behind this approach is that government agencies may improve their service performance by instituting social accountability systems.

The theory is also useful for understanding service delivery. Establishing local governments for this purpose is the justification behind doing so. Therefore, local governments are important instruments for new public management reforms to enhance the quality of public services and

the efficacy of government operations. So, the new public management philosophy may be seen in the form of improved service provision at the municipal level. Decentralization and the variable of service delivery may all be predicted with the use of the new public management theory.

## **2.3 EMPIRICAL STUDIES**

### **2.3.1 Performance of the Traditional Revenue Sources of District Assemblies**

Property taxes in Ghana were studied by Oppong (2021), who looked at how different jurisdictions affected property taxes there. Since Ghana's independence in 1957, many of the country's local governments have failed to develop the infrastructure necessary to generate sufficient income from taxation and other sources to balance their budgets. In Ghana, property taxes are the responsibility of local governments. This research analyses local-level panel data from Ghana collected between 2010 and 2016 and applies quantitative econometric approaches to analyse the effects of dissolving assemblies there. Findings The research concludes that property taxes in Ghana's district assemblies are generally lower as a result of local government fragmentation. As a whole, however, property taxes benefit from the dispersion of metropolitan assemblies as opposed to district assemblies. The impact of fragmentation on property taxes is good for municipal assemblies but somewhat negative for district assemblies. Furthermore, the article concludes that the collection of property tax revenues in all kinds of assembly in Ghana is unaffected by the grants, capital spending, and administrative expenditure of local governments.

Revenue Mobilisation in the city of Wa was studied by Suleman (2020), who looked at the effects of consolidating the Internal Revenue Service, the Value Added Tax Service, and the Custom Excise and Preventive Service under the Ghana Revenue Authority. This survey included both secondary and primary data, collected in a cross-sectional research design. Thirty employees at the Ghana Revenue Authority's Wa branch filled out questionnaires to provide

the main data. The secondary data, covering the years 2007-2014, was collected from the Ghana Revenue Authority's records. (the periods before and after the integration). The report concludes that the Ghana Revenue Authority's Consolidation of the Internal Revenue Service, the Value Added Tax Service, and the Customs Excise and Preventive Service has had a substantial effect on revenue collection in the Wa Municipality. As a result, the authority has been able to collect much more money since the merger.

Akudugu (2018) investigated this article and assesses attempts to institutionalise the practise in regional institutional frameworks and national development planning practice via in-depth interviews and the examination of pertinent policy papers. The study concluded that efforts to institutionalise current local economic development practices in Ghana are failing to have a significant effect. Institutional frameworks, such as how the nation currently structures development strategy and planning, are inflexible and support bureaucratic top-down decision-making procedures. In a similar vein, the country's officials exclusively advocate for a well-packaged bottom-up, decentralised planning system. Evidence suggests that there is a glaring lack of political will to put changes into effect, especially the new decentralisation strategy that aims to make Ghana's District Assemblies more receptive to the promotion of local economic growth. Making local economic development practices important in Ghana's national and local development efforts requires purposeful effort.

Dick-Sagoe and Tingum (2021) looked at how local government officials handled their finances when faced with intergovernmental transfers and their own sources of income. Panel data analysis with fixed effects and random effects was used in the study. However, the Generalized Least Squares (GLS) is calculated to account for heteroscedasticity and serial autocorrelation given the best-unbiased findings. The findings indicate that municipal governments' own-source income does not significantly contribute to their expenditures. The Central Region's local governments' budgetary behaviour is explained by the flypaper effect, which is supported



by this circumstance. Although Ghana's system of intergovernmental transfers has been very effective in allocating funds to local governments, the flypaper effect suggests that it may be ineffective in encouraging local governments to increase their local level of revenue.

### **2.3.2 Internal-Generated Funds for District Assemblies**

Puopiel and Chimsi (2015) evaluate the efficiency with which Northern Region MMDAs in Ghana can mobilise IGF to finance development initiatives. Primary and secondary information was collected from the Yendi Municipal Assembly, Tamale Metropolitan Assembly, and the Saboba District Assembly for this study. However, the research showed that none of the three analysed MMDAs was able to fulfil its IGF revenue projections for the 2013 fiscal year, with all three falling below the 50% threshold. Under-declaration of revenues; a lack of revenue collectors; lax monitoring and supervision; noncompliance by corruption; ratepayers; political interference; a shortage of knowledge and skills among revenue collectors; ineffective collaboration; and a lack of revenue data were all blamed for the dismal performance.

Adu, Mensah and Ameyaw (2015) conducted to determine how internally produced revenues are utilised in the various districts. Both primary and secondary sources were utilised in the collection of this data. The information from the main source was gathered through the use of questionnaires and observation. The yearly budget of the assembly, digests of local government, and other relevant materials from reports and seminars were used to compile the information for the secondary source. According to the conclusions of the research, there was insufficient public education for taxpayers, poor supervision, an absence of correct and up-to-date data, inadequate supply of logistics, and low motivation for revenue staff.

Owusu (2015) examines the role of Internally Generated Funds (IGFs) in the growth of Metropolitan Assemblies in Ghana, using Kumasi Metropolitan Assembly (KMA) as a case study. The study's findings suggested that the Assembly's mounting debt to vendors and service

providers was due to an inability to raise sufficient funds from the IGF to meet the growing costs of its operations. It was also observed that KMA's income collection efforts have been insufficient and that the organisation has fallen short of its social and economic commitments to the city's residents.

### **2.3.3 Revenue Mobilisation Practice on Service Delivery**

Mugendawala (2022) analyse how effective revenue management may improve municipal service delivery. The study's stated goals were to look at how Public revenue planning affects service delivery, how revenue mobilisation affects service delivery, and how revenue expenditure affects service delivery in the context of Local Government. Using a cross-sectional research methodology, researchers gathered information from 50 participants. All 30 participants filled out their questionnaires to provide information for the study. The research found that Local Government service delivery is highly impacted by public revenue planning, revenue mobilisation, and revenue expenditure.

Similarly, Matovu (2018) evaluates the impact that local revenue management has on service delivery in Bukomero Town Council, which is located in Uganda. The research used a mixed methodology, including a correlation survey design, a cross-sectional survey design, a quantitative approach and a qualitative approach. The study had a population of 176, and the sample size was obtained using both simple and purposive random sampling. There were 124 people in the sample. The most important findings showed that there is a positive and substantial association between planning for revenue enhancement, the execution of revenue enhancement planning, and revenue expenditure control as it relates to service delivery.

Further, Scott (2016) examines the effect of income mobilisation strategies used by Ghana's DAs on the quality of public services provided to residents and he used a mixed-methods research methodology for the analysis. The study used a multi-stage selection strategy to choose

34 of 170 districts and collect data from 612 DA officials and 1020 individuals using questionnaires. Descriptive statistics and regression were used to explain the study's quantitative data, while the qualitative data were interpreted thematically. The results of the research showed that the DAs' income mobilisation strategies improved their ability to provide services.

Mbufu (2013) determines how the collection of income affects the delivery of services. A total of 150 people, including members of the Ilala district staff, participated in the study, and the researcher employed both qualitative and quantitative approaches to data collection. The researcher concluded, based on the findings, that revenue collection has a significant impact on service delivery. This was demonstrated by the fact that poor service delivery occurred concurrently with a decline in revenue collection, while improved service delivery occurred concurrently with a rise in revenue collection

Torome (2013) explores the connection between revenue mobilisation and service delivery in Kenyan local government. Thirty-five municipalities were included in the study as a purposeful sample size. The research relied on secondary data about how much money the government brings in and how well it distributes that money in services. The research concludes that the fiscal planning of municipal governments has a significant impact on the ability to raise tax revenue. The research found that a rise in central government transfer funds like the Local Area Transfer Fund (LATF) resulted in better service for the people. The research highlights the importance of local income mobilisation in providing services to local authorities, as central government payments were only meant to supplement the local government's budget to facilitate the efficient delivery of public services.

## **2.4 SUMMARY**

Since research has emphasised the impact of revenue mobilisation on service delivery and the significance of tax changes in boosting resource mobilisation, little attention has been paid to the other elements that contribute to a sustained link between revenue mobilisation and service delivery. In district assemblies, the function of financial auditors in financial management cannot be oversimplified. They guarantee the companies' investments are cost-effective. In addition, they ensure that the institution's operations and initiatives adhere to the best procurement procedures. However, there is a paucity of information in the examined literature about the moderating role of auditors in enhancing the country's local tax generation and mobilisation. This study fills a vacuum in the literature by concentrating on how internal auditing, which has played a significant role in the private sector, might temper revenue collection and service delivery at the district assembly level in the public sector.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 INTRODUCTION**

This chapter elaborates on the methods and approaches used to achieve the objectives of the study. Expressly, the chapter discusses the design that anchors the conduct of the study. It also provides the sources of the data and how the population, sampling, and sample size were obtained. The instruments for data gathering and analysis were presented. Essentially, this chapter concluded with an outline of the considerable ethics and a summary of the chapter.

#### **3.1 RESEARCH DESIGN**

Several methods may be used for different research problems. In other words, the design of a study is the comprehensive plan that instructs researchers in developing a research subject, collecting data to investigate the issue, analysing the data, and disseminating the findings

(Saunders, et al., 2019). The study design is determined by the research question(s), the research strategies, and the underlying philosophical assumptions (Dawadi et al., 2021). Epistemological opinions range from positivism to pragmatism to postpositivism, interpretivism, constructivism, and existentialism (Dawadi et al., 2021). There is just one reality, according to positivists, and knowledge of it can be gained only via cold, hard facts and cold, hard statistics (Dawadi et al., 2021). As a result, positivists reject normative claims as knowledge-generating hypotheses (Bryman, 2012). According to Dawadi et al., the positivist paradigm may be credited with the rise of quantitative designs (2021)

Yet, the positivist worldview is challenged by the interpretivism paradigm. They hold the view that one's own reality is only one of many possible realities. As a result, perceptions of reality vary, necessitating more explanation. This theoretical framework rests on the foundation of qualitative research (Dawadi et al., 2021). The pragmatic paradigm used in this research draws from both positivism and interpretivism but is distinct from both. Based on these considerations, a mixed-methods approach was used in the study. Many different kinds of research strategies fall under the umbrella term "mixed method" (Wilkinson & Staley, 2019; Clark & Ivankova, 2016). Among them are the explanatory sequential design, the exploratory sequential mixed-methods design, and the convergent parallel mixed-methods design. Hence, in accordance with the research of McKim (2017) and ChidoMakomeke et al. (2016), the study used an explanatory sequential mixed-methods design. The analysis is presented in a two-stage process in this layout: first, the quantitative approach is used to collect research data, and then, quantitative methods are used to evaluate the data. The second stage involves bolstering the quantitative findings with qualitative data (Creswell & Clark, 2018).

### **3.2 POPULATION OF THE STUDY**

A Population encompasses all individuals or objects with a common observable trait needed for a study (Bhattacharjee, 2012). It is important for researchers to be well-acquainted with the

constituents of their study units. Therefore, the study population is institutional, in the sense that only the staff of district assemblies and their external auditors in Ghana were used.

### **3.3 SAMPLE SIZE AND SAMPLING TECHNIQUE**

A sample refers to taking some part of a whole population to become the focus of the study (Bhattacharjee, 2012). Therefore, Saunders et al. (2011) described a sample size as the number of participants on whom an investigation or study is done. The size of a sample is not determined by any single exhaustive method despite its importance in survey studies (Bhat and Darzi, 2016). It is the wish of every researcher to include everyone in their studies, however, it is not always feasible to use the census approach to conduct studies like this one, and therefore taking a sample for the study could mean that the researcher was unable to access the entire population, including the entire population is time-consuming, costly and difficult. For these reasons, the study included some staff of District Assemblies (DA). With the two population groups, the study included only three district assemblies. In each of the district assemblies, 15 staff each were taken. This gave a total sample size was 90 study units. This sample size is within the threshold of the sample deemed appropriate for quantitative studies.

Sampling technique on the other hand refers to the procedures used by researchers to select their sample. A sample selection process where every unit of the population is eligible for inclusion in the study is referred to as probability sampling. On the other hand, when the selection process does not consider the entire population as eligible study units, then the nonprobability sampling technique has been used (Pham, 2018). Thus, to select the 90 sample size, the study employed the nonprobability sampling technique, where convenience sampling was used to select the three district assemblies that were used for the study. In line with Scott (2017), 15 staff of each DA were selected based on purposive sampling; thus the ability and knowledge level of staff regarding revenue mobilization and roles of the external audit unit in the DA were considered. Though the study estimated a sample size of 90, only 79 were retrieved.

### **3.4 DATA COLLECTION**

Data is obtained from two main sources; primary and secondary (Ajayi, 2017). The primary data source involves collecting data for the first time from respondents, while the secondary data source entails the use of external and pre-existing information. That means the first-hand information obtained from the field or respondents for a study constitutes the primary data (Ajayi, 2017). The study obtained its data from the primary source. Thus, the study employed a data collection instrument to elicit information from the target population. Therefore, information from the staff of the district assemblies was collected using an online platform, such as Whatsapp. For this reason, the data collection instrument was presented in Google Forms and shared with the staff of the district assemblies.

### **3.5 DATA COLLECTION INSTRUMENT**

Questionnaires or interview guides contain a set of questions used to gather data by soliciting responses from research units for a study (McLeod, 2018). Questionnaires were used to elicit information from some selected staff of the district assemblies and their respective external auditors. Therefore, to guide and control the responses of the participants, the questionnaire included only structured questions. These questions were grouped into three sections. Section 'A' consisted of the demographic characteristics questions. Section 'B' sought to elude information on the performance of the various traditional revenue mobilization sources as stipulated by the local governance Act. Also, Section 'C' contained questions on the suggested measures and sources proffered by the researcher to aid the district assemblies beef up their revenue mobilization. Both closed-ended and open-ended questions were asked. The closed-ended questions consisted of Likert-scale question types which were used to elicit the level of agreement among respondents ranking from 1 to 5; where 1 is Strongly Disagree, 2 is Disagree, 3 is Neutral, 4 is Agree 5 is Strongly Agree. The open-ended questions were contained in the

interview guide to reduce qualitative data from the respondents that were used to provide the qualitative analysis part of the study.

### **3.6 DATA ANALYSIS**

The study adopted descriptive statistics such as mean scores, percentages, standard deviation, and relative impact index to perform the data analysis. Thus, the first objective was achieved by the use of percentages and mean scores to rank the performance of the DA from the highly performed traditional revenue source to the least performed one. The second objective was achieved with the help of the relative impact index. This technique was used to measure the relative impact of the Ghana audit service in ensuring that revenues are generated. The last objective was examined using percentages, mean scores, and standard deviations. The qualitative data from the interview guide was analysed using the thematic analysis technique. Where themes were created from the responses obtained from each of the top management. The SPSS statistical tool was employed for the analysis.

### **3.7 VALIDITY AND RELIABILITY OF DATA**

To produce dependable research output, the accuracy, and trustworthiness of the measurement of the research construct cannot be oversimplified. For this reason, reliability and validity tests are the frequently used measures that are used for the evaluation of research variables. Therefore, the faith level of researchers in their study construct can be identified with the use of validity and reliability test (Mohajan 2017). The consistency of the research construct on the other hand is measured by the validity test.

#### **3.7.1 Reliability**

The Cronbach alpha is the most used indicator for the measurement of the dependability of research constructs. Therefore, Creswell (2014) defined this indicator as a measure that uses correlation to examine the dependability of research constructs. Therefore, with a Cronbach



alpha of at least 0.7, Hair et al. (2019) deemed the research constructs as reliable. This can be depended upon for further studies.

### **3.7.2 Validity**

The validity of a research construct measures how accurate the research construct is (Hair et al., 2014). The confidence and conclusiveness of research findings are measured by the validity test (Boru, 2018). Therefore, the study sought expert advice on the construct used. It also undertook a pre-test of the research questionnaire to ensure that when the constructs are repetitively used elsewhere, it will provide an accurate measurement. For quantitative research, three validity tests were identified; external validity, internal and content validity (Boru, 2018). External validity deals with the generalizability of a research construct on the population. Therefore, if the measurements of the construct can serve as inferences on the entire study unit, external validity is achieved. Internal validity on the other hand measures the confidence level of researchers in the causal relationship found by the study. The content validity however arises when insufficient definitions are applied to the research construct. This study adopts the questionnaires from Scott (2017 and 2016), therefore, the content validity is not a threat.

### **3.8 ETHICAL CONSIDERATION**

The ethical considerations are procedures that preceded the conduct of the research. Through these ethical procedures, the researcher ensured that the rights of the participants were not violated. It also encompasses the measures instituted to avoid the incidence of offending individuals or study units. These measures ensured that the study achieved ample participation from respondents. Some of the ethical measures undertaken were the community entry process, confidentiality, and anonymity of respondents. Before, the data collection process, the researcher served the sampled district assemblies with permission letters to allow for the consent of the authorities in the assembly. Also, on the front page of the questionnaire, the study

assured the confidentiality of the data collected and promised that the data is meant for only study purposes.

### **3.9 CHAPTER SUMMARY**

This chapter outlined the methodologies and tools that are appropriate to achieve the study objectives. The descriptive cross-sectional design was adopted for the research. The study population considered only district assemblies and their communities in Greater Accra. The nonprobability sampling technique was used to obtain the sample size. Also, with a primary data source, a questionnaire was used to elicit the information after the ethical procedures were observed. The data analysis was anchored on the multiplicative interaction model to specify the relationship among variables in the study. With validity and reliability tests, the study assessed the accuracy and dependability of the study constructs.



## CHAPTER FOUR

### DATA PRESENTATION AND DISCUSSIONS

#### 4.0 INTRODUCTION

In Chapter Four, an analysis of data is presented along with a discussion of the data that was collected using the methodology outlined in the preceding chapter. The chapter comprises several significant headings, namely demographic data, descriptive statistics, relative impact index and a discussion of the key findings. Details of the various subheadings are presented and discussed below.

#### 4.1 BACKGROUND OF RESPONDENT

The participant demographic data was captured in this section. The results are shown in Table 4.1 below. The participants were asked to indicate their assembly name, as can be seen, 3.8% indicated Accra Metropolitan, 17.7% indicated Ayensuono District Assembly, 3.8% indicated Bole, 2.5% indicated Ekumfi District Assembly, 6.3% indicated Ga South Municipal Assembly, 5.1% indicated Lekma, 17.7% also indicated Mfantseman Municipal Assembly, 1.3% indicated Nkoranza South, 7.6% indicated Okai kwei north, 15.2% indicated Sekondi Takoradi Metropolitan Assembly, 10.1% indicated Tema Metropolitan Assembly, 8.9% indicated Weija Gbawe. They were also asked to indicate their position, from the data, 3.8% indicated budget analyst, 1.3% indicated budget officer, 1.3% also indicated coordinating director, 2.5% indicated DCE, 2.6% also indicated external auditor, 16.5% indicated finance officer, 25.3% indicated internal auditors, 4.2% indicated labourer, 6.3% indicated managing director, 7.6% indicated planning officer, 13.9% also indicated procurement officer, 12.7% also indicated revenue collector and 1.3% also indicated storekeeper. For how long they have working with the assembly, 44.3% indicated 1-5 years, 24.1% indicated 11-15 years, 3.8% indicated 16 years and above and 27.8% also indicated 6-10 years. For their gender, 39.2% indicated female whiles 60.8% indicated male. In terms of their age, 21.5% indicated 18-30

years, 38.0% indicated 31-40 years, 29.1% indicated 41-50 years and 11.4% indicated above 50 years. For their level of education, 1.3% indicated AC MA/CGMA, 36.7% indicated bachelor's degree, 2.6% indicated chartered accountant, 12.7% indicated diploma, 30.4% indicated graduate studies (Master/PhD), 13.9% indicated HND, 1.3% indicated nursing and 1.3% indicated SHS.

KNUST



**Table 4. 1 Background of the Respondents**

<b>Variable</b>	<b>Frequency</b>	<b>Percent</b>
<b><i>Assembly Name</i></b>		
Accra Metropolitan	3	3.8
Ayensuano District Assembly	14	17.7
Bole	3	3.8
EKUMFI District Assembly	2	2.5
Ga South Municipal Assembly	5	6.3
LEKMA	4	5.1
Mfantseman Municipal Assembly	14	17.7
Nkoranza South	1	1.3
Okai kwei north	6	7.6
Sekondi Takoradi Metropolitan Assembly	12	15.2
Tema Metropolitan Assembly	8	10.1
Weija Gbawe	7	8.9
<b><i>Your position at the District Assembly</i></b>		
Budget Analyst	3	3.8
Budget Officer	1	1.3
Coordinating Director	1	1.3
DCE	2	2.5
External Auditor	2	2.6
Finance Officer	13	16.5
Internal Auditor	20	25.3
Labourer	4	4.2
Human Resource Manager	5	6.3
Planning Officer	6	7.6
Procurement Officer	11	13.9
Revenue Collector	10	12.7
Storekeeper	1	1.3
<b><i>How long have you been working with the District Assembly?</i></b>		
1 - 5 years	35	44.3
11 – 15 years	19	24.1
16 years and above	3	3.8
6 - 10 years	22	27.8
<b><i>Gender</i></b>		
Female	31	39.2
Male	48	60.8
<b><i>Age</i></b>		
18-30 years	17	21.5
31-40 years	30	38.0
41-50 years	23	29.1
above 50 years	9	11.4
<b><i>Highest level of Education</i></b>		
ACMA/CGMA	1	1.3
Bachelor's Degree	29	36.7
Chartered	1	1.3
Chartered Accountant	1	1.3
Diploma	10	12.7
Graduate Studies (Master / PhD)	24	30.4
High National Diploma (HND)	11	13.9
Nursing	1	1.3
Senior High School	1	1.3
<b>Total</b>	<b>79</b>	<b>100.0</b>

## **4.2 PERFORMANCE OF THE TRADITIONAL REVENUE SOURCES OF THE DISTRICT ASSEMBLIES**

The first purpose of the study was to assess the performance of the traditional revenue sources of district assemblies in Ghana. Tables 4.2 and 4.3 below present the descriptive statistics (percentages, mean scores, and standard deviations) of the performance of the traditional revenue sources that were assessed using a Likert scale with a range of 1 (strongly disagree) to 5 (strongly agree). The data was collected from a sample size of 79 participants for each statement.

As can be seen in Table 4.2 below, the majority of respondents (16.5% SD + 31.6% D) disputed that investment income is the assembly's principal source of revenue. However, a proportion of respondents (22.8% A) believed that investment income for Internal Generated Funds (IGF) performed effectively.

Also, a significant majority of respondents (45.6% A) believed that the district assembly generates more money from business taxes and natural endowments within the district.

Although the participants' opinions are divided, the majority of them (34.2% D) disagreed that the most of Internal Generated Funds (IGF) are received via the district assembly's relationship with foreign development partners.

As can be seen, Property taxes, according to the majority of respondents (43.0% A), are a potential source of income for the district assembly in the future.

Also, about 27.8% of the respondents expressed disagreement with the notion that basic rates make a considerable contribution to the revenue generated by the district assembly. However, 31.6% of the respondents agreed with the statement.

From the table also, a significant proportion of the respondents (55.7% A) agreed that property taxes, fines, penalties, and forfeitures constitute a substantial portion of the revenue generated by the district assembly.

The participants' opinion was divided as to whether the central government provides adequate financial resources to the assembly via the District Assemblies Common Fund (DACF). However, a significant proportion of respondents (27.8% A) expressed agreement that the central government provides adequate financial resources to the assembly via the District Assemblies Common Fund (DACF).

According to the ratings also, a considerable percentage of participants (40.5% A) expressed their agreement that the assembly has not been successful in meeting the budgeted amounts from its fees, fines, and charges.

As can be seen also, a significant portion of the respondents (53.2% A) believe that special rates are not an effective way for the assembly to generate revenue.

Also, a significant percentage of respondents (31.6% A) expressed agreement with the notion that the district assembly has made significant progress in generating revenue from licence fees.

**Table 4. 2 Performance of Traditional Revenue Sources**

<b>Performance of Traditional Revenue Sources</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
Investment income is now the mainstay of revenue for the assembly as it performs well for IGF.	(16.5%)	(31.6%)	(21.5%)	(22.8%)	(7.6%)
The DA accrues more of its revenue from taxes on businesses, natural endowment within the district	(2.5%)	(29.1%)	(17.7%)	(45.6%)	(5.1%)
Most of the IGF is obtained from the partnership the DA have with international development partners.	(12.7%)	(34.2%)	(15.2%)	(27.8%)	(10.1%)
Property taxes are the promising source of revenue for the district assembly going forward	(3.8%)	(10.1%)	(22.8%)	(43.0%)	(20.3%)

Basic rates are contributing a significant amount of revenue to the DA	(8.9%)	(27.8%)	(16.5%)	25 (31.6%)	(15.2%)
Property taxes, fines, penalties, and forfeitures make up a larger source of the DA's revenue	(3.8%)	(8.9%)	(10.1%)	44 (55.7%)	(21.5)
The central government allocates enough funds for the assembly through the DACF	(10.1%)	(22.8%)	(22.8%)	22 (27.8%)	(16.5%)
The assembly has been unsuccessful in generating budgeted amounts from its fees, fines and charges	(3.8%)	(8.9%)	(17.7%)	32 (40.5%)	(29.1%)
Special rates are poorly nonperforming revenue handle of the assembly	(1.3%)	(10.1%)	(16.5%)	42 (53.2%)	(19.0%)
There has been great improvement in the revenue generated from License fees by the DA	(7.6%)	(21.5%)	(26.6%)	(31.6%)	(12.7%)

The table presents descriptive data for Likert scale assessments (ranging from 1 to 5) of the key performance of traditional sources of revenue for Ghanaian district assemblies. The statistics contain the lowest, maximum, mean, and standard deviation for each rated item, as well as the overall mean.

As can be seen from Table 4.3, the mean result of 2.73 indicates that respondents ranked investment income as fairly low (closer to Disagree) in terms of being the assembly's major source of revenue and performing well for Internal Generated Funds (IGF). This corresponds to the preceding result, in which many respondents disagreed with this assertion.

The mean score of 3.22 suggests that respondents in the district regarded taxes on companies and natural resources as fairly excessive (closer to Agree). This is consistent with the preceding finding, in which a significant number of respondents agreed with this statement.

According to the mean score of 2.89, respondents ranked the relationship with foreign development partners as somewhat low (closer to Disagree) in terms of producing the majority of the Internal Generated Funds (IGF). This corresponds to the preceding result, in which the majority of respondents disagreed with this claim.



The estimated mean of 3.66 suggests that the respondents' assessment of property taxes as a potential revenue source for the district assembly in the future was moderately high. This is consistent with the previous result, wherein a majority of participants agreed with the statement.

Also, based on the mean value of 3.16, it can be inferred that the respondents' evaluation of basic rates was moderately high, indicating that such rates have a considerable impact on the revenue generated by the district assembly. This is consistent with the previous result, whereby a significant proportion of participants agreed with the statement.

The mean value of 3.82 suggests that the respondents provided a relatively high rating (closer to Agree) for property taxes, fines, penalties, and forfeitures as a significant source of revenue for the district assembly. This result corresponds with the previous results, in which a significant majority of participants agreed with the statement.

The mean result of 3.18 indicates that respondents on average regarded the central government's provision of funding via the District Assemblies Common Fund (DACF) as relatively low (closer to Disagree) in terms of being sufficient for the assembly. This is consistent with the prior result, in which respondents were divided on this assertion.

The mean number of 3.82 shows that respondents ranked the assembly as fairly high (closer to Agree) in terms of failing to generate budgeted amounts from its fees, penalties, and levies on average. This is consistent with the preceding results, in which a significant number of respondents agreed with this statement.

According to the mean value of 3.78, respondents regarded special rates as rather high (closer to Agree) in terms of being a badly performing revenue handling of the assembly. This corresponds to the previous result, in which the majority of respondents agreed with this assertion.

The mean score of 3.20 shows that respondents on average regarded the increase in money produced by licence fees as fairly low (closer to Disagree). This differs somewhat from the earlier results, in which a significant proportion of respondents agreed with this assertion.

Based on the results it can be inferred that the respondents provided a moderate to high rating (closer to Agree) for the major performance of traditional revenue sources for district assemblies in Ghana. This is indicated by the average mean score of 3.35 across all items. The findings suggest that, on the whole, the revenue streams were evaluated favourably, although with variations for individual items.

The study reveals also that the primary revenue streams for district assemblies are comprised of taxes levied on businesses and natural resources within the district. Property taxes are also identified as a potential source of revenue in the future. Additionally, revenue is generated through fines, penalties, and forfeitures. The process of deriving budgeted figures from fees, fines, and charges has not yielded successful outcomes. The efficacy of special rates as a revenue management strategy is perceived to be suboptimal, while there has been significant progress in the generation of revenue from licence fees.

According to respondents' assessments, many sources of revenue for district assemblies in Ghana have been determined to function moderately to highly. Property taxes, company operating permits, market tolls, licences and fees, fines and penalties, and subsidies from the central government and development partners are among the income sources. Agyapong (2012), performed research that investigated key stakeholders' perspectives on the performance of traditional revenue sources for district assemblies in Ghana. According to the survey, property rates are typically perceived favourably, with respondents satisfied with the funds gained from this source. Property rates were seen as a reliable and steady income source that considerably contributed to the financial stability of district assemblies. Another research by

Adu-Gyamfi (2014) evaluated the performance of company operating licences. The survey results found that respondents thought company operating licences were a significant source of income for district assemblies. The simplicity of getting permissions, transparency of procedures, and prompt issuance were cited as factors contributing to respondents' moderate to high evaluation. Demedeme and Opoku (2022) performed research on the financial potential of market tolls for district assemblies. According to the report, market tolls are a substantial income stream, especially in metropolitan areas. Respondents recognised the significance of market tolls in generating money and sustaining and developing local markets. Furthermore, funds from the central government and development partners are generally recognised as critical financial sources for Ghana's district legislatures. According to Kamara and Kamara (2023), respondents regarded grants as a high-performing income source because they give financial assistance for infrastructure development, capacity building, and service delivery.

**Table 4. 3 Performance of Traditional Revenue Sources**

<b>Performance of Traditional Revenue Sources</b>	<b>N</b>	<b>Mini mum</b>	<b>Maxi mum</b>	<b>Mean</b>	<b>Std. Deviation</b>
Investment income is now the mainstay of revenue for the assembly as it performs well for IGF.	79	1	5	2.73	1.206
The DA accrues more of its revenue from taxes on businesses, natural endowment within the district	79	1	5	3.22	1.009
Most of the IGF is obtained from the partnership the DA have with international development partners.	79	1	5	2.89	1.24
Property taxes are the promising source of revenue for the district assembly going forward	79	1	5	3.66	1.036
Basic rates are contributing a significant amount of revenue to the DA	79	1	5	3.16	1.245
Property taxes, fines, penalties, and forfeitures make up a larger source of the DA's revenue	79	1	5	3.82	0.997
The central government allocates enough funds for the assembly through the DACF	79	1	5	3.18	1.248
The assembly has been unsuccessful in generating budgeted amounts from its fees, fines and charges	79	1	5	3.82	1.071
Special rates are poorly nonperforming revenue handle of the assembly	79	1	5	3.78	0.915
There has been great improvement in the revenue generated from License fees by the DA	79	1	5	3.2	1.148
<b>Average Mean</b>				<b>3.35</b>	<b>1.112</b>

### **4.3 ROLE OF THE GHANA AUDIT SERVICE IN THE MOBILISATION OF INTERNALLY GENERATED FUNDS FOR THE DISTRICT ASSEMBLIES**

The second objective of the study was to examine the role of the Ghana Audit Service in the mobilization of Internally Generated Funds for the District Assemblies in Ghana. The researcher used relative impact analysis to identify the most significant role played by the Ghana audit service in the mobilization of Internally Generated Funds for the District Assemblies in Ghana.

Based on the Relative Impact Index (RII) and rankings presented in Table 4.4, the Ghana Audit Service's most important involvement in the mobilisation of Internally Generated Funds (IGF) for Ghana's District Assemblies may be recognised as follows:

The Ghana audit service offers genuine reporting on how IGF funds are earned and spent, promoting public openness in income collection and spending (RII: 0.813, Rank: 1). This function has the highest RII value and is placed first in the table, suggesting that it has the most influence on the mobilisation of domestically produced revenues for Ghana's District Assemblies. The supply of genuine reports contributes to increased openness, which in turn fosters public confidence and supports efficient income collection and spending. The significance of giving genuine reports is consistent with other research that emphasises financial transparency and its good influence on revenue mobilisation. According to Saechang et al. (2021), open reporting increases public trust and confidence, which leads to higher compliance and readiness to contribute to revenue-generating activities. According to another research, by Kirby (2020), open financial reporting promotes accountability and minimises the possibility of theft or abuse of money.

Furthermore, the results show that the Ghana Audit Service has greatly helped to decrease IGF misappropriation throughout the years, consequently increasing revenue mobilisation for the assembly (RII: 0.765, Rank: 2). This outcome is consistent with prior studies highlighting the

importance of auditing in discovering and avoiding financial irregularities. Fitzgerald et al. (2018) found that efficient auditing practices reduce the risk of theft and boost revenue collection.

Furthermore, the audit service's position as an external audit watchdog over the actions of the district assembly's internal audit unit (RII: 0.757, Rank: 3) is important in increasing revenue mobilisation. This outcome is consistent with other research that emphasises the significance of external scrutiny in maintaining financial management compliance and accuracy. According to Zhang et al. (2017), external audit monitoring enhances accountability and strengthens internal control mechanisms, resulting in increased revenue mobilisation.

The Ghana Audit Service's contribution to the recovery of defaulted tax revenues (RII: 0.754, Rank: 4) and its engagement in closing revenue loopholes (RII: 0.747, Rank: 5) are other notable responsibilities in revenue mobilisation. Previous research has shown that efficient tax collection methods, backed up by audit services, may boost revenue production at the local government level (Ebifuro et al., 2016). Furthermore, resolving tax loopholes ensures that possible sources of revenue leakage are discovered and corrected, hence improving revenue mobilisation (Nyaga, 2019).

The Ghana Audit Service has notably enhanced the legal authority of the assembly to impose surcharges and penalties on individuals who fail to pay taxes (RII: 0.744, Rank: 6). Bourton (2021), research backs up the findings by emphasising the relevance of strong legal authority in encouraging tax compliance. The research found that strong enforcement methods, such as the authority to levy surcharges and penalties, are critical in pushing people to meet their tax commitments. The Ghana Audit Service helps to provide a strong disincentive to tax avoidance and noncompliance by strengthening the legal power of the parliament.

Additionally, the audit service of the country has consistently evaluated the viability of the investments that the assemblies plan to undertake in order to generate internally generated funds (IGF). The Ghana Audit Service provides various services to the District Assemblies, including investment advice (RII: 0.704, Rank: 7). Previous research has shown the importance of investment appraisal and consulting services in increasing revenue generation and utilisation. Chalu (2020), for example, investigated the influence of investment evaluation on the financial performance of local governments. According to the results, rigorous appraisal of investment projects improves the chance of good outcomes and income production. This strengthens the Ghana Audit Service's responsibility in assessing the viability of District Assemblies' projected investments.

Also, the Audit Service has been updating the internal audit unit of the District Assemblies on good financial management practises to improve the generation of Internal Generated Funds (IGF) (RII: 0.696, Rank: 8). Previous research has shown the significance of internal auditing and capacity development in fostering good financial management practises. Alqudah et al. (2019), for example, investigated the influence of internal audit practices on financial performance in the public sector. According to the results, continuous training and updates on financial management practices boost internal audit units' capacity to detect and handle financial issues, resulting in increased revenue production and utilisation.

The Audit Service also monitors the central government to ensure that it fulfils its revenue disbursement responsibilities to the District Assemblies in a timely and adequate manner (RII: 0.684, Rank: 9). The significance of monitoring and supervision methods has been highlighted in previous research in the area of public financial management in order to ensure effective and fair distribution of revenue. For instance, research conducted by Quick and Henrizi (2019) examined the contribution external auditing makes to improving financial accountability in the public sector. The results showed that efficient revenue mobilisation and better financial

transparency and accountability are all facilitated by good monitoring of revenue distribution, which also lowers the danger of theft.

Finally, the Ghana Audit Service offers professional training to revenue collectors, which has resulted in a significant improvement in the revenue mobilisation of the District Assemblies (RII: 0.681, Rank: 10). Finally, the Ghana Audit Service offers professional training to revenue collectors, which has resulted in a significant improvement in the revenue mobilisation of the District Assemblies (RII: 0.681, Rank: 10).

**Table 4. 4 Relative Impact Index**

<b>Impact of Audit Service</b>	<b>RII</b>	<b>Ranks</b>
The audit service has been an external audit watchdog over the activities of the internal audit unit in the district assembly	0.757	3
The audit service has aided the internal audit unit to plough the revenue loopholes in the district assembly.	0.747	5
With the services performed by the audit service, IGF misappropriation has drastically reduced over the years which boosts the assembly's revenue mobilization	0.765	2
The country's audit service has always assessed the feasibility of the investment the Assemblies intend to engage in as a means to raise IGF. Thus, they offer investment advice to the assemblies	0.704	7
The audit service has been updating the DA's internal audit unit on good financial management practices for efficient IGF generation	0.696	8
The Ghana audit service provides authentic reports on how IGF are raised and spent, thus improving transparency in revenue generation and expenditure to the populace	0.813	1
The Ghana audit service has helped the DA to recover most of its defaulted tax revenues, thus improving revenue mobilization	0.754	4
The operations of the Ghana audit service have significantly increased the legal muscles of the assembly to a surcharge and punish nonpayers of taxes	0.744	6
The Ghana audit service provides professional training to revenue collectors that has significantly improved the revenue mobilization of the DA.	0.681	10
The audit service has kept the central government on its task to adequately and timely honour its revenue disbursement responsibilities to the DA.	0.684	9

#### **4.4 OTHER SOURCES OR MEASURES TO IMPROVE REVENUE MOBILISATION FOR DISTRICT ASSEMBLIES**

The third purpose of the study was to identify other sources or measures to improve revenue mobilization for District Assemblies. Table 4.5 and 4.6 below presents the descriptive statistics (percentages, mean scores, and standard deviations) of the other sources or measures to improve revenue mobilization that were assessed using a Likert scale with a range of 1 (strongly

disagree) to 5 (strongly agree). The data was collected from a sample size of 79 participants for each statement.

As can be seen in Table 4.5, the majority of the participants attached agree statement (54.4% A+12.7% SA) to the statement “Renting out plants and equipment owned by the DA to private developers can be a sustainable source of additional revenue to the assembly” has been other sources, or measure to improve revenue mobilisation for District Assemblies. Also, “Building of modern public baths and toilets in markets, bus stops, lorry stations and community centres are capable of generating enough revenue for the assembly” was rated high (67.1% A + 10.1% SA) as other measures to improve revenue mobilization for District

Assemblies. The participants also believe the statement “Tolling ceremonial road within the assembly could be an efficient source of revenue for the assembly” as they rated it high (63.2% A + 17.7%) indicating that it is also another measure to improve revenue mobilization. Also, the participants attached much agree (58.2% A + 6.3% SA) statement to the item “Fencing major markets, lorry stations and entertainment centres is a potential revenue boosting source for the assembly” as another factor contributing to improving revenue mobilization. The participants also highly rated (58.2% A + 19.0% SA) “Taxing mining companies or Galamseyers can complement the revenue mobilisation drive of the assembly” as other sources of improving revenue mobilisation.

Based on the results, all the items were rated high by the participants as other factors that can improve revenue mobilisation for District Assemblies.

**Table 4. 5 Other Sources of Measures to Improve Revenue Mobilisation**

Other Sources or Measures to Improve Revenue Mobilization	SD	D	N	A	SA
Renting out plants and equipment owned by the DA to private developers can be a sustainable source of additional revenue for the assembly	3.8%	10.1%	19.0%	54.4%	12.7%



Building modern public baths and toilets in markets, bus stops, lorry stations and community centres are capable of generating enough revenue for the assembly.	2.5%	3.8%	16.5%	67.1%	10.1%
Tolling ceremonial roads within the assembly could be an efficient source of revenue for the assembly	5.1%	5.1%	8.9%	63.2%	17.7%
Fencing major markets, lorry stations and entertainment centres are a potential revenue-boosting source for the assembly	1.3%	12.7%	21.5%	58.2%	6.3%
Taxing mining companies or Galamseyers can complement the revenue mobilization drive of the assembly	5.1%	6.3%	11.4%	58.2%	19.0%
Erecting advertisement screens and walls for businesses at a fee can increase the revenue sources of the assembly	1.3%	3.8%	10.1%	51.9%	32.9%
Imposing lorry towing fees on broken vehicles on the major roads in the assembly can generate a streak of earnings.	1.3%	7.6%	16.5%	46.8%	27.8%
Establishing semi-autonomous tax administration agencies in the assembly could sufficiently increase the IGF of the assembly	2.5%	2.5%	21.5%	55.7%	17.7%
Providing performance incentives to tax collectors can boost revenue for the Assembly	1.3%	2.5%	3.8%	60.8%	31.6%
Issuing Municipal or District Assemblies Bonds can be adapted to provide short-term revenue sources for the assembly	2.5%	5.1%	19.0%	46.8%	26.6%
Investing IGF into government bonds can provide additional revenue sources to the assemblies	3.8%	10.1%	13.9%	48.1%	24.1%

The sources or methods that may boost revenue mobilisation for the District Assemblies can be identified based on the Likert scale ratings (range from 1 to 5) in Table 4.6. As can be seen, the average mean score of 3.85 measures the other sources that can improve revenue mobilisation for the district assembly. Items that all above the average mean will be identified as the other sources or measures that can improve revenue mobilisation for the district assembly.

The item “Providing performance incentives to tax collectors can boost revenue to the Assembly” have a mean of 4.19 and an SD of 0.735 which is above the average mean. Also, “Erecting advertisement screens and walls for businesses at a fee can increase the revenue sources of the assembly” have a mean value of 4.11 and an SD of 0.832 above the average mean. Again, “Imposing lorry towing fees on broken vehicles on the major roads in the assembly can generate a streak of earning” have a mean of 3.92 and SD of 0.931 which is more than the average mean. Also, “Issuing Municipal or District Assemblies Bonds can be adapted to provide short-term revenue sources for the assembly” have a mean value of 3.9 and SD of 0.942 above the average mean. The participants highly perceived these items to be the most significant other factors that can improve revenue mobilisation for the district assemblies. The

results indicate that the implementation of measures such as charging businesses for erecting advertisement screens and walls, imposing fees for towing broken vehicles, and issuing Municipal or District Assemblies Bonds are crucial in enhancing revenue mobilisation for the district assembly. As such, it can be inferred that these factors play a significant role in improving the assembly's revenue mobilisation.

The finding implies that installing advertising screens and walls for enterprises may boost the assembly's income streams. This is consistent with earlier research highlighting the potential of advertising as a revenue-generating method for local governments. For instance, Wang et al. (2016) found that advertising revenue, particularly outdoor advertising, was a significant source of income for local governments in their study on the diversification of local government revenue in China.

Numerous research carried out in various countries have shown that towing fees have the potential to generate revenue. For instance, Lutz (2014) examined the financial effects of vehicle impoundment fees and found that such penalties might generate a significant amount of cash for local governments. The report concludes that effective towing programme execution and reasonable cost structures are essential for optimising revenue while ensuring compliance and public support.

Studies have also been done to look at the benefits and drawbacks of issuing municipal bonds. Curry (2021), for instance, emphasises the significance of bond issuance as a way for local governments to get finance for the construction of infrastructure, the provision of public services, and other revenue-generating projects. Bonds may provide a sustainable and adaptable source of funding for local governments, allowing them to invest in infrastructure projects that will result in long-term economic growth and revenue, according to Verougstraete and Aras (2018).

**Table 4.6 Other Sources or Measures to Improve Revenue Mobilisation**

Other Sources or Measures to Improve Revenue Mobilisation	N	Mini mum	Maxi mum	Mean	Std. Deviation
Renting out plants and equipment (such as road construction heavy machines, farming equipment, heavy load vehicles, etc.) owned by the DA to private developers can be a sustainable source of additional revenue for the assembly	79	1	5	3.62	0.965
Building modern public baths and toilets in markets, bus stops, lorry stations and community centres are capable of generating enough revenue for the assembly.	79	1	5	3.78	0.779
Tolling ceremonial roads within the assembly could be an efficient source of revenue for the assembly	79	1	5	3.84	0.953
Fencing major markets, lorry stations and entertainment centres are a potential revenue-boosting source for the assembly	79	1	5	3.56	0.843
Taxing mining companies or Galamseyers can complement the revenue mobilization drive of the assembly	79	1	5	3.8	0.992
Erecting advertisement screens and walls for businesses at a fee can increase the revenue sources of the assembly	79	1	5	4.11	0.832
Imposing lorry towing fees on broken vehicles on the major roads in the assembly can generate a streak of earnings.	79	1	5	3.92	0.931
Establishing semi-autonomous tax administration agencies in the assembly could sufficiently increase the IGF of the assembly	79	1	5	3.84	0.839
Providing performance incentives to tax collectors can boost revenue for the Assembly	79	1	5	4.19	0.735
Issuing Municipal or District Assemblies Bonds can be adapted to provide short-term revenue sources for the assembly	79	1	5	3.9	0.942
Investing IGF into government bonds can provide additional revenue sources to the assemblies	79	1	5	3.78	1.046
<b>Average Mean</b>				<b>3.85</b>	<b>0.896</b>

**Table 4.7 Internally Generated Revenue Performance Assessment**

NAME OF THE ASSEMBLY	2020				2021			
	BUDGETED GH¢	ACTUAL GH¢	VARIANCE GH¢	VARIANCE %	BUDGETED GH¢	ACTUAL GH¢	VARIANCE GH¢	VARIANCE %
Accra Metropolitan	18,961,321.00	11,828,797.00	-7,132,524.00	-37.62	20,851,894.00	14,856,593.40	-5,995,300.57	-28.75
Ayensuano	498,850.00	431,829.27	-67,020.73	-13.44	538,650.00	552,905.37	14,255.37	2.65
Bole	1,350,000.00	776,484.46	-573,515.54	-42.48	858,004.65	640,171.65	-217,833.00	-25.39
Ekumfi	185,000.00	169,450.67	-15,549.33	-8.41	200,000.00	122,846.00	-77,154.00	-38.58
Ga South	4,000,000.00	2,227,797.76	-1,772,202.24	-44.31	4,200,000.00	3,514,204.91	-685,795.09	-16.33
Ledzokuku	4,311,409.66	3,807,937.42	-503,472.24	-11.68	5,030,400.00	4,536,222.55	-494,177.45	-9.82
Nkoranza South	685,460.26	801,082.50	115,622.24	16.87	729,354.03	814,499.37	85,145.34	11.67

Okaikwei North	4,153,790.00	5,421,602.00	1,267,812.00	30.52	6,672,700.00	6,415,133.98	-257,566.02	-3.86
Sekondi-Takoradi	9,108,477.84	9,501,020.29	392,542.45	4.31	14,609,058.44	13,127,703.22	1,481,355.22	-10.14
Tema Metropolitan	19,550,000.00	19,769,309.17	219,309.17	1.12	23,528,214.25	24,450,112.87	921,898.62	3.92
Weija Gbawe	3,730,177.00	3,861,818.72	131,641.72	3.53	5,640,000.00	5,931,179.88	291,179.88	5.16

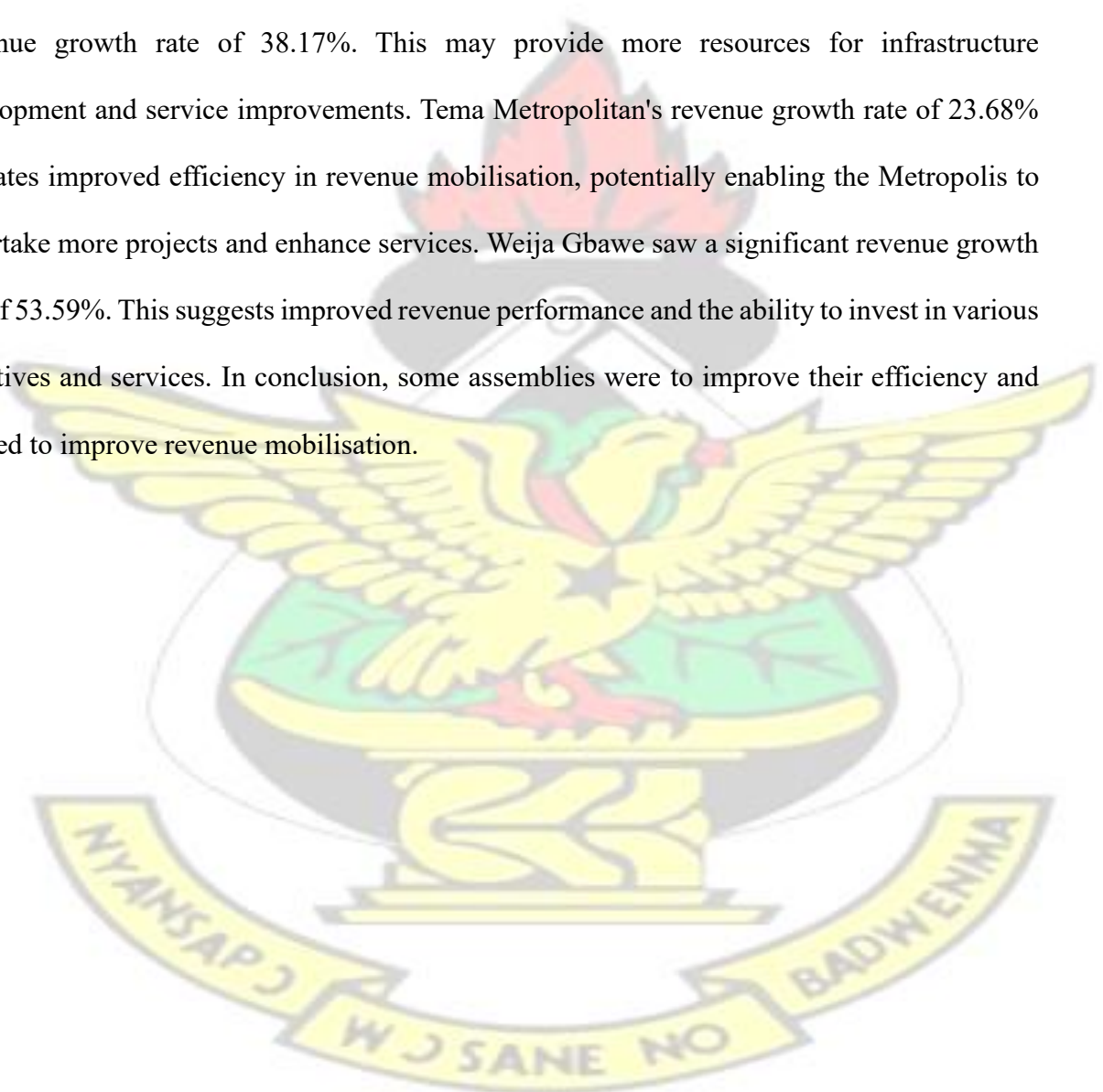
**Source: Extract Composite budget report 2023**

#### 4.5 REVENUE PERFORMANCE

Table 4.7 above presents the 2020 and 2021 variance percentages for each Assembly and their impact. The observation is that, in both 2020 (-37.62%) and 2021 (-28.75%), Accra Metropolitan had negative variance percentages, indicating that actual expenses were lower than budgeted which is attributable to a potential budget surplus. In 2020 (-13.44%), Ayensuano had a negative variance, however, in 2021 (2.65%), there was a positive variance, indicating improved efficiency in the revenue mobilisation. Bole had negative variances in both years 2020 (-42.48%) and 2021 (-25.39%). Ekumfi had a negative variance in 2020 (8.41%) but experienced a more significant negative variance in 2021 (-38.58%). This means their mobilisation efficiency must be improved as suggested by the Auditor General on paragraph 230 of his 2021 audit report on district assemblies. Ga South had substantial budget shortfalls in both years 2020 (-44.31%) and 2021 (16.33%), they attributed the shortfall to covid-19 effects. Lekma had negative variances in both years (-11.68%) and 2021 (-9.82%), this means there was an improvement in efficiency in mobilisation as compared in 2020. Nkoranza South had positive variances in both years 2020 (16.87%) and 2021 (11.67%), indicating improved efficiency. Okaikwei North had an extremely high positive variance in 2020 (30.52%) and a negative variance in 2021 (-3.86%). Such large fluctuations might indicate budgeting challenges or exceptional circumstances in 2021. Sekondi-Takoradi had a positive variance in

2020 (4.31%) but faced a negative variance in 2021 (-10.14%). Tema Metropolitan had relatively small variances in both years 2020 (1.12%) and 2021 (3.92%), indicating stable budget management. The impact might be minimal disruptions to projects and services. Weija Gbawe had moderate positive variances in both years, 2020 (3.53%) and 2021 (5.16%), indicating an improved efficiency in the revenue mobilisation. . In conclusion, some assemblies were to improve their efficiency and that led to improve revenue mobilisation.

Revenue growth rate of 38.17%. This may provide more resources for infrastructure development and service improvements. Tema Metropolitan's revenue growth rate of 23.68% indicates improved efficiency in revenue mobilisation, potentially enabling the Metropolis to undertake more projects and enhance services. Weija Gbawe saw a significant revenue growth rate of 53.59%. This suggests improved revenue performance and the ability to invest in various initiatives and services. In conclusion, some assemblies were to improve their efficiency and that led to improve revenue mobilisation.



## **CHAPTER FIVE SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS FOR**

### **FUTURE RESEARCH**

#### **5.0 INTRODUCTION**

The study's final chapter offers a comprehensive summary, conclusive results, and recommendations based on the research. This chapter goes into extensive detail on the study's significance and limitations. The chapter is split into several parts. The second part of the study elaborates on the specific objectives of the study, which are based on the obtained findings. The recommendation section in the chapter provides important suggestions that are based on the primary findings of the study. The concluding section proposes potential directions for future research.

#### **5.1 SUMMARY**

The first purpose of the study was to assess the performance of the traditional revenue sources of district assemblies in Ghana. The findings showed that there is a moderate to high rating (closer to Agree) for the performance of traditional revenue sources for district assemblies in Ghana. The study reveals also that the primary revenue streams for district assemblies are comprised of taxes levied on businesses and natural resources within the district. Property taxes are also identified as a potential source of revenue in the future. Additionally, revenue is generated through fines, penalties, and forfeitures. The process of deriving budgeted figures from fees, fines, and charges has not yielded successful outcomes. The efficacy of special rates as a revenue management strategy is perceived to be suboptimal, while there has been significant progress in the generation of revenue from licence fees.

The second objective of the study sought to evaluate the Ghana Audit Service's involvement in mobilising internally generated funds (IGF) for Ghana's District Assemblies. The results emphasised numerous important functions that the Audit Service performed. The first important role is that, it gives accurate reporting on IGF profits and expenditures, increasing openness in revenue collection and expenditure. Second, it significantly decreases IGF misappropriation, improving revenue mobilisation. Third, by supervising the acts of internal audit units, it improves revenue mobilisation as an external audit watchdog. It also contributes in the recovery of overdue tax revenues and the closure of revenue loopholes. The Audit Service also improves the government's authority to levy surcharges and penalties on tax evaders. Furthermore, it provides District Assemblies with services such as financial counselling. It also informs internal audit units on financial management practices in order to increase IGF generation. It keeps an eye on the central government to ensure that income is distributed to District Assemblies on schedule and in sufficient amounts. Finally, it gives professional training to tax collectors, resulting in considerable revenue mobilisation gains.

The third purpose of the study was to identify other sources or measures to improve revenue mobilization for District Assemblies. The findings indicated that the implementation of measures such as charging businesses for erecting advertisement screens and walls, imposing fees for towing broken vehicles, and issuing municipal or district assemblies bonds are crucial in enhancing revenue mobilisation for the district assembly are the factors play a significant role in improving the assembly's revenue mobilisation.

## **5.2 CONCLUSION**

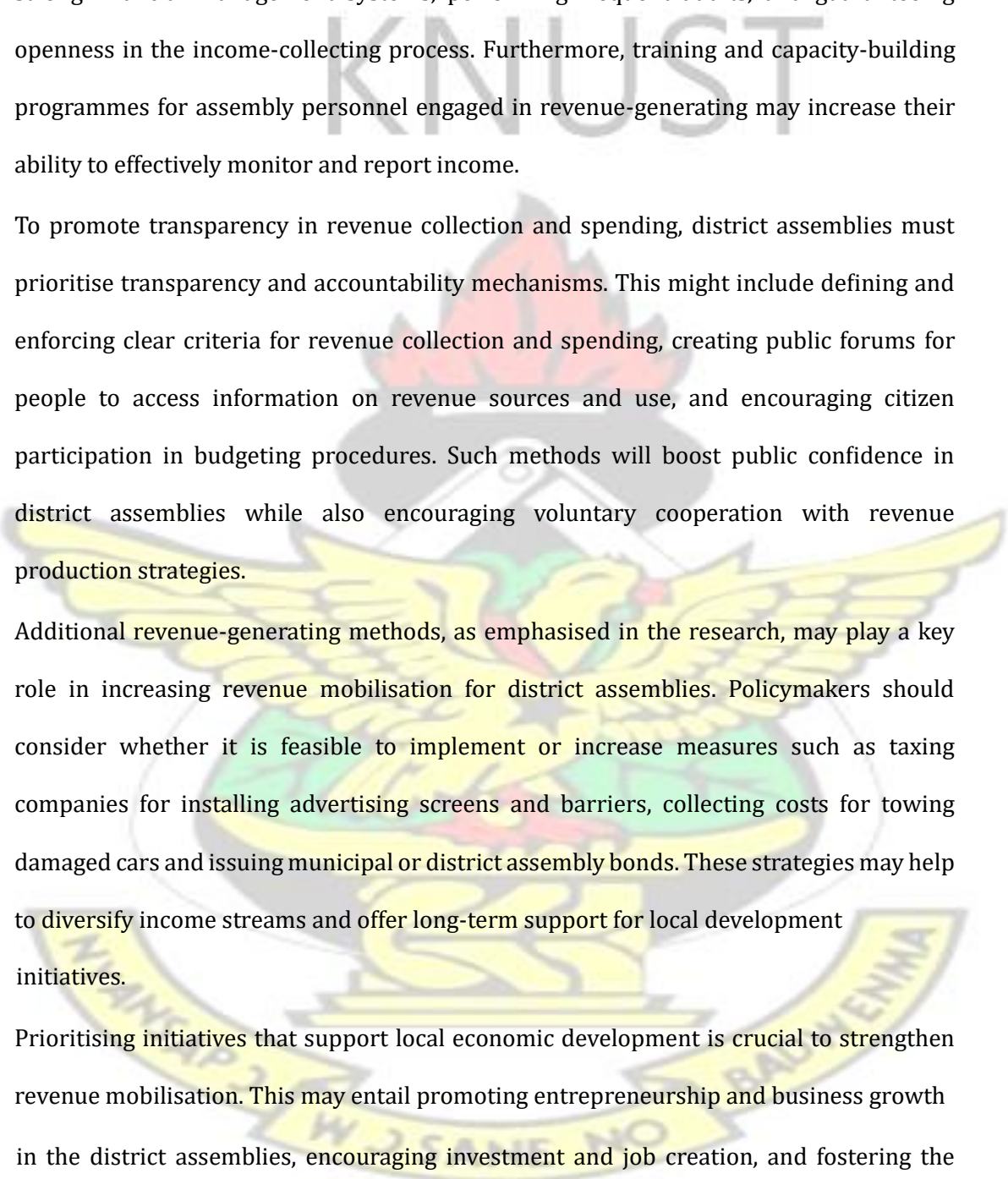
The main purpose of this study is to examine how to improve revenue mobilisation in district assemblies in Ghana. The research was quantitative, and it used an explanatory approach. The study population comprised staff of district assemblies and the Ghana Audit Service. Data from

79 participants were collected using a convenience sample method. SPSS v26 was used for the analysis of the study's objectives. Descriptive statistics were used to provide a summary of the data. The findings showed that there is a moderate to high rating for the performance of traditional revenue sources for district assemblies in Ghana. From the findings also, the first and most important role of Ghana's audit service in the mobilization of internally generated funds for the district assemblies is that it gives accurate reporting on IGF revenues and expenditures, increasing openness in revenue collection and expenditure. The findings also indicated that the implementation of measures such as charging businesses for erecting advertisement screens and walls, imposing fees for towing broken vehicles, and issuing municipal or district assemblies bonds are crucial in enhancing revenue mobilisation for the district assembly are the factors play a significant role in improving the assembly's revenue mobilization.

### **5.3 RECOMMENDATIONS**

The main purpose of this study is to examine how to improve revenue mobilisation in district assemblies in Ghana. The findings showed that there is a moderate to high rating for the performance of traditional revenue sources for district assemblies in Ghana. Also, the first and most important role of Ghana's audit service in the mobilization of internally generated funds for the district assemblies is that it gives accurate reporting on IGF profits and expenditures, increasing openness in revenue collection and expenditure. The findings also indicated that the implementation of measures such as charging businesses for erecting advertisement screens and walls, imposing fees for towing broken vehicles, and issuing municipal or district assemblies bonds are crucial in enhancing revenue mobilisation for the district assembly are the factors play a significant role in improving the assembly's revenue mobilization. The findings inform the following practical and policy recommendations.



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- Given the significance of accurate reporting on internally generated funds (IGF) earnings and expenditures, it is critical to improve revenue collection monitoring and reporting processes at the district assembly level. This may be accomplished by putting in place strong financial management systems, performing frequent audits, and guaranteeing openness in the income-collecting process. Furthermore, training and capacity-building programmes for assembly personnel engaged in revenue-generating may increase their ability to effectively monitor and report income.
  - To promote transparency in revenue collection and spending, district assemblies must prioritise transparency and accountability mechanisms. This might include defining and enforcing clear criteria for revenue collection and spending, creating public forums for people to access information on revenue sources and use, and encouraging citizen participation in budgeting procedures. Such methods will boost public confidence in district assemblies while also encouraging voluntary cooperation with revenue production strategies.
  - Additional revenue-generating methods, as emphasised in the research, may play a key role in increasing revenue mobilisation for district assemblies. Policymakers should consider whether it is feasible to implement or increase measures such as taxing companies for installing advertising screens and barriers, collecting costs for towing damaged cars and issuing municipal or district assembly bonds. These strategies may help to diversify income streams and offer long-term support for local development initiatives.
  - Prioritising initiatives that support local economic development is crucial to strengthen revenue mobilisation. This may entail promoting entrepreneurship and business growth in the district assemblies, encouraging investment and job creation, and fostering the establishment of small and medium-sized enterprises. A thriving local economy can enhance tax revenues and foster economic growth, which can ultimately benefit the district assemblies and the overall development of Ghana.

- The Auditor General must continue to report on inefficient revenue mobilisation by the assemblies and provide recommendations to improve revenue mobilisation,

Finally, the district assemblies must put the revenue mobilised into proper use for the payers to see as suggested by the proponents of reasoned action theory. Creating an environment whereby constituents see a developmental projects as result of their revenue contribution to district assemblies will lessen the difficulties associated with revenue collection.

Also, the assemblies must be more efficient and cost effective in the revenue mobilisation as proposed by new public management theory so as to minimised cost in the revenue collection exercise.

#### **5.4 RECOMMENDATION FOR FURTHER STUDIES**

The study's sample size may have hindered the study's findings. It is critical to evaluate the districts' representativeness and variety in terms of geographical location, size, and economic factors. Future studies might involve a bigger and more varied sample to ensure that the results are applicable to a wider variety of Ghanaian district assemblies. The research may not have taken into consideration all of the external variables that may impact district assembly revenue mobilisation. Regional economic differences, the political environment, and changes in national legislation may all have a substantial influence on revenue success. Future studies should include a more in-depth contextual analysis to better understand external impacts on income generation and the implications for policy suggestions. The research may not have taken into consideration all of the external variables that may impact district assembly revenue mobilisation. Regional economic differences, the political environment, and changes in national legislation may all have a substantial influence on revenue success. Future studies should include a more in-depth contextual analysis to better understand external impacts on how revenue is generated and the implications for policy suggestions. To improve revenue mobilisation for district assemblies, comparative studies with other nations or areas that have

effectively adopted revenue-generating techniques would be beneficial. Analysing best practices and finding transferrable lessons may give Ghana's district assemblies important insights. Future studies should look at foreign case studies and undertake comparative analysis to discover effective ways that can be used in Ghana.

# KNUST



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## APPENDIX

### KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY SCHOOL OF GRADUATE STUDIES MSC QUESTIONNAIRE

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My name is Richard Feyinkah, This survey instrument has been designed to enable me to research the topic: **“Improving Revenue Mobilization in the district assemblies in Ghana: the role of Ghana Audit Service”**. The purpose of this study is to assess how revenue mobilization can be improved in the District Assemblies in Ghana. Any information provided will be used for academic purposes **ONLY**. There are no risks associated with your participation, and your responses will remain confidential and anonymous.

#### SECTION A: RESPONDENT’S BIOGRAPHY AND COMPANY PROFILE

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When completing this questionnaire, please tick [] in the applicable box or provide an answer as applicable.

Please answer the following questions:

Assembly Name

.....

1. *Indicate your position at the District Assembly*

DCE  Human Resource Manager  Internal Auditor  Revenue Collector   
Finance Officer  Procurement Officer  Planning Officer  *Others, indicate.....*

2. *How long have you been working with the District Assembly?*

1 - 5 years  6 - 10 years  11 – 15 years  16 years and above

3. *Gender:*

Male  Female

4. *Age:*

18-30 years  31-40 years  41-50 years  above 50 years

5. *Highest level of Education:*

Senior High School  Diploma  High National Diploma (HND)  Bachelor’s Degree

Graduate Studies (Master / PhD)  Others

For Others, Please specify:.....

**SECTION B: Assessing the Performance of the Traditional Revenue Sources of the District Assemblies (Objective 1)**

The following statements seek to measure the performance of the traditional revenue sources as spelt out by the constitution in Schedule Six of Act 462. What is your level of agreement with the statement from Code PTR1 to PTR10 using a Likert scale of 1–5 where 1 is Strongly Disagree, 2 is Disagree, 3 is Neutral, 4 is Agree 5 is Strongly Agree?

Code	Performance of Traditional Revenue Sources	1	2	3	4	5
PTR1	Investment income is now the mainstay of revenue for the assembly as it performs well for IGF.					
PTR2	The DA accrues more of its revenue from taxes on businesses, natural endowment within the district					
PTR3	Most of the IGF is obtained from the partnership the DA have with international development partners.					
PTR4	Property taxes are the promising source of revenue for the district assembly going forward					
PTR5	Basic rates are contributing a significant amount of revenue to the DA					
PTR6	Property taxes, fines, penalties, and forfeitures make up a larger source of the DA's revenue					
PTR7	The central government allocates enough funds for the assembly through the DACF					
PTR8	The assembly has been unsuccessful in generating budgeted amounts from its fees, fines and charges					
PTR9	Special rates are poorly nonperforming revenue handle of the assembly					
PTR10	There has been great improvement in the revenue generated from License fees by the DA					

**SECTION C: Examining the Role of the Ghana Audit Service in the Mobilization of Internally Generated Funds for the District Assemblies in Ghana (Objective 2)**

The statements below are the possible impacts of the Ghana Audit Service on revenue mobilization at the district assemblies of Ghana. Based on your experience in revenue mobilization, what is your level of agreement with the statements below measured on a fivepoint Likert scale: 1=Strongly Disagreed, 2= Disagreed, 3=Indifferent, 4=Agreed and 5=Strongly Agreed.

Statements						
Code	Impact of Audit Service	1	2	3	4	5
AS1	The audit service has been an external audit watchdog over the activities of the internal audit unit in the district assembly					
AS2	The audit service has aided the internal audit unit to plough the revenue loopholes in the district assembly.					
AS3	With the services performed by the audit service, IGF misappropriation has drastically reduced over the years which boosts the assemblies revenue mobilization					
AS4	The country's audit service has always assessed the feasibility of the investment the Assemblies intend to engage in as a means to raise IGF. Thus they offer investment advice to the assemblies					
AS5	The audit service has been updating the DA's internal audit unit on good financial management practices for efficient IGF generation					
AS6	The Ghana audit service provides authentic reports on how IGF are raised and spent, thus improving transparency in revenue generation and expenditure to the populace					
AS7	The Ghana audit service has helped the DA to recover most of its defaulted tax revenues, thus improving revenue mobilization					
AS8	The operations of the Ghana audit service have significantly increased the legal muscles of the assembly to a surcharge and punish nonpayers of taxes					
AS9	The Ghana audit service provides professional training to revenue collectors that has significantly improved the revenue mobilization of the DA.					
AS10	The audit service has kept the central government on its task to adequately and timely honour its revenue disbursement responsibilities to the DA.					

**SECTION D: Identifying Other Sources or Measures to Improve Revenue Mobilisation for District Assemblies (Objective 3)**

Aside from the traditional sources of revenue that DAs rely on for their IGF, the following are suggested sources that could also boost the IGF of Das. What is your agreement level with the fact that these sources or measures can improve the IGF of the assembly?

Code	Other Potential Revenue Measures/Sources	1	2	3	4	5
ORM1	<b>Renting out plants and equipment</b> (such as road construction heavy machines, farming equipment, heavy load vehicles, etc.) owned by the DA to private developers can be a sustainable source of additional revenue for the assembly					
ORM2	<b>Building modern public baths and toilets</b> in markets, bus stops, lorry stations and community centres are capable of generating enough revenue for the assembly.					
ORM3	<b>Tolling ceremonial roads</b> within the assembly could be an efficient source of revenue for the assembly					
ORM4	<b>Fencing major markets</b> , lorry stations and entertainment centres are a potential revenue-boosting source for the assembly					
ORM5	<b>Taxing mining companies</b> or Galamseyers can complement the revenue mobilization drive of the assembly					
ORM6	<b>Erecting advertisement screens</b> and walls for businesses at a fee can increase the revenue sources of the assembly					
ORM7	<b>Imposing lorry towing fees</b> on broken vehicles on the major roads in the assembly can generate a streak of earnings.					
ORM8	<b>Establishing semi-autonomous</b> tax administration agencies in the assembly could sufficiently increase the IGF of the assembly					
ORM9	<b>Providing performance incentives</b> to tax collectors can boost revenue for the Assembly					
ORM10	<b>Issuing Municipal or District Assemblies Bonds</b> can be adapted to provide short-term revenue sources for the assembly					
ORM11	<b>Investing IGF into government bonds</b> can provide additional revenue sources to the assemblies					