UNIVERSITY OF CAPE COAST

PUBLIC FINANCIAL MANAGEMENT AND SERVICE DELIVERY: A CASE STUDY OF TAMALE METROPOLITAN ASSEMBLY

BY

ABDUL-RAHAMAN KWABENA IBRAHIM

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DECLARATION

Candidate's Declaration

I hereby declare that this dissertation is the result of my own original work and that no part of it has been presented for another degree in this university or elsewhere.

Signature: ………………………………… Date: ……………………..

Name: Abdul-Rahaman Kwabena Ibrahim

Supervisor's Declaration

I hereby declare that the preparation and presentation of the dissertation was supervised in accordance with the guidelines on supervision of the dissertation laid down by the University of Cape Coast.

Signature: …………………………… Date: ……………………

Name: Rev. Dr. George Tackie PhD, CA

ABSTRACT

Public financial management has to do with the efficiency and effectiveness of the utilization of public resources based on budgets that have been approved. The rationale of this research was to establish the correlation between public financial management and service delivery: a case of Tamale Metropolitan Assembly.

The specific objective was to establish the relationship between policy-based budgeting and service delivery; determine the extent to which budget credibility support service delivery; and the influence of revenue generation and allocation on service delivery. A descriptive study design and census method was employed. Data was collected not only from the budget and financial reports of the Assembly but also by administering questionnaires to 11 senior staff and their assistants and 62 assembly members in the Metropolis. The data was analysed using descriptive statistics, correlation paired sample t-test and regression.

The study found that there was a strong relationship between policy-based budgeting and service delivery at the Assembly. The credibility of the Assembly's budgets in terms of fiscal discipline was strong but weak when actual budgetary releases were matched to the voted budgets. The Assembly was not able to meet its budgeted revenue. The study also revealed that positive direct relationships exist between revenue allocation and service delivery.

The study therefore recommends that the Assembly strengthens its internal controls mechanisms and look inwardly to improve its internally generated fund collection to support service delivery.

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DEDICATION

To my family

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ACRONYMS

NASBO	National Association of State Budget Officers
DACF	District Assembly Common Fund
NGO	Non-Governmental Organisation
OECD	Organisation of Economic Cooperation and Development
PFMR	Public Financial Management Regulation
PRSP	Poverty Reduction Strategy Paper
ACCA	Association of Certified Chartered Accountants
ICAG	Institute of Chartered Accountants Ghana
PEFA	Public Expenditure Financial Accountability
IGF	Internally Generated Fund
NDPC	National Development Planning Commission
MTEF	Medium Term Expenditure Framework
PFM	Public Financial Management
RGDP	Real Gross Domestic Product
CIPFA	Chartered Institute of Public Finance and Accountancy
PAC	Public Accounts Committee
GPP	Government Performance Project
NGA	Non Governors Association
PFMA	Public Financial Management Act
IFAC	International Federation of Accountants
UNDP	United Nations Development Programme
MMDAs	Metropolitan Municipal and District Assemblies
MDAs	Ministries Departments and Agencies

CHAPTER ONE

INTRODUCTION

The study aimed to identify Public Financial Management and Service Delivery of the Northern Region of Ghana. Northern Region was selected for this study. The contribution Public Financial Management and Service Delivery and the public sector cannot be taken lightly because they provide employment for citizens and financial management advise the state and generate revenue for the government. Public Financial Management and Service Delivery over the years underperform in terms of generating revenue for the government of Ghana. The reasons being that the management mainly focused more on the external causes and forgetting the internal issues.

Background of the Study

Recently, governments across the globe have embarked on a wide range of financial and administrative reforms as a result of social, political, economic and technological pressures on them to become more effective, efficient and accountable for the use of public resources (Hoque & Moll, 2001). It is opined that governments are pressured from increased globalization, scarcity of resources, dissatisfaction of citizens with the current management, and curtailing of the budget spending (Wensing, 1997).

There is equally the growing attention on improving the quality of public financial management internationally, with many countries in both the developed and developing world making important and impressive achievements in strengthening public financial management and governance

(ACCA, 2010). A good aspect of developments dwells on the efficiency, integrity, and effectiveness with which the state raises, manages, and expends its resources on achieving the objectives of government (OECD, 2009).

Therefore, the improvement of the formal and informal rules, regulations and guidelines of institutions that regulates these activities and empowering the related human and technological capacities should be a major component of any development approach.

Public sector landscape is rapidly changing with an increasing emphasis on fiscal management and discipline, prioritisation of expenditure and value for money (Burger, 2008). As a result, it is even more important that governments, national and local institutions including regulators and professional accountancy bodies, work together in partnership to achieve long lasting improvements, transparency and accountability in public financial management. In February 2009, the Eastern and South African Association of

Accountants (ESAA) conference recognised the urgent and vital need to develop and improve public financial management in Africa.

Similarly, in July 2009, the International Federation of Accountants (IFAC) G20 Summit in London and the World Bank emphasised the need to develop and strengthen the finance profession in developing and emerging economies to achieve stable and stronger financial management. Again, donors, lenders and multinational institutions such as the World Bank, International Monetary Fund (IMF), Department of International Development UK (DFID), European Commission (EC) and Cultural Industries Development Agency (CIDA) of the United Kingdom continue to make funds available to build public financial management capacity and curriculum development in financial training in a number of under-developed countries and emerging economies (ACCA, 2010).

Public financial management is the operational activity of a business that is responsible for obtaining and effectively utilizing the funds necessary for efficient operation. Public financial management involves all components of a country’s budget process both upstream and downstream. The upstream includes strategic planning, medium-term expenditure framework, annual budgeting and the downstream which includes revenue management, procurement, internal control, accounting and financial reporting, monitoring and evaluation and audit (Burger, 2008). It supports aggregate control, prioritization, accountability and efficiency in the management of public resource and delivery of services, which are critical to the achievement of public policy objectives for the local community development (OECD, 2009).

Public financial management is absolutely critical to improving the quality of public service outcomes. It affects how funding is used to address national and local priorities, the availability of resources for investment and the cost-effectiveness of public services. In addition, the general public will have greater trust in public sector organisations if there is strong financial stewardship, accountability and transparency in the use of public funds. Public financial information is often used as the mechanism to support decision making. It is concerned with improving resource management and budgeting, responding to changes in financial accounting and reporting, securing better regulation, strengthening institutions, improving risk management and governance, and eradicating fraud and corruption (ACCA, 2010).

Both the developed and the developing countries continue to struggle with the increasing complexities of public financial management and the pace of change. Following developments in many other countries, several financial reforms were carried out in the Ghanaian public financial management to achieve two main themes: promote culture of performance and to make the public sector more responsive, accountable, efficient and effective to the needs of the public (Hoque & Moll, 2001).

Over the last few years, the Government of Ghana has accelerated its development and implementation of public financial management reforms through a number of measures intended to strengthen the legislation framework and improve oversight of the use of public resources (World Bank, 2006). Many of such reforms have occurred in the area of decentralization, budgeting, financial administration, personnel emolument and pension administration, procurement, expenditure management and internationalization of financial reporting (World Bank, 2006).

Some specific reforms in recent years are the adoption of the medium term expenditure framework of budgeting in 1999, financial administration reforms through the passage of the Public Financial Management Act (Act 921) in 2016 and the Public Financial Management Regulations (L.I. 2378) in 2019, public procurement reforms in 2003, national pension reforms in 2008, the restructuring of the revenue collection agencies in 2009, the budget and public expenditure management system (BPEMS) and most recently, the Ghana integrated financial management information system (GIFMIS). Government recognised that the efficient use of public funds depended on the availability of timely and relevant financial management information and the adoption of internationally accepted financial reporting, accounting and auditing principles, best practices and standards (OECD, 2009).

With resources becoming more finite and population growth increases, emphasis is now being placed by Ghana government on local resources to improve service delivery. In order to improve service delivery, the government of Ghana has noted that deliberate and concerted efforts must be made to eradicate the economic, social, cultural, and political factors that contribute to mass poverty in the country (Mensah, Domfeh, Ahenkan & Bawole, 2013).

Tamale Metropolitan Assembly is facilitating and executing this agenda in its Metropolis (Tamale Metropolitan Assembly, 2013). Its mandate and authority are captured in the 1992 constitution and the Local Government Act 462, 1993. The Assembly's mandate include legislative, administrative, development planning, service delivery as well as budgeting. The Assembly is responsible for the implementation of government programmes and projects in their areas of jurisdiction (Republic of Ghana constitution, 1992: Republic of Ghana, Local Government Act, 1993). This is done by identifying and using primarily local resources, ideas and skills to stimulate economic growth and development, with the aim of creating employment opportunities, reducing poverty, and redistributing resources and opportunities to the benefit of local communities.

In this sense, the International Labour Organisation (2006) maintains that, development projects empowers local societies and is founded on the belief that problems facing communities such as unemployment, poverty, job loss, environmental degradation and loss of community control can best be addressed by community-led, grass-root, integrated approach.

Statement of the Problem

Public financial management is increasingly gaining attention around the globe with many countries making conscious and important efforts in strengthening public financial management application. The standard interventions have focused on improving the comprehensiveness of budget operations, building better links between annual allocations and medium-term policy objectives, introducing performance indicators and management systems and computerising budget management and expenditure control.

These reforms have changed the traditional role of public financial management to one that is more focused on accountability, output, performance measurement, efficiency, cost savings and productivity (Hedger & Renzio, 2010).

In Ghana, research conducted on public financial management have focused more on revenue mobilisation and allocation, internal controls, procurement and internal and external audit system. Studies related to public financial management done by the Ministry of Finance and Economic Planning and German Technical Cooperation (2010) and De-Renzio and Smith (2005) were focused at the national level with different methodological approach. At the local government level, public financial management in terms of policy based budgeting, credibility of budget and revenue generation and allocation and its influences on service delivery has not received much attention.

The Ministry of Finance and Economic Planning and German Technical Cooperation (2010) argues that budget for programmes and projects in the district medium term development plans far exceeded the financial resources of the district assemblies and are unable to implement barely 50% of planned programmes and projects. Resource utilisation by the assemblies was not linked to their annual action plans and district medium term development plans. In addition, district assemblies had to contend with huge deductions and delay in disbursement of funds from District Assembly Common Fund to meet programmes and projects.

According to Simson and Welham (2014), budget credibility supports service delivery and indicated that in developing countries, compensation expenditure (wages) is the most credible expenditure with five percent (5%) variance or below. Goods and services expenditure is less credible with a variance of twenty percent (20%), while the assets or capital projects is the least credible by far, fluctuating immensely with a variance of eighty percent (80%) affecting service delivery.

The Public Accounts Committee of the Ghanaian Parliament continuously identifies poor accounting practices, internal control failure and incompetent financial decisions as the main threat to public financial management (PAC Report, 2014-2018). Notwithstanding these, the Auditor-General's report on the management and utilization of District Assemblies Common Fund (DACF) for 2018 has revealed that metropolitan, municipal and district assemblies across the country misappropriated a total of GH¢154,736,571.90 (GH¢155 million) of the District Assembly Common Fund meant to improve projects and programmes at the various districts (Auditor General report, 2018). This reports noted that deficiencies found in the financial operations of the district assemblies, created the avenue for some officials of the assemblies to mismanage public funds and resources in transactions such as cash management, which recorded massive irregularities, unsubstantiated payments, misappropriation and misapplication of earmarked funds for development programmes.

Similarly, the Tamale Metropolitan Assembly report (2012) indicated that funds from central government and donor sources to meet capital expenditure in the Metropolis have been very erratic over the years and this was impacting negatively on the assembly's programme of activities slated for execution in a particular period. Monitoring of projects and programmes are irregular and the revenue mobilisation is not encouraging.

The Metropolis can boast of two big markets in the country, but these market are not fully developed to attract maximum traders (merchants) as compared to other big markets in the neighbouring regions of the country (Tamale Metropolitan Assembly, 2012).

Public financial management is now considered critical in combating corruption, alleviating poverty, and ensuring the effective use of internal and external resources and financial accounting and reporting (Burger, 2008). In the light of this, the study seeks to assess impact of public financial management on service delivery at the Tamale Metropolitan Assembly. This will go a long way to influence international donors, government, and local institutions to work hand in hand with the Assembly towards the achievement of long-lasting improvements that is needed in the adjoining communities of the Metropolis.

Purpose of the Study

The purpose of the study is to assess the impact of public financial management and service delivery at Tamale Metropolitan Assembly.

Research Objectives

(a) Assess the relationship between policy based budgeting and service delivery;

(b) Examine the extent to which credibility of the budget supports service delivery; and

(c) Evaluate the influence of revenue generation and allocation on service delivery.

Research Questions

The main research question of the study is: to what extent does public financial management impact on service delivery at Tamale Metropolitan Assembly and its communities.

(a) What is the relationship between policy based budgeting and the service delivery?

(b) How does the credibility of the budget support service delivery?

(c) What is the level of influence of revenue generation and allocation to the service delivery?

(d) What is the level of contribution of the internally generated funds to service delivery?

Significance of the Study

The study would provide an insight into the factors that influence public financial management on service delivery. This would be useful to management of all districts, municipal and metropolitan assemblies to guide them in their planning towards programmes and projects. It would make the assembly equally pay attention and better look inward to generate revenue to support programmes and projects. Similarly, it would help the Assembly to prepare its budget for programmes and projects in the district medium term development plan with recourse to the financial resources of the assembly to avoid abandoned and rollover of projects to subsequent years.

The study would further add to existing literature on public financial management and service delivery. It would also serve as a reference point to other researchers who may like to research in similar or related fields.

Delimitation of the Study

The study test the degree of public financial management and service delivery function between the Northern Region and Ghana as a whole and the influence on their revenue generation of the various dimensions of financial management practices.

Limitations of the Study

It is not a strong anticipation that the research will go on smoothly without some form of hindrance. However in the unlikely event that a number of factors and circumstances may hinder the processes and the methods employed by the researcher thereby threatening the achievement of the objectives of the research. This section discusses the limitations the researcher may encounter in the investigation. It goes further to suggest how the limitations will be overcome or managed in order not to have the purpose of the study thwarted.

Some of the respondents for the interviews may be busy and may either not give feedback to the researcher or give feedback quite late. This may delay the collection, collation and analysis of the data that may be needed for the research.

Some respondents may also need to be visited too many times before their responses are collected whiles some may never yield to either the interview or questionnaires. This in a way may deprive the research of some information.

Another impediment of this study may be the fact that some of the important information that interviews and questionnaires will be seeking may be considered private and confidential. This may make some respondents to be too careful in answering some questions and the answers given may be distorted which can affect the logical conclusions to be drawn.

Finally the data that will be collected may be too voluminous because it is going to be gathered from different sources and from different groups. This may delay the collation, aggregation and analysis of the data.

Organization of the Study

The study is structured into five chapters. The first chapter discusses the background of the study, statement of the problem, the objectives and the research questions, significance of the study, limitations and delimitations and organisation of the study. Chapter two contains literature review. The various theories and concepts of public financial management at the local government level have been reviewed including review of empirical evidence of the study. The chapter three discusses the research methods used for the study. Chapter four presents the results and discussions of the study and chapter five focuses on the summary, conclusions and recommendations as well as the suggestions for future studies.

CHAPTER TWO

LITERATURE REVIEW

Introduction

The main idea of this study is to review literature that relates to public financial management and service delivery at the local government level. Additionally, the various theories that reinforce the concept of public financial management and service delivery are discussed after which empirical evidence on policy based budget, budget credibility and resource generation and allocation are reviewed.

Theoretical Review

This section reviews the theoretical perspectives of public financial management that are relevant for this study. Fiscal decentralization and resource dependency theories were chosen as its theoretical framework to guide the study.

Fiscal decentralization theory

Fiscal decentralization is increasingly becoming a popular strategy to improve public sector efficiency, effectiveness, and accountability (Bahl & Linn, 1992). Generally, there are many kinds of decentralization such as political decentralization, administrative decentralization, and fiscal decentralization among others (Vu, Le, & Vo, 2007). This study focuses on fiscal decentralization. Fiscal decentralization entails shifting some responsibilities for expenditure and revenues to lower levels of government. A UNDP (2005) report explained fiscal decentralization as local governments given more power to have authority and control in the use and management of their financial resources. This is the extent to which sub-national entities are given autonomy to determine the allocation of their expenditures (Osoro, 2003).

Fiscal decentralization has become the main issue in the decentralization process of which Ghana is no exception and it includes externally and internally generated sources of revenue and utilization of expenditure. It has become very important for government in their quest to achieve their desired development goals and objectives at the local level (Dick-Sagoe, 2012). Genuinely to be supportive of a decentralization process, the basic characteristics of a system for decentralized financial management should include: (a) transparency of allocation, (b) predictability of the amounts available to local institutions and (c) local autonomy of decision making on resource utilization (Dick-Sagoe, 2012).

Fiscal decentralization is considered to be better equipped to provide a more adequate service to the local population than central government (Ebel & Yilmaz, 2002). Ezcurra & Pascual (2008), mentions that decentralization may improve not only serve as potential for achieving Pareto efficiency, but also for achieving greater economic equality across territories.

Many authors have indicated that fiscal decentralization is frequently seen as a means of increasing democratic participation in the decision-making process and allowing for greater transparency and accountability (Ebel &Yilmaz, 2002; Dabla-Norris, 2006).

Despite this dominant view, there is, however, little empirical support to substantiate the claims of the economic benefits of fiscal decentralization at the local level (Rodríguez-Pose & Bwire, 2004). Overall, the literature on decentralization and economic growth in the context of development is still in its infancy (Bardhan, 2002). This scepticism is fuelled by problems often associated with decentralization, such as increasing deficits, lower quality of government decisions, corruption, increased influence of interest groups, and greater interregional and inter-district inequalities, which may result in lower overall local economic growth (Prud'Homme, 1995). Rodden (2002) even considers it harmful, especially in the case of developing and transition economies.

Ghana's decentralization process provides a framework for a system of locally-controlled development and planning. By this process, district assemblies were established and charged as the local planning authorities with responsibility for the overall development and governance of their district and municipal assemblies (Dick-Sagoe, 2012). This has made the municipal and district assemblies to be at the centre in the provision of service delivery at the local government level in Ghana.

Resource dependency theory

Resource dependency theory explains that all organizations rely on resources from their environment (Fadare, 2013). These resources are in the hands of other organizations within the environment. This theory suggests that the holders of these resources are able to exert power and control over organizations that require the resources. Thus, organizations' survival and success are contingent on the ability to control the flow of resources (Fadare, 2013). The resource dependency theory is attributed to Pfeffer (1973); Pfeffer and Salancik (1978). According to Pfeffer and Salancik (1978), resource dependency theory argues that "the key to organizational survival is the ability to acquire and maintain resources. In addition, Hatch (2013) expands on this definition by explaining that the district's reliance on its environment is a function of its need to acquire resources to meet the service delivery.

In a work by Hillman, Canella and Paetzold (2000), the resource dependency theory is seen to focus on the role that assemblies play in providing or securing essential resources to the district through their linkages to the external environment. The growth and development of the district is to a large extent, dependent on the amount of resources available to it. This theory rests on a few straight forward principles. First, the district needs resources to pursue its goals for development. Second, the district can obtain resources from its environment or, more simply, from other organizations. Resource dependency theory provides assemblies with a perspective for comparing different strategies, emphasizing the short-term coordination costs as well as the long-term prospects of the district growth and development (Hillman, Canella & Paetzold, 2000).

However, Fadare (2013) suggests that the district cannot develop if it is unable to guarantee the continuous supply of resources critical for its development. Using a predictive model of resource dependency, Sheppard (1995) found significant, consistent positive relationships between district development and the present level of the district's resources, influence with critical resource providers, and the stability of the district environment. In view of this, vigorous efforts are made to ensure the availability of resources necessary for the growth and development of the district.

Resource dependency theory provides valuable guidance for managers in decisions making. The fiscal landscape is changing and continues to challenge public managers (Malatesta & Smith, 2014). National Governors

Association (NGA) and National Association of State Budget Officers (NASBO) (2012) reports drastic reductions in state and local government revenues and collections. The assumption in this theory is that district assemblies apart from their local revenue are also funded from a central source of government funds, where the constraints create competition with other government agencies for funding. Assemblies must have resources and capabilities and must take into account their environment and negotiate with relevant resources and exploit its opportunities (Matthews & Shulman, 2005).

Conceptual Review

A country's development is influenced, in part, by how effectively its government raises, manages, and expends public resources (Burger, 2008). There is wide agreement that effective institutions and systems of public financial management have a critical role to play in supporting implementation of policies of national development and poverty reduction (Public Expenditure Financial Accountability (PEFA), 2005). A review of literature on public financial management shows that there are many ways to define public financial management (Pretorius & Pretorius, 2008). It has been defined by the Chartered Institute of Public Finance and Accountancy (CIPFA, 2010) as the system by which financial management resources are planned, directed and controlled to enable and influence the efficient and effective delivery of public service goals. This definition of public financial management applies to how to deal with the pressures of balancing limited resources with expanding demands and expectations, and with their obligation to spend the taxpayer funds carefully.

Alternatively, Simson, Sharma and Aziz (2011), define public financial management as the mobilisation of revenue, the allocation of these funds to various activities; expenditure and accounting for spent funds. This means that public financial management has to do with efficient use of funds. They further submit that it is about taxing (raising revenue) and spending by the government, and the impacts this has on resource allocation and income distribution. Beyond this however, Task Force on Public Financial management, (2009-2011) submit that public expenditure should link more closely with the revenue side of the budget (especially taxation). Better resource mobilization can create a culture of government accountability to the citizen-taxpayer, diversify and make more effective public finance, enable long-term financial commitments to citizens, and reduce dependence on aid flows.

According to CIPFA (2010), local governments contend with greater demands and fewer resources. They must increasingly look to new and creative business models to generate revenue to meet service delivery in their localities. It further states that local governments deserve the trust that goes with exacting standards of probity and accountability in the use of public resources. Langlois and Beschel (1998) indicate that sound public financial management systems are potentially powerful instruments for preventing, discovering or facilitating the punishment of fraud and corruption. There is the need to ensure inclusiveness in decision-making around the use of funds, transparency in allocations and procurement, regular monitoring and independent audits and a rolling programme of reporting and evaluation.

Furthermore, the Department of Budget and Management (2012), stress that public financial management encourage the local government to generate its own sources of revenues and ensure availability of resources to meet the people's priority needs. At the same time, it encourages public sector to manage limited financial resources to ensure economy and efficiency in the delivery of outputs required to achieve desired outcomes that will serve the needs of the community (International Federation of Accountants (IFAC), 2012). It is through the public financial management system that national and district policies are transformed into actions and services that are delivered. It provides for collective decision-making, for citizens to express their preferences and fiscal transparency.

Objective of public financial management

The World Bank's Handbook (World Bank, 1998); Sjolander, Hedvall, Salomonsson and Andersson (2007) as cited in Department of Budget and Management (2012) outline the three main objectives of public financial management. Firstly, aggregate fiscal discipline (expenditure control): According to World Bank (1998) and Sjolander *et al.* (2007), aggregate fiscal discipline ensures that public spending is in line with available resources.

They argue that budget totals should be the result of explicit enforced decisions. Budget should not merely accommodate spending demands. Failure to achieve this objective will endanger macroeconomic stability. These totals should be set before individuals spending decisions are made and should be sustainable over the medium term and beyond.

Secondly, allocation of resources in accordance with strategic priorities

(Strategic allocation): Expenditure should be based on government policy priorities and on effectiveness of public programmes (World Bank, 1998). It is about allocating resources effectively between different expenditure areas in pursuit of the desired development objectives. It entails the strategic shifting of resources from less effective uses to more effective uses. Finally, efficient and effective use of resources in the implementation of strategic priorities: World Bank (1998) and Sjolander *et al.* (2007), stressed that resources are used in such a way to maximise value for money. There should be operational management to ensure both efficiency (minimizing cost per unit of output) and effectiveness (achieving the outcome for which the output is intended) in the use of resources (Schick, 1998).

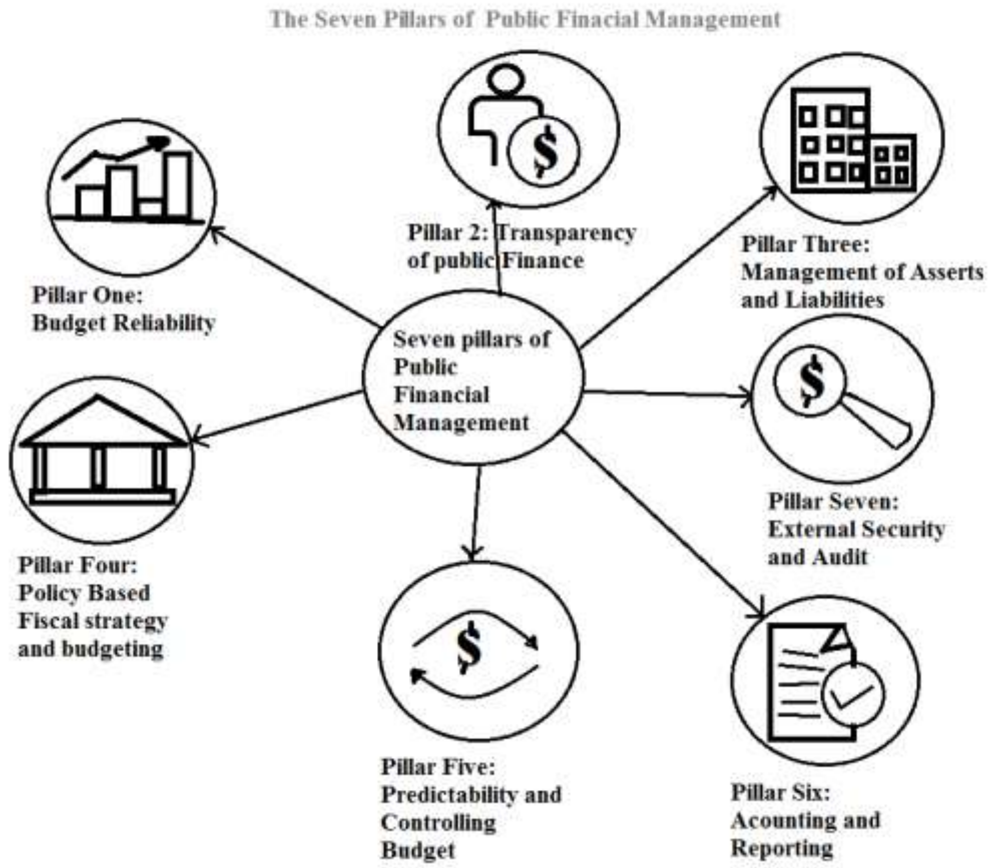

Figure 1: Public financial management measurement framework

Source: Adopted from Public Governance Directorate: Budget Transparency Toolkit, (2017).

Concept of local government

Local government is a government at the grassroots level. It is defined as a political sub-division of a nation or a country which is constituted by law and has substantial control of local affairs including the power to impose taxes or to demand labour for prescribed purposes (Ojo, 2009). According to Ojofeitimi (2000), the word "local" connotes that councils are meant for small communities and the word "government" means that they have certain attributes of government. He further posited that an essential feature of local government is autonomy, thus, the amount of responsibility devolved, the size and elasticity of resources assigned, and the degree of discretion conferred. Ojo (2009) as also cited in Akudugu (2013) state that local governments have a responsibility for mobilizing local resources, promoting social and economic improvement and development, ameliorate unemployment as well as national unity.

Tonwe (1995) argues that local governments require finance to perform these statutory provisions which border on provision of services and bringing about development in their area of jurisdiction. In the same vein, Yilmaz, Beris and Serrano-Berthet (2008) point out that the ability of local governments to effectively carry out their functions is largely dependent on the availability of adequate fund, coupled with efficient financial management which constitutes the required catalyst necessary for timely execution and completion of development projects.

Concepts and variables of the study

This study focuses more on some key concepts that form the basis of the objectives. However, this section discusses these concepts in details. The key study variables include: policy based budgeting, credibility of the budget, and resource (revenue) generation and allocation on service delivery.

The dependent variable of the study

Service delivery as the dependent variable can be influenced by so many players including the state (district assembly), private organisations and individuals, NGOs and others (Eigeman, 2007). This study determines how public financial management influences or supports service delivery at the local level. Service delivery in this study is defined as things provided by the local governments for and to citizens (Eigeman, 2007). In order words, dependent variable is the respondents' level of satisfaction when matched with programmes and projects with the resources generated by the district assembly.

The independent variable of the study

This independent variable in the study consists of public financial management factors that influence service delivery in the Tamale Metropolitan Assembly. These factors include policy based budgeting, credibility of the budget and resource (revenue) generation and allocation.

Policy based budgeting

The budget process starts with planning. According to Jones and George (2011), planning is defined as a process of setting objectives and making plans to accomplish them. Plans are action statements that describe how the objectives will be accomplished. Linking policy, planning and budgeting is essential to Medium Term Expenditure Framework (MTEF).

World Bank report (1988) as also cited in Le Houerou and Taliercio (2002), emphasise that failure to link policy, planning and budgeting amounts to system fragmentation thereby contributing to poor budgeting outcomes at the macro, strategic and local levels in developing countries. They also noted that when policy, planning and budgeting take place independent of one another, annual budget expenditure is made on an ad hoc basis because even small discretionary allocations are not predictable. Unpredictability of revenue from one year to the next and within the budget year is a common problem for developing countries (World Bank, 1998). The World Bank report argues that predictability allows local authorities to plan and manage resources more efficiently within the time frame of the annual budget cycle and over the longer term to meet service delivery. The result is better control of public expenditures and better value for money within a hard constraint environment.

Similarly, Okpala (2014) states that policy based budgeting avoids poor implementation of the capital budget, unsustainable spending, poorly conceived projects and programs and spending not properly linked to developmental priorities. According to Danish Institute for International +Studies (2015), revenue and expenditure assignments need to be in balance and funds must be provided in a timely fashion and with a degree of predictability that goes beyond just one or two years. They emphasise that the linkage between policy, planning and budgeting provide the leverage for making the local government accountable to its mandates, citizens and to those who act as representatives of citizens and their communities, stand for and act for their interests and rights.

Credibility of the budget

Public financial management processes are structured around the budget cycle. In many countries particularly low-income and fragile states, national budgets are often poor predictors of revenue and expenditure (Simson & Welham, 2014). There are many ways of approaching and determining whether a budget is 'credible' or not. The term could refer to the legitimacy of the process by which a budget has been created. In the same vein, budget credibility could refer to whether the allocations within the budget under consideration are technically appropriate to its stated goals. This means that a government whose stated priorities are to deliver a number of specific infrastructure projects might be accused of delivering a 'non-credible' budget if the spending allocations were focused on different infrastructure projects. Finally, a budget may be considered as credible even if its allocations are technically appropriate to stated government policy, and its overall revenue and expenditure forecasts fall within the limits of reasonable judgments and simply adhered to plan (outturns will match plan).

In this context, credibility is used to mean the degree of deviation between planned and actual spending over a twelve-month period rather than relating it to the concepts of legitimacy or technical appropriateness (Simson &Welham, 2014). A credible budget would have no deviation from plan over the course of a year. According to PEFA (2005), non-credible budget may lead to short falls in the funding of priority expenditures. This may arise from expenditure ceiling cuts resulting from revenue shortfalls, under-estimation of the costs of the policy priorities or the non-compliance in the use of resources.

Budgets where outturns deviate considerably from plan will be poor guides resulting in less effective delivery of public services and other desired outcomes (Simon & Welham, 2014). On the contrary, Aborisade (2008), indicate that budgets may not be implemented exactly as agreed in the annual budget. He argues, deviation of actual spending from the budget could arise as a result of executive abuse, conscious change of policy direction or fundamental economic or other changes beyond the control of the executive. Therefore, the degree of deviation should fall within reasonable limit.

Revenue generation and allocation

A sound revenue system for local governments is an essential and serves as a crucial tool for the successful running of local government (Oluwu & Wunsch, 2003). Local government revenue mobilisation has the potential to foster political and administrative accountability by empowering communities (Shah, 1998; Oates, 1998).

Revenue mobilization is the act of marshalling, assembling, and organizing financial contributions from all incomes accruing from identifiable sources in an economic setting. In Articles 245 and 252 of the 1992 Constitution and section 34, part vii, part viii, part ix and part x of the Local Government Act, 1993, Act 462, revenues from those sources may be classified: as the District Assemblies Common Fund, ceded revenue, and their own revenue-raising powers through local taxation. Bahl and Smoke (2003) also classify local government revenue into two main categories for local authorities namely, internal and external sources. Internally generated fund includes taxes, user fees, and various licenses at the district jurisdiction. The external sources of revenue to the assembly include central government transfers usually in the form of grants, revenue sharing and donor funds for specific projects.

The central government transfer that constitutes the major revenue component of district assemblies in Ghana is the District Assemblies' Common Fund (DACF). The setting up of the District Assemblies' Common Fund is provided for by article 252 of the 1992 Constitution of the Republic of Ghana. Article 252 (2) states, subject to the provision of this constitution, parliament shall annually make provision for the allocation of not less than five percent (5%) of the total revenues of Ghana to the district assemblies for development; and the amount shall be paid into the District Assemblies Common Fund in quarterly instalments". Further, article 252 (3) provides that this fund must be shared among all the district assemblies in the country using a formula approved by the Parliament of the Republic of Ghana. The District Assemblies' Common Fund has been increased from five percent (5%) to seven and half percent (7.5%) (Ahwoi, 2010). The District Assembly Common Fund is used for capital investments in infrastructure.

The financing that comes through transfers leaves little room for local decision-making and priority setting, and it is often insufficient to meet all expenditure needs (Yilmaz, Beris& Serrano-Berthet, 2008). According to Yilmaz et al (2008) in Uganda, this situation is revealed in the uniformly rundown urban infrastructure, poorly maintained rural roads, and the feeling that people's taxes are largely covering the salaries of the local administration.

This situation generates a widespread unwillingness to pay taxes, making service delivery even worse a vicious circle of non-compliance. Similarly, Khemani (2006) notes that in Nigeria, local government overdependence on intergovernmental transfer revenues, coupled with uncertainty about the amount and timing has resulted in a failure to deliver services and facilitated local evasion of responsibility.

Circumstances mentioned above are not different in Ghana. Many local government authorities are financially weak and rely on financial transfers and assistance from central government (Brosio, 2000). The local government tax administrations are often inefficient and large amounts of revenues are left uncollected while those collected are sometimes inappropriately managed (Fjeldstad, 2006). Local revenue base has been limited to low yielding taxes such as basic rates and market tolls while the lucrative tax fields have been centralised by the government.

Furthermore, Botchie (2000) reveals that people are unwilling to pay their taxes due to the inability of the assemblies to account properly or justify the use of the taxes collected from them. These problems stem from factors such as the collusion of some revenue collectors and tax payers to underpay levies imposed issuance of fake receipts, direct diversion of revenue by some revenue collectors for personal benefit and the inadequate requisite expertise or qualification for effective revenue collection. Similarly, National Development Planning Commission (NDPC) (2009) attributes low internally generated fund to inadequate public sensitisation, inadequate and inaccurate data on taxable items as well as narrow economic activities in respective district of the assemblies. If the local governments are able to generate a lot of revenue internally, some of the funds can be used to undertake development projects in their respective assemblies instead of relying solely on the central government for capital projects. There is, therefore, the need to improve the internal revenue mobilization in order to meet targets set.

Review of empirical literature

A government budget (budget vote) should reflect what it says it will do (government policies). This section seeks to review some of the studies conducted in respect of policy based budgeting, credibility of the budget and strategic revenue generation and allocation.

Policy based budgeting

Linking policy, planning and budgeting are necessary for developing country to use limited resources efficiently and effectively. The planning and budgeting cycles at the national, regional and district levels are expected to be linked. A study to review MMDA development, planning, budgeting, MTEF and capital budgeting processes was conducted by the Ministry of Finance and Economic Planning and German Technical Cooperation (2010). The study aimed at identifying gaps within national and local planning and budgeting systems and also propose measures to harmonize the processes for a more effective and integrated planning and budgeting processes in the decentralized governance system. The methodology entailed reviewing relevant literature on planning and budgeting in Ghana.

Following this study, it was found that the National Development Planning Commission is expected to co-ordinate the preparation and implementation of plans at the national, regional and district levels but the commission has virtually no control in the allocation and disbursement of funds to the ministries, departments and agencies and district assemblies. It undermines the coordinating capacity of National Development Planning Commission and reduces the plan preparation process to a mere theoretical exercise. It also revealed that majority of district assemblies did not give due consideration to assessing the financial resource potential of their respective districts. As a result, the budget for programmes and projects in the district medium term development plans far exceeded the financial resources of the district assemblies and were unable to implement barely 50% of planned programmes and projects. Similarly, it further revealed that funding for proposed projects were not disaggregated according to the various funding sources.

In addition, it was also reported that resource utilization by the assemblies was not linked to their annual action plans and district medium term development plans. The assemblies had to contend with huge deductions and delay in disbursement of funds from the District Assembly Common Fund. Therefore, the overhang of outstanding payments undermined the implementation of existing and future projects and reduced the flexibility to respond to local priorities in the annual action plans and district medium term development projects. Central government determined sectorial priorities for spending although district assemblies had the option to shift resources within the approved sector, which most at times, is contrary to the local needs. In the same vein, it was further found that district assemblies had over five (5) different plans in addition to their district medium term development plan.

The multiplicity of these plans compounds the ability of district assemblies to link their plans to their budgets as well as various plans competing with the limited resources for implementation at the districts.

In order to link plans and budgets of the district assemblies, the authors recommend that budget volumes should contain an outline of performance indicators which are linked to ministry, department and agency and district assembly plans. Internal auditors at the ministry, department and agency and district assemblies' levels should be mandated and trained to audit financials in relation to the performance indicators outlined in the plans and budgets of ministry, department and agency and district assemblies.

Another study done by De-Renzio and Smith (2005) investigated linking policies and budgets: implementing medium term expenditure frameworks in a Poverty Reduction Strategy Papers (PRSP) context using case studies approach and qualitative assessment. A medium term perspective to budgeting can be useful in this process to link the often competing short-term imperatives of macroeconomic stabilisation with medium and longer term demands on budget resources, thereby contributing to improved policy making and planning and more efficient and effective service delivery. It stresses that planning and budgeting linked is important in improving public financial management system in developing countries.

The case study suggests that a Medium Term Expenditure Framework (MTEF) can be a valuable catalyst for building basic budget conditions that improves fiscal stability and expenditure control. The key point of intersection between an MTEF and the PRSP is at the stage of priority setting and resource allocation. The country studies suggest that where the MTEF has focused on providing a disciplined framework for decision making about strategic resource allocation, it has forced attention onto policy priorities. However, on the contrary the same authors indicate that there are risks of focusing too much on priority programmes and expenditures, leading to unbalanced allocations.

Fiscal stability is of fundamental importance to the implementation of an MTEF. Apart from linking to macroeconomic stability, fiscal stability plays a critical role for the MTEF and the budget process. It also improves the predictability of funding and its subsequent positive implications for rational and efficient budget implementation. Evidence from the case studies indicates that honesty and realism in setting the aggregate resource constraint are key factors for achieving predictability. The authors recommended that there is the need to continue to focus on developing a coherent and integrated process of policy making, planning and budgeting. In addition, realistic and honest estimates for both likely revenues and expenditures are vital if the aggregate resource constraint is to be credible. The efficiency and effectiveness of resource use must receive more attention. There is the need to manage expectations and this includes managing expectations about additional funding as well as expectations as to the rate of progress in improving budgetary outcomes.

Credibility of the budget

A budget may be considered as credible if it simply adheres to plan (outturns will match plan). Budget credibility in theory and practice was assessed by (Simson & Welham, 2014). A case study method of budget credibility problems was drawn from Liberia, Tanzania and Uganda. It was purposefully selected among these countries which have instituted various reforms designed to improve budget credibility. The study used international Public Financial Management (PFM) performance measurement framework indicators to measure the variance (PEFA, 2011). A quantitative analysis and discussion were used. Secondary data was collected due to the availability of budget data in the public domain allowing for detailed analysis.

Related findings were that the first point of possible divergence between plan and execution was in the collection of revenue. Collected revenues may diverge from that specified in the budget because of poor revenue predictions, unanticipated economic volatility or weak tax administration capacity or because the government actively chooses to over or understate its revenue estimates in order to intentionally mislead in the budget approval process. Over-optimistic revenue forecasts will tend to result in lower expenditure as less money than expected is raised. The study further indicated that in all three countries (Uganda, Tanzania and Liberia), compensation expenditure (wages) is the category with the most credible expenditure with the variance of 5% or below its budget across the governments. Goods and services (often called recurrent) expenditure is less credible with a variation between twenty percent plus or minus (-20% to +20%), while the assets or development category is the least credible by far, fluctuating hugely with a variance of sixty percent and eighty percent (-60% and 80%). In addition, these countries used supplementary budgets to manage volatility.

The authors recommend that governments can seek to reduce uncertainty at the planning stage by investing in their capacity to forecast revenue and expenditure. Typical measures include improving revenue forecasting models and strengthening the expenditure execution process.

Government can also manage uncertainty by building in buffers in case of revenue or expenditure shocks (contingency budgets), or by reducing the forecast period by budgeting frequently when it arises (supplementary budgets). Simson and Welham (2014) concluded that public financial management systems have a strong focus on the aggregate macro-fiscal side of budget credibility.

In the work of Hou (2003) on fiscal discipline as a capacity measure of financial management by sub national governments, the study showed that public management literature has not adequately covered specific capacity measures of financial management in sub national governments. Using data from four national surveys of American state, metropolitan and county governments conducted by the Government Performance Project (GPP) at Syracuse University from 1998 to 2001, and the paper attempted to fill in the niche by developing a conceptual framework that builds toward future sub national financial governance. The measure is a scale ranging from low to high. The paper holds that strong fiscal discipline builds up financial management capacity which contributes to sound governance at sub national levels for economic development.

Revenue generation and allocation

The issue of revenue allocation remains very volatile and constitutes a major source of political and governmental tension in Nigeria. According to Iliyasu (2011), revenue allocation appears to be more political in nature than technical. In Kazeem and Oluyemi's (2013) paper, the objective of the paper was to strongly advocate for a direct revenue allocation to Nigerian local governments. It also identified roles and functions capable of playing by local governments in national development and showcased the operational and tactical roles of local government in enhancing national development.

The paper found that joining local governments with their state governments on revenue allocation brings inefficiency to the local government system, obstructs local governments from taking quick decisions, and disallows them from embarking on useful development. To them, local governments were key initiators, actors and best executors of developmental programmes. As Eckardt (2008) also noted that local governments were, thus, facilitators of local development. In addition, the study revealed that there is low internal revenue base which was the result of the types of taxes assigned to local governments. It agreed with distinguished eminent scholars' view that local governments should better look inward to generate revenue so as to enjoy autonomy (Kazeem & Oluyemi, 2013). The study stressed that the low internal revenue had tended to depend largely on the federation account for its capital projects. The internally generated revenue of local government was thirty percent (30%) as compared with their revenue allocated from the federation account of seventy percent (70%).

A position which was confirmed by the Ministry of Finance and Economic Planning and German Technical Cooperation (2010) was that the District Assemblies Common Fund in Ghana is also a major source of development funding to district assemblies and accounts for over sixty-five percent (65%) of funding to district assemblies. According to Steiner (2008) and Akudugu (2012), finance is the life wire of local governments, poor funding affects their capacity to effectively perform their expected functions. Poorly articulated roles and resource deficiencies have crippled local governments and undermine incentives for local officials and elected representatives to perform effectively (Smoke, 2003).

It concluded that direct allocation of funds to local governments would facilitate promotion of economic development, good governance, political accountability and transparency, accessibility to local needs, responsiveness to local wishes and initiatives, rural transformation and overall national development (Kazeem & Oluyemi, 2013).

On the contrary, Akudugu (2013) in his paper explored the use of financial resources to induce the performance of district assemblies in Ghana. Using three basic methods of data collection: in-depth interviews, review of relevant documents and participation in a district budget forum, the paper explored the role of the district development facility in improving the performance of district assemblies in the country. The paper argued that although the transfer of financial resources to the district assemblies is necessary, it is not a sufficient condition in addressing their numerous structural challenges and improving performance. Therefore, in his conclusion, the paper recommended that efforts aimed at improving the performance of district assemblies should go beyond the provision of financial resources and incentives.

Empirical Review

The empirical review present recently published literature relevant to the subject matter. It will enable the researcher to identify the empirical research gap left unfiled. It will also provide the researcher with the appropriate or most efficient study instruments adopted by earlier researchers that can be used for the proposed study. The review shall entail existing works financial management and service delivery functions and revenue generation.

Conceptual Framework

Figure 2 shows how the study is conceptualized. The model shows that public financial management is the independent variable while service delivery becomes the dependent variable. Public financial management dimension are classified as policy based budgeting, credibility of the budget and revenue generation and allocation. These three variables underpin the service delivery at the district level. Service delivery is the provision of social or public goods that will promote socio-economic well-being of the citizens.

Article 245 of the 1992 Constitution of the Republic of Ghana and section 10 of the Local Government Act 1993, Act 462 assign service delivery responsibilities to the local government through metropolitan, municipal and district assemblies. As a result, the fiscal decentralization theory has given more powers and authority to the assemblies in the use and management of their financial resources (UNDP, 2005). Some of the service responsibilities assigned to and provided by the assemblies to the public include construction of roads, markets, health centres, drainages, lorry parks, building schools among others. The resources acquired and controlled by the Assembly as stated by the resource dependency theory determine the level of developmental programmes and projects.

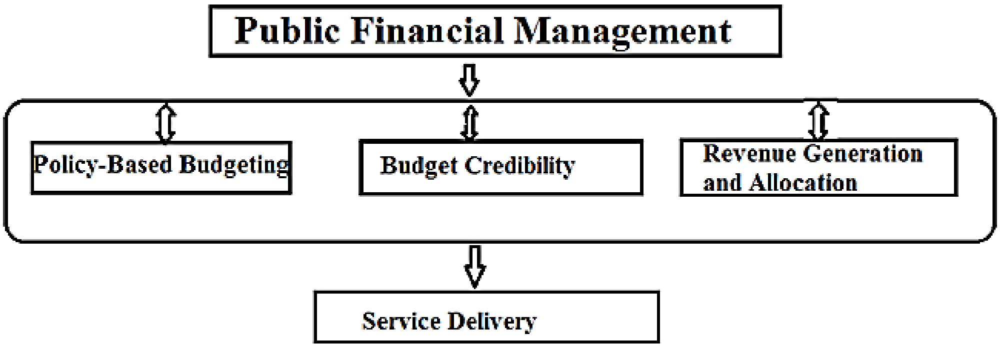

Figure 2: Conceptual framework

Source: Author's construct (2020)

These programmes and projects are implemented through the public financial management system. The policy based budgeting determines a district's medium term development plan. This plan determines the policy direction of the assembly and has a direct influence on the service delivery.

The policy based budgeting shapes the annual action plan and budget and determines the investment drive of the revenue generation. Credibility of the budget brings transparency and openness to the service delivery (Simson &Welham, 2014). It makes the assembly more accountable to the citizenry on the use of the resources which has an impact on service delivery. The revenue generation and allocation actualizes programmes and projects to effective service delivery at the district level.

Chapter Summary

In this chapter, the researcher discussed the three thematic facets of the related literature review. In the first instance, the theoretical review was considered which focused attention on fiscal decentralization right through to revenue generation and allocation. Another aspect the chapter looked at was a review of the empirical literature, which also concentrated on policy based budgeting to revenue generation and allocation. Finally the chapter highlighted on the conceptual framework of public financial management and service delivery in a model specification.

CHAPTER THREE

RESEARCH METHODS

Introduction

This chapter of the study discusses the methodological approach used for the study. It also covers the philosophical position, research paradigm, research design, study approaches, study area, method of collecting data, study population and sample, field challenges, ethical consideration and data analysis.

Research Approach

A paradigm is a basic set of beliefs that guide action (Creswell, 2011). Research paradigm can be grouped as qualitative, quantitative and mixed method designs that provide specific direction to conduct a study (Creswell, 2011). This study used the mixed method which combines both qualitative and quantitative study. The mixed method approach is constructed within the pragmatic research paradigm. The study used mixed method in order to adopt multiple methods, diverse paradigms and different data collection methods and analysis (Creswell, 2009). Using the mixed method, the study was able to assess the relationship between policy based budgeting and service delivery, examined the extent to which credibility of the budget supports service delivery and evaluated the influence of revenue generation and allocation on service delivery at the local government level.

This study used the mixed approach that is both qualitative and quantitative techniques. This approach uses different types of data to help in better answering the study questions (Quinlan, 2011). It has been proposed that using a mixed approach is best fitted to exploratory and evaluative designs research (Creswell, 2003). A mixed method approach imparts a credibility of outcomes as the quantitative data is supported by qualitative data (Creswell, 2003).

The author argues that using mixed approach can present a perspicuous picture and may provide clear answers to the study questions

Research Design

This study used a descriptive research design to assess how public financial management influence service delivery at the local level. Descriptive research design is used to describe a situation, phenomenon, attitudes, behaviour, beliefs as well as opinions of people (Saunders, Levis & Thornhill, 2000). This research design was considered appropriate because it is the best method to describe the characteristics of the variable under study (Saunders, Levis & Thornhill, 2000). It can be used as a pre-cursor to more quantitative research design with the general overview giving some valuable pointer. In addition, descriptive design can yield a rich data that lead to important recommendation in practice and can be a useful tool in developing a more focus study (Anastas, 1999).

Study Area

The study was conducted in the Tamale Metropolitan Assembly in the Northern Region. The Tamale Municipal Assembly was established in 1998, and was elevated to Metropolitan Assembly in 2004 by the Local Government (establishment) Instrument (L.I. 2098). The Metropolitan Assembly is composed of 59 assembly members and 16 decentralized departments. The Assembly has two sub district structures and forty-three unit committees, and two hundred and five unit committee members. The population of the

Metropolis is estimated 223,252 (Ghana Statistical Service, 2010 PHC). The number of males is 111,143 (49.7%) and the number of females is 112,143 (50.30%), (Ghana Statistical Service, 2010 PHC).With an annual growth rate of 3.5%, (UN Habitat, 2009).

The vision of the Assembly is a balanced equitable and environmentally friendly metropolis with improved and sustained social economic, cultural and political development. The mission statement of the Metropolitan Assembly is “to enhance the quality of life of the people of the Metropolis through good governance and mobilizing human, material and financial resources to provide quality socio-economic services especially in education, food security, water and sanitation and health nutrition (Tamale Metropolitan Assembly, 2008). The development goal of the Metropolitan Assembly is to attain a socially and economically driven society, through modernized agricultural practices, rural electrification to support rural industries, ICT, improved commercial activities and an enhancement of the human resource capabilities in a stabilized and sustainable environment with the full participation of the people (Tamale Metropolitan Assembly, 2008).

The Tamale Metropolitan Assembly is one of the 29 districts in the Northern Region.

The Metropolis is located in the central part of the Northern Region, and shares boundaries with Sagnarigu Municipal to the West-north, Mion District to the East, East Gonja to the South and Central Gonja to the South-west.

The Metropolis has a total estimated land size of 646.90180 (GSS, 2010). Geographically, the Metropolis lies between latitude 9^0 16 9^0 34 North and longitude 0^0 36 and 0^0 57 West. The Metropolis has 115 communities. Most of the rural communities have a large expanse of land for agricultural activities and serves as the food basket for the Metropolis. However these communities still lack basic social and economic infrastructure such as good road networks school blocks, hospitals, markets and recreational centres, thereby hindering socio-economic development, poverty reduction and reducing the general phenomenon of rural-urban migration.

It constitutes about 8.5% of the region's total land area with about two thirds of the land area lying fallow. Commercial activities and agrarian activities constitute the major economic structure of the Metropolis.

To this extent, most citizens in the metropolis depend on the agricultural and commercial economic related activities for their livelihood (Tamale Metropolitan Assembly, 2015).

Population

The population of the study covered senior officers and their assistants and all the assembly men and women of Tamale Metropolitan Assembly. Census was used because of the nature of the study. Specifically, the population included Metropolitan Chief Executive, Coordinating Director, Deputy Director, Budget Officer and two assistants, Planning Officer, Finance Officer, Internal Audit Officer and two assistants and fifty-nine (59) assembly members made up of seven (9) Planning Committee, twelve (12) Finance and Administration Committee, Seven (7) Education Youth and Sports Committee(42) members in other committees. These are stakeholders of interest in this study.

Table 1 shows the number of year's assembly members have served in the Assembly. Majority of assembly members (44.44%) have served up to four years. Also, about (37.04%) of them have served the Assembly between 5-8years whilst about (18.52%) have spent more than 8 years. The numbers of year's assembly members have served the Assembly implies that the members are experienced.

Table 1: Number of Year's Assembly Members Served in the Metropolis

Years	Frequency	Percent %	Valid Percent %	Cumulative Percent %
Up to 4 years	28	43.08	3.08	43.08
5 – 8 years	25	38.46	38.46	81.54
Above 8 years	12	18.46	18.46	100.00
Total	65	100.00	100.00	

Source: Field survey (2020)

Data and Sources

The study used primary data and secondary data. The primary data was collected through self-administered questionnaires to eighty-three (83) staff and assembly members in the Metropolis. The secondary data used five (5) years data spanning from 2014 to 2018 in the estimation. The use of a five year (5) data was purely due to availability of data. The assembly's budget documents and financial statements and reports constituted the main source of the data that was used for the study.

Sampling Procedures

Considering the nature of the population and the objectives of the study, the stratified random sampling of the probabilistic sampling technique was used. Chawla and Sondhi (2016) project stratified random sampling as most efficient as compared to simple random sampling as dividing the population into various strata increases the representation of the sampling. The sampling technique best suite this study because the study was about financial management and service delivery.

Data Collection Instruments

Based on the specific objectives of the study, questionnaires were used to collect the primary data. Generally, the questions in the questionnaire were carefully framed, since answers given to questions depended on how the questions were asked. In designing the questionnaire, adequate attention was paid to ensuring that the objectives of the research were covered. The questionnaire was developed mainly through a review of relevant literature.

Close-ended questions were used with few open-ended ones. While the open-ended questions enabled the respondents to give elaborate responses and express themselves better, the close-ended questions enabled the researcher to guide the respondents to answer the questions correctly.

The questionnaire was designed in four sections and contained twenty questions (20) in all. Section “A” solicited for information on preliminary issues of the respondents; section “B” contained questions on policy based budgeting; section “C” was made of credibility of the budget while section “D” solicited for revenue generation and allocation. According to Kothari (2004), there is no special way to administer questionnaire. The questionnaires were administered to the respondents through face-to-face and it was collected after a month.

Reliability Test

According to Pavot, Diener, Colvin and Sandvik (1991), a cronbach alpha of more than or equal to .7 are considered acceptable. However, it did not tell the magnitude of the difference in the alpha value which is supposed to be more than .7. In this case, the reported alpha value of .753 which is more than .7 is acceptable (Table 2).

Table 2: Reliability Test

Cronbach's Alpha	Cronbach Alpha Based on Standardized Items	N of Items
0.749	0.753	13

Source: Field survey, (2020)

Pre-Testing of Research Instrument

The research instrument was pre-tested and carried out at Tamale Metropolitan Assembly in Northern Region in the month of March, 2020. The Metropolis was chosen because it had characteristics similar to Districts, Municipalities and other Metropolis in Ghana. Twenty (20) respondents were chosen and made up of three staff and seventeen assembly men and women in the Metropolis. After the pre-test, some questions were ambiguous so they were modified to make it clearer to the respondents.

Data Collection Procedures

Following the pretesting of the study instrument to identify the repetition of the same issues, misspellings, poor construction, too much wording and the host of other, the researcher sought for permission from the officials financial management and service delivery office to administer the questionnaire. A total of questionnaires were administered to the participants. The participants who were selected are validated and approved for the investigation following their acceptance to partake. The services of a research assistant were sought to aid in the random sampling experiment. The research assistant was taking through training in data collection.

Field Challenges

The study encountered some difficulties in the process. It was faced with a number of challenges and hardships including the busy work schedules of the targeted senior assembly staff and assistants, bad road networks to the electoral areas of the assembly men and women and difficulty of getting them.

A list of names and contacts of assembly men and women were obtained from the Assembly. In some instances phone calls were made to book an appointment with them. One assistant was contracted to take the researcher to the various bad road network electoral areas for the questionnaires administration with a motorbike. Collection started from 1st April, 2020 and ended 30th April, 2020.

Ethical Considerations

All the ethical dimensions especially in the data collection process were considered in the study. The necessary procedures and administrative processes were duly followed in administering the questionnaires so as to prevent administrative setbacks. The study sought the consent of the respondents and the purpose of the study was clearly explained to them. All respondents including treasury office were assured of confidentiality, non-disclosure and anonymity of filling the questionnaires and providing information on the secondary data.

Data Processing and Analysis

The Statistical Product for Service Solutions (SPSS) version 21 software was used to analyse the data. Descriptive statistics such as means, skewness, kurtosis, standard deviation and percentages were used to analyse the data. Inferential statistics such as correlation, regression and paired sample t-test were also used to analyse research objectives one, two and three.

Therefore considering the research objectives, the study adopted both descriptive and inferential statistics to analyse the data. Objective one; to determine the relationship between policy-based budgeting and service delivery was analysed using descriptive statistics and Spearman correlation.

Objective two, which deals with credibility of the budget used descriptive statistics and paired sample t-test to test significance of difference between budgeted cost and actual cost (variance). Objective three, the influence of revenue generation and allocation on the service delivery was analysed using descriptive statistics, paired sample t-test and regression. An error margin of 5% was used for all inferential analysis. These were measured using an instrument developed on a five point Likert scales measuring from not at all as response 1 to very much agree as response 5.

Chapter Summary

This section developed and offered the various methods used in the collection and data analysis. The chapter, therefore, discussed key elements of research methods concerning approach, design, population, sampling techniques and data gathering mechanism, among others used in the research. The method of sampling used in the collection of the study sample was revealed.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

The results of the study and their discussions are presented in this chapter. Also highlighted in this chapter are the characteristics of the respondents. The discussion primarily focuses on the explanations of the findings as well as making a comparison of the findings with both theoretical and empirical evidences and their related relevant implications.

Characteristics of respondents

A total number of 63 respondents was used for the discussion. Of the number that was used, 14 percent were employees of the Assembly and 86 percent were assembly members (Table 3). Out of the nine (9) respondents who were employees of the Assembly, three were from the Budget Department, three from the Internal Audit Department, the Planning Officer, Deputy Director and Finance Officer.

Table 3: Respondents Relationship with the Metropolitan Assembly

Respondents	Frequency	Percent
Employees	Nine	14
Assembly members	54	86
Total	63	100

Source: Field survey, (2020)

Policy Based Budgeting and Service Delivery

Respondents were asked to give their views concerning policy based budgeting and service delivery. Under the policy based budgeting, five questions were asked. These included respondents' assessments of the

Assembly's budget preparation with regard to government policy and development interest or needs of its stake holders. This was followed by the Assembly's ability or effort to make budget predictions, the link between the Medium Term Development Plan (MTDP) and budgets running concurrently with various projects and finally, on the implementation gap between policy budget and projects or programmes. The responses are discussed below.

Budget Preparation with Regards to Government Policy

As shown in Table 4, majority of respondents (94%) agreed that the Assembly prepares budget with due regard to government policy and development interests or needs of its stakeholders. This response consists of 94 percent of assembly members. However, five percent not really agreed whilst two percent not agreed to the statement.

Table 4: Response of Policy Based Budgeting and Service Delivery

Perception on policy based budgeting	Not at all	Not really agree	Undecided	Agree	Very much agree
Budget preparation with due regard to government policy	one (1.6%)	three (4.8%)	0 (-)	40 (63.5%)	19 (30.2%)
Prediction of direct budget support to service delivery	one (1.6%)	eight (12.7%)	nine (14.3%)	39 (61.9%)	six (9.5%)
Linking MTDP to budget and service delivery	three (4.8%)	two (3.2%)	one (1.6%)	43 (69.4%)	13 (21.0%)
Multiple plans and budget for service delivery	two (3.2%)	27 (42.9%)	9 (14.3%)	21 (33.3%)	four (6.3%)
Implementation gap between policy budget and project	two (3.2%)	13 (20.6%)	four (6.3%)	32 (50.8%)	12 (19.0%)

Source: Field survey, (2020)

From Table 5, a mean of 4.16 and a standard deviation of .787 indicates that the Assembly prepares budget with due regard to government policy and development interests of its stakeholders. Skewness value of (-1.726) indicates a clustering of scores at the high end whilst a positive Kurtosis value of (4.915) indicates that the distribution is peaked (cluster in the centre) which implies that there is normal distribution of the population.

Fiscal decentralization theory suggests that the central government has given some responsibilities for expenditure and revenues to lower levels of government (UNDP, 2005). With this, municipal assemblies are given autonomy to determine the allocation of their expenditures (Osoro, 2003). This is for the reason that the assembly prepares the budget and link it to government policies. Thus, the local plans are integrated into the national policy issues to achieve service delivery. This implies that the nation is also achieving development since the policies and plans are integrated.

Table 5: Descriptive Statistics of Policy Based Budgeting and Service Delivery

	N	Min	Max	Mean	S.D	Variance	Skewness		Kurtosis	
	Stat	Stat	Stat	Stat	Stat	Stat	Stat	S.E	Stat	S.E
Assembly prepares budget with due regard to government policy	63	one	Five	4.16	0.787	0.620	-1.726	0.302	4.915	0.595
Link of MTDP to budget and service delivery	62	one	Five	3.98	0.896	0.803	-1.945	0.304	4.802	0.599
Multiple plans and budget concurrently for various projects	63	one	five	2.97	1.121	1.257	0.277	0.302	-1.301	0.595
Existence of implementation gap between policy, budget and project.	63	one	Five	3.62	1.113	1.240	-0.708	0.302	-0.511	0.595
Assembly predicts direct budget support to service delivery	63	one	Five	3.65	0.883	0.779	-0.985	0.302	0.678	0.595

Source: Field survey, (2020)

Prediction of Direct Budget Support to Service Delivery

From Table 4, the study found that 62 percent of the respondents replied that the Assembly predict direct budget support to service delivery in the Metropolis. This consists of more than two-thirds (67%) of the assembly members and all the employees of the Assembly. About one-tenth (10%) very much agreed to it. Not all the respondents accepted that the Assembly is able to predict direct budget support to service delivery. However, small number (2%) of the respondents raised the concern that the Assembly could not predict direct budget support to service delivery while 13 percent not really agreed.

Again, 14 percent remained neutral or could not decide whether the Assembly predict direct budget support to service delivery.

A mean of 3.65 and a standard deviation of .883 indicate that the Assembly predicts direct budget support to service delivery. Skewness value of (-.985) indicates a clustering of scores at the high end whilst a positive Kurtosis value of (.678) indicates that the distribution is peaked (cluster in the centre) which implies that there is normal distribution of the population (Table5).

Jones and George (2011) defined planning as a process of setting objectives and making plans to accomplish them. Therefore, planning as a process of ensuring development is not seen from the perspective of the present alone, but for the future as well. The capacity of an assembly to make budget predictions into the future helps to make effective planning to allocate resources effectively and efficiently (World Bank, 1998). The World Bank argues that predictability allows local authorities to plan and manage resources more efficiently within the time frame of the annual budget cycle and over the longer term to meet service delivery. The result is better control of public expenditures and better value for money within a hard constraint environment.

Link of the MTDP to Budget and Service Delivery

Table 4 indicates a chunk (69%) of respondents agreed that the Assembly's Medium Term Development Plan (MTDP) has direct link to service delivery. This is made-up of 74 percent of the assembly members. On the other hand, only 8 percent did not accept that the Assembly's MTDP is linked to the budget and service delivery. This implies that activities that are planned to be implemented in the MTDP are linked to budget and service delivery. According to Danish Institute for International Studies (2015), the linkage between policy planning and budgeting provide the leverage for making the local government accountable to its mandates, citizens and to those who act as representatives of citizens and their communities, stand for and act for their interests and rights. Okpala (2014), has it that, the linkage avoids poor implementation of the capital budget, unsustainable spending, poorly conceived projects and programmes and spending not properly linked to developmental priorities.

A mean of 3.98 and a standard deviation of .896 indicate that the Assembly's MTDP is linked to budget and service delivery. Skewness value of -1.945 indicates a clustering of scores at the high end whilst a positive Kurtosis value of 4.802 indicates that the distribution is peaked (cluster in the centre) which implies that there is normal distribution of the population (Table5).

Availability of multiple plans and budgets running concurrently for various projects

The concept of financial management requires that assembly's financial resources are planned to ensure effective provisions of services (see the CIPFA, 2010; Simson, Sharma & Aziz, 2011). In order to ensure effective planning of the resources, it becomes important for assemblies to prepare plan and budget to guide the usage of resources for the various projects. However, regarding whether the Assembly has multiple plans and budgets running concurrently for various projects, the response in Table 4 is different. Nearly half (49%) of the respondents mentioned that the Assembly has no multiple plans and budgets running concurrently for various projects which is more than those who accepted that the Assembly have those multiple plans and budgets. Four (44%) out of the nine employees of the Assembly and 27 (50%) out of the 54 assembly members mentioned that the Assembly has no multiple plans and budgets in place. Only about one-tenth (10%) remained neutral or undecided. The finding from this study do not support the study conducted by the Ministry of Finance and Economic Planning and German Technical Cooperation (2010) that district assemblies had over five (5) different plans in addition to their district Medium Term Development Plan. The multiplicity of these plans compounds the ability of district assemblies to link their plans to their budgets as well as various plans competing with the limited resources for implementation at the districts.

From Table 5, a mean of 2.97and a standard deviation of 1.121 indicate that there are variations in the responses. A mean of 2.97 is approximately 3 which fall into the rating scale of neutrality of the respondents. This could be possibly due to the fact that the difference between the response of those who not really agreed and those who agreed is minimal (1.257) thus, compensating for the neutrality. Skewness value of .277 indicates that the scores are positively skewed (scores clustered to the left at the low values). A Kurtosis value of -1.301 indicates that the distribution is relatively flat meaning there are many cases in the extreme). This implies that the distribution is not that normal (Table5).

Implementation Gap between Policy, Budget and Projects

Majority (69.8%) of the respondents (Table 4) mentioned that there is a gap in the implementation of policy, budget and projects. This consists of 40 (74%) of assembly members and 4 (44%) of employees with the Assembly.

This was confirmed by the Ministry of Finance and Economic Planning and German Technical Cooperation (2010) study that majority of district assemblies did not give due consideration to assessing the financial resource potential of their respective districts. As a result, the budget for programmes and projects in the District Medium Term Development Plans far exceeded the financial resources of the district assemblies and unable to implement barely 50% of planned programmes and projects. They further stated that district assemblies had to contend with huge deductions and delay in disbursement of funds from District Assembly Common Fund. Therefore, the overhang of outstanding payments undermined the implementation of existing and future projects and reduced the flexibility to respond to local priorities in the annual action plans and district medium term development projects. This could be one of the numerous reasons the assemblies are not able to complete projects at the stipulated time which invariably influence service delivery. However, one-fifth (21%) of them believed that the assembly has less or no gap in policy, budget and project implementation. Also, only three percent of the respondents did not accept that gap exists between project implementations, policy and budget.

A mean of 3.62 and a standard deviation of 1.113 in Table 5 indicate that the Assembly experienced implementation gaps between policy, budget and programmes or projects. Skewness value of -.708 indicates a clustering of scores at the high end whilst a negative Kurtosis value of -.511 indicates that the distribution is relatively flat meaning, there are many cases in the extreme).

Status of projects and programmes from 2015-2018

Table 6 shows the number of projects implemented by the Assembly from 2015 to 2018. The Assembly implemented 60 physical projects within the four year period. Moreover, the Assembly supplied 102 equipment to the metropolitan office and its adjoining community. The project areas covered education, health, water, sanitation, road, market, administration, recreation and security.

Table 6: Project Implementation by the Assembly (2015– 2018)

Sector	Project details	Number of projects	Completed (supplied)	Not Completed
Education	Construction of school building	24	seven	17
	Construction of teacher bungalow	one	-	one
Health	Procurement of computers LCD	10	10	-
	Construction of staff bungalow	one	-	one
	Construction of health facility	one	-	one
	Health extension work	one	-	one
Water	Provision of boreholes and small town water systems	10	one	9
Sanitation	Construction of toilet facility	three	two	one
	Evacuation of refuse	one	one	-
Road	Reshaping of roads	13	-	13
	Construction of culvert	one	-	one
Market	Construction of industrial centre	one	one	-
	Construction of stores	two	-	two
Central Administration	Construction of resident accommodation for staff	one	-	one
Recreation	Construction of community resource centre.	one	-	one
Security	Procurement of light poles and bulbs.	100	12	88

Source: Field survey, (2020)

Within the education sector, 25 projects were started. These included the construction of 24 school blocks and 1 teacher bungalow. However, only 28 percent of the projects have been completed and in use. The remaining projects have not been completed. With the health sector, nurses bungalow and health facility were started, but none of them had been completed and handed over. With water, the Assembly decided to provide10 boreholes to communities. Nonetheless, only one has been completed and in use. The remaining boreholes had not been completed. Regarding sanitation, three projects were started. Two of the projects (toilet facilities) have been completed. Concerning road projects, 13 linking roads were rehabilitated and completed. With market development, three projects were started. These included construction of stores and industrial centre. All three projects have been completed. The construction of resident accommodation for staff and community resource centre has been completed.

The Assembly could not achieve the completion status of majority of the physical projects. Out of the 60 physical projects, only 11 of them had reached the completion stage. The remaining 49 representing about 82 percent of them had not reached completion stage. This shows the less capacity of the Assembly to meet project schedules. The plan period (2015-2018) has suffered difficulties regarding improvement in access to facilities. However, with soft projects (procurement of computer accessories and supply of light poles) the assembly achieved 79 percent.

The findings support the fiscal decentralization theory. The fiscal decentralization theory notes that local governments are, thus, facilitators of local development (Eckardt, 2008). Steiner (2008) and Akudugu (2012).

Also indicated that finance is the life wire of local governments, poor funding affects their capacity to effectively perform their expected functions. Respondents indicated that the inability of the Assembly to complete greater proportion of the physical projects was attributed to the erratic flow of external source of funding.

This affected the project completion stage. The implication is that projects that seek to address immediate problems in a society could not be completed. The delay in the provision of the projects leads to another problem.

Uncompleted projects were rolled over to the 2015-2018 Medium Term Development Plan. This also has implications on development priorities. This means that projects stipulated in the 2015-2018 may suffer delay in its implementations. The Assembly may not achieve its development projects within the plan period (2015-2018) if the trend remains the same. This reinforces the point made by Kazeem and Oluyemi (2013) that the Assembly should better look inward to generate revenue so as to meet service delivery.

Relationship between Policy Base Budgeting and Service Delivery

A correlation analysis was performed to assess the relationship between policy based budgeting and the service delivery. The Spearman results indicated in Table 7 gives the correlation coefficients between each pair of the variables listed, the significance level and the number of cases. The Spearman rho value 0.262 and 0.304 indicates a positive correlation between policy based budgeting and the service delivery. The strongest correlation with service delivery is the Assembly's ability to predict direct budget support with a Spearman correlation coefficient of 0.262 (p-value= 0.038). The Assembly's link of Medium Term Development Plan to budget are also correlated with service delivery with a Spearman correlation coefficient of 0.304 (p-value=0.016).Thus, as one variable increases so does the others since the Spearman correlation coefficients are positive.

It can therefore be concluded that there is a strong correlation between policy base budgeting and service delivery. This means that the Assembly is doing well with respect to policy based budgeting and the service delivery. The findings of this study confirm the fiscal decentralization theory. The theory indicates that district assemblies were established and charged as the local planning authorities with responsibility for the overall development of their district and municipal assemblies (Dick-Sagoe, 2012).

Similarly, according to World Bank (1998) the ability of the assembly to predict direct budget support to service delivery allows local authorities to plan and manage resources efficiently within the expected time frame of the annual budget cycle. This confirms the empirical findings of De-Renzio and Smith (2005).They argue that strong relationship between policy based budgeting and service delivery improves the predictability of funding and its subsequent positive implications for rationale and efficient budget implication.

Therefore, planning and budgeting linked is important to public financial management leading to an improved service delivery.

Table 7: Spearman's rho Correlation Result

		Service delivery	Predict direct support to service delivery	Link of MTDP to budget and service delivery	Multiple plans and budget running concurrently for projects	Implementation gap between policy budget and projects	Budget preparation with regard to government policy
Service delivery	Correlation coefficient	1.000	0.262	0.304	0.172	-0.214	0.133
	Sig. (2-tailed)	.	0.38	0.016	0.178	0.092	0.317
	N	63	63	62	63	63	63
Predict direct budget support to service	Correlarion coefficient	0.262	1.000	0.198	0.124	-0.206	-0.64
delivery	Sig. (2-tailed.	0.038	.	0.123	0.334	0.106	0.630
	N	63	63	62	63	63	63
Link of MTDP to budget	Correlation coefficient	0.304	0.198	1.000	0.059	-0.191	-0.125
and service delivery	Sig. (2-tailed	0.016	0.123	.	0.648	0.137	0.345
	N	62	62	62	62	62	63
Multiple plans and budget	Correlation coefficient	0.172	0.124	0.059	1.000	0.242	0.300
concurrently for various	Sig. (2-tailed	0.178	0.334	0.648	.	0.056	0.021
projects	N	63	63	62	63	63	63
Existence of	Correlation coefficient	-0.214	0.206	0.191	0.242	1.000	-0.226
implementation gap	Sig. (2-tailed	0.092	0.106	0.137	0.056	.	0.085
between policy and projects	N	63	63	62	63	63	63
Budget preparation with regard to government	Correlation coefficient	0.133	-0.64	0.125	0.300	-0.226	1.000
policy	Sig. (2-tailed	0.317	0.630	0.345	0.021	0.085	.
	N	63	63	63	63	63	63

Correlation is significant at 0.05 level (2-tailed).

Source: Field survey, (2020).

Credibility of the Budget and Service Delivery

Respondents were asked to give their views concerning credibility of the budget and service delivery. Under this, five questions were asked. They include the Assembly's budget maintain fiscal discipline to investment projects, timely completion of capital projects, comprehensiveness and transparency of the budget, stakeholders' access to information on programmes and projects and monitoring of capital projects by the Assembly.

Fiscal Discipline of the Budget to Investment Programmes and Projects

As shown in Table 8, more than half (56%) of the respondents accepted that the Assembly maintains fiscal discipline to investment programmes and projects. This consists of 27 (50%) of assembly members and 8 (89%) of employees of the Assembly. However, 40 percent of them did not accept that the Assembly maintains fiscal discipline whilst five percent remained undecided. The reason for not accepting that the Assembly maintains fiscal discipline is because of the numerous transfers (virement) between budget categories.

A mean of 3.21 and a standard deviation of 1.285 indicate that there are variations in the responses. A mean of 3.21 is approximately 3 which fall into the rating scale of neutrality of the respondents. But the variance between the response of those who disagreed and those who agreed is less minimal (1.650) thus, compensating for the neutrality (Table 9). Further, the negative Skewness value (-.258) indicates a clustering of scores at the high end. A Kurtosis value of (-1.286) indicates that the distribution is relatively flat meaning there are many cases in the extreme (Table 9).

Table 8: Credibility of the Budget and Service Delivery

	Perception				
	Not at all	Not really agree	Undecided	Agree	Very much agree
Maintains fiscal discipline of the budget	six (9.5%)	19 (30.2%)	three (4.8%)	26 (41.3%)	nine (14.3%)
Timely completion of capital projects	14 (22.2%)	33 (52.4%)	three (3.2%)	14 (22.2%)	0 (0%)
Comprehensive and transparency of the budget	11 (17.5%)	15 (23.8%)	four (6.3%)	30 (47.6%)	three (4.8%)
Access to information on capital projects	eight (12.9%)	13 (21.0%)	four (6.5%)	32 (51.6%)	five (8.1%)
Monitoring of capital projects	0 (0%)	nine (14.3%)	two (3.2%)	32 (50.8%)	20 (31.7%)

Source: Field survey, (2020)

Timely Completion of Capital Projects

As depicted in Table 8, more than half (52%) not really agreed to the statement that the Assembly complete capital projects within stipulated time frame. This is supported by about 22 percent who believed that the Assembly does not at all complete capital projects on stipulated time frame. This consists of 39 (72%) of assembly members and 8 (89%) of employees of the Assembly.

Yilmaz, Beris and Serrano-Berthet (2008) argued that the availability of adequate fund, coupled with efficient financial management constitutes the required catalyst necessary for timely execution and completion of development projects by local government. Empirically, the results of the study confirm the position of Ministry of Finance and Economic Planning and German Technical Cooperation (2010). It was revealed in their study that the huge deductions and delay in disbursement of funds from District Assembly Common Fund make the Assembly unable to complete capital projects on schedule. This has implications on service delivery since every project has its objective to achieve. Thus, the failure to complete such projects on time implies that the intended benefit could not be derived to solve the immediate problem thereby, affecting the beneficiaries or service delivery.

A mean of 2.25 and a standard deviation of 1.047 as shown in Table 9 indicate that the Assembly is not able to complete most of its capital projects on time. Skewness value of .686 indicates a clustering of scores to the left at low value whilst a negative Kurtosis value of -.702 indicates that the distribution is relatively flat (Table 9) meaning that too many cases are in extreme or going beyond reasonable.

Table 9: Descriptive Statistics of Budget Credibility and Service Delivery.

	N	Min	Max	Mean	S.D	Variance	Skewness		Kurtosis	
	Stat	Stat	Stat	Stat	Stat	Stat	Stat	S.E	Stat	S.E
Maintaining fiscal discipline of the budget	63	one	five	3.21	1.285	1.650	-0.258	0.302	-1.28	0.595
Timely completion of capital projects.	63	one	four	2.25	1.047	1.096	0.686	0.302	-0.702	0.595
Budget comprehensiveness and transparency.	63	one	five	2.98	1.276	1.629	-0.354	0.302	-1.369	0.595
Access to information on capital projects	62	one	five	3.21	1.243	1.545	-0.572	0.304	-1.015	0.599
Monitoring of capital projects	63	two	five	4.00	0.967	0.935	-0.994	0.302	0.220	0.595

Source: Field survey, (2020)

Comprehensiveness and Transparency of Budget on Capital Projects

As indicated in Table 8, more than half (52%) of the respondents believed that the Assembly makes comprehensive and transparent budget for capital projects. This consist of 27 (50%) of assembly members and 6 (67%) of employees of the Assembly. However, 41 percent of them did not accept that the Assembly makes capital projects budget comprehensive and transparent whilst six percent remained neutral.

A mean of 2.98 and a standard deviation of 1.276 indicate that there are variations in the responses. A mean of 2.98 is approximately 3 which fall into the rating scale of neutrality (undecided) from the respondents. The variance between the response of those who did not really agree and those who agreed is less minimal (1.629) thus, compensating for the neutrality (Table 9). However, the negative Skewness value (-.354) indicates a clustering of scores at the high end. A Kurtosis value of (-1.369) indicates that the distribution is relatively flat meaning that too many cases are in extreme or going beyond reasonable. From the responses, it can be inferred that the Assembly does not often make budget comprehensive and transparent for capital projects. In the situation where it is transparent, not all the stakeholders are involved. This is supported with 25 (46%) of assembly members who did not agree that the Assembly makes budget transparent.

Stakeholder's Access to Capital Projects Information

As shown in Table 8, 52 percent of the respondents mentioned that stakeholders have access to information and knowledge on capital projects implementation within their localities. That is, there are no restrictions on access to project information. This was said by 31 (57%) of assembly members supported by 6 (67%) of employees of the Assembly. The principle of financial management requires all assemblies to make relevant information on projects available for accessibility (World Bank, 1998). Public Expenditure and Financial Accountability (PEFA), (2005) indicated that one of the key issues of financial accountability is to make information available to the public. In effect, the Assembly is implementing some aspect of transparency and accountability.

A mean of 3.21 and a standard deviation 1.243 indicate that there are variations in the responses. The mean is approximately 3 which fall into the rating scale of neutrality (undecided) from the respondents. The variance between the response of those who do not really agree and those who agreed is 1.545.The negative Skewness value (-.572) indicates a clustering of scores at the high end. A Kurtosis value of (-1.015) indicates that the distribution is relatively flat meaning that too many cases are in extreme or going beyond reasonable (Table 9). This accounts for the variations in the responses.

Monitoring Capital Projects

As depicted in Table 8, majority (83%) of the respondents mentioned that the Assembly undertakes frequent monitoring on capital projects in the Metropolis. This consists of 43 (80%) of assembly members and also supported by all the nine employees of the Assembly. Only 14 percent of them did not really agree. The Assembly has demonstrated a good attitude towards ensuring that capital projects are monitored. There is a strong link between monitoring of capital projects and performance of the assembly to ensure service delivery (Simson, Sharma & Aziz 2011). Langlois and Beschel (1998), indicate that there is the need to ensure inclusiveness in decision-making around the use of funds, transparency in allocations and procurement, regular monitoring and independent audits and a rolling programme of reporting and evaluation. An effective monitoring team is a panacea for project delays and slow achievement of service delivery.

A mean of 4.00 and a standard deviation .967 and a variance value of .935 in Table 9 indicates that the Assembly frequently monitors capital projects said by the respondents. Skewness value of (-.994) indicates a clustering of scores at the high end whilst a positive Kurtosis value of .220 indicates that the distribution is peaked that is, clustered in the centre (Table 9).

Budgeted and Actual Expenditure on Capital Assets

The credibility of the budget of an assembly depends on the degree of deviations between budgeted expenditure and expected or actual expenditure (Simson &Welham, 2014). A critical review and assessment of expenditure on investment projects of the Tamale Metropolitan Assembly indicates that the Assembly's spending on capital project is within its budgeted expenditure. Table 10 indicates the budgeted expenditure and the actual expenditure from 2014 to 2018. In each of the years, the actual amount invested in capital projects did not exceed the budgeted expenditure. The largest reduction in investment was recorded in 2014. This is followed by the year 2016 and 2017.

The Assembly budgeted to spend GH 1,371,171.99. At the end of the year 2018, an amount of GH 1,140,873.33 was rather invested in capital projects. This leaves a difference of GH 230,298.65. This means that the Assembly was unable to realize about 17 percent of its budgeted expenditure to support service delivery.

Table 10: Expenditure on Investment Projects (2014 – 2018)

Year	Budgeted (GH₵)	Actual (GH₵)	Variance (GH₵)	Percentage (%)
2014	186,016.65	100,139.56	85,877.09	46.2%
2015	545,080.17	448,934.29	96,145.88	17.6%
2016	190,708.55	184,302.71	6,405.84	3.4%
2017	201,481.40	186,704.02	14,777.38	7.3%
2018	247,885.21	220,792.75	27,092.46	11.0%
Total	1,371,171.99	1,140,873.33	230,298.65	16.8%

Source: Field survey, (2020)

The paired sample t-test was performed to evaluate the significant differences in the mean of the budgeted and actual expenditure of the Assembly. The results show a statistically significant deviation in the amount of the budgeted expenditure with the actual expenditure raised by the Assembly from 2014 to 2018 (Table 11). The mean score for the budgeted expenditure at Time 1 is 88462.7088and the mean score for actual expenditure at Time 2 is 73604.7312which shows a mean difference of GH 14857.98 (Table 12). Therefore, it can be concluded that there was a significant deviation in budgeted expenditure with actual expenditure on capital assets. According to Simson and Welham (2014), a larger deviation from the budgeted expenditure over the actual expenditure implies poor financial management which can result to less effective service delivery on capital projects.

Table 11: Paired Sample Statistics of Budgeted Capital Expenditure and Actual Capital Expenditure (Ghana Cedis)

EXPENDITURE ON ASSET	Mean	N	Std. Deviation	Std. Error Mean
BUDGET	109,693.7589	25	112,487.5969	22,497.51938
ACTUAL	91,269.8669	25	96,353.83995	19,270.76799

Source: Field survey, (2020).

Though the results presented above tell us that the difference obtained in the two sets of scores was unlikely to occur by chance, it does not tell us much about the magnitude of the intervention's effect. The effective size was calculated to examine the magnitude of the interventions effect.

$$\text{Eta squared} = \frac{t^2}{t^2 + (N-1)}$$

$$\text{Eta squared} = \frac{(2.716)^2}{(2.716)^2 + (25 - 1)}$$

$$\text{Eta squared} = \frac{7.376656}{31.376656}$$

$$\text{Eta squared} = 0.24$$

Using the guidelines proposed by Cohen (1998:284) for interpreting this value for (.01=small effect; .06=moderate effect; .14=large effect), Eta squared value of 0.24implies that the model has a large effect. It can, therefore, be concluded that there is substantial difference in the budgeted and actual expenditure on assets. In sum, a paired sample t-test was conducted to evaluate the mean difference between budgeted expenditure and actual expenditure on capital projects. There was a statistically significant decrease in scores from Time 1 (budgeted expenditure) with (M=552892.4, S.D=781906.56) to Time 2 (actual expenditure) with (M=88462.7088, S.D=90715.80397), at t (24) =2.716, p<.05 (two-tailed). The mean decrease in budget expenditure was GH 14857.98 with a 95% confident interval ranging from GH 3568.01777 to GH 26147.93743. The Eta squared statistic (0.24) indicates a large effect size.

Table 12 : Paired Sample T-Test of Differences between Budgeted Capital Expenditure and Actual Capital Expenditure (Ghana Cedis).

	Paired Differences					
EXPENDITURE ON ASSETS	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		T
				Lower	Upper	
BUDGET - ACTUAL	18,423.8922	33,915.3057	6,783.06117	4,424.34204	32,423.44241	3.368

Source: Field Survey, (2020)

Revenue generation and allocation to service delivery

Respondents were asked to tell if the revenue allocation for capital expenditure is disaggregated to tie fund for a particular capital project. They were also asked to tell whether the Assembly has the capacity to generate substantial revenue to cover capital projects and whether off budget financing or unplanned activity in the Assembly affects capital projects than compensation and goods and services.

Revenue Allocation Disaggregation for Capital Projects

As depicted in Figure 3, 71 percent of the respondents mentioned that the Assembly's revenue allocation for capital expenditure is disaggregated to tie a particular fund to a particular capital project. This consists of 39 (72%) of assembly members and 6 (67%) of employees with the Assembly. Their response means that funding for the Assembly is disaggregated for the various capital projects. This contradicted the findings of Ministry of Finance and Economic Planning and German Technical Cooperation (2010) study that funding for proposed projects in the district assemblies were not disaggregated according to the various funding sources.

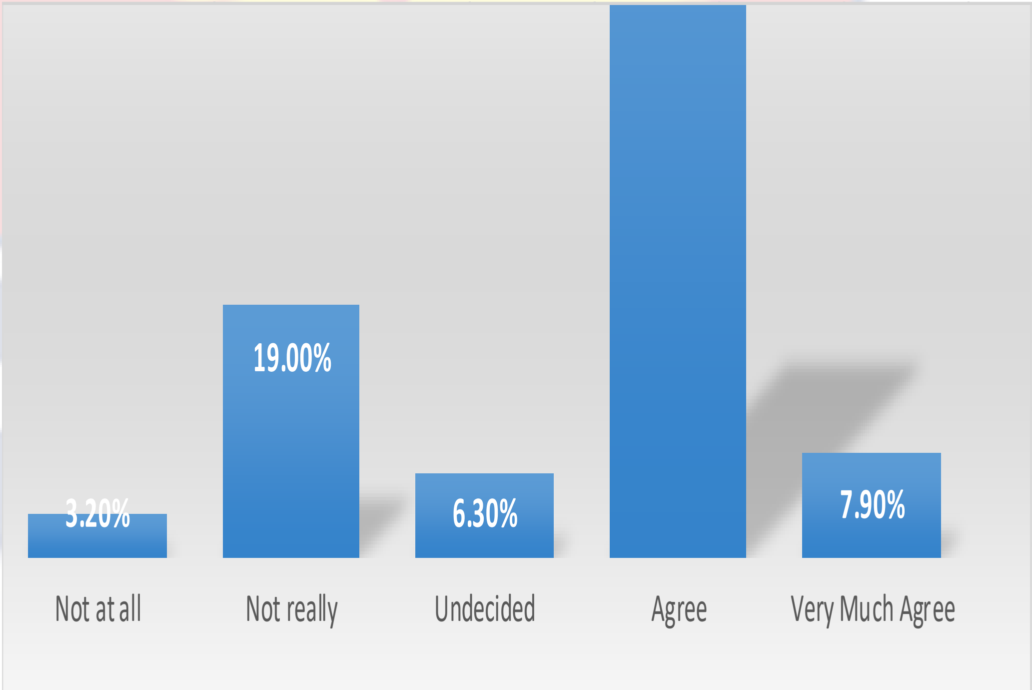

Figure 3: Response on revenue allocation disaggregation for capital projects

Source: Field Survey, (2020)

Table 13 shows a mean of 3.4 and a standard deviation of 0.997 which indicates that the Assembly's revenue allocations for capital projects are disaggregated to tie a particular fund to a particular capital project. Skewness value of (-0.0970) indicates a clustering of scores at the high end. Kurtosis value of 0.003 indicates that the distribution is perfectly normal.

Table 13: Descriptive Statistics of Revenue Generation and Allocation to Service Delivery.

	N	Min	Max	Mean	Std.	Variance	Skewness		Kurtosis	
	Stat	Stat	Stat	Stat	Stat	Stat	Stat	S.E	Stat	S.E
Revenue allocation for projects are disaggregated to tie funds to a particular capital project	63	one	five	3.54	0.997	0.994	-0.970	0.302	0.003	0.595
Capacity to generate substantial revenue	63	one	five	3.65	1.095	1.199	-0.552	0.302	-0.752	0.595
Unplanned activity affects capital projects	63	one	five	3.89	1.259	1.584	-1.138	0.302	0.213	0.595
Valid N (listwise)	63									

Source: Field survey, (2020)

Capacity of the Assembly to Generate Revenue

As illustrated in Figure 4, two-thirds (67%) of the respondents mentioned that they believe the Assembly has the capacity to generate substantial revenue to support service delivery in the Metropolis. This was said by 36 (67%) of assembly members supported by six out of the nine employees of the Assembly. However, 22 percent of the respondents said that the Assembly is not capable of generating revenue to support service delivery in the Metropolis.

A mean of 3.65 and a standard deviation 1.095 indicate that the Assembly has the capacity to generate substantial revenue. Skewness value of (-.552) indicates a clustering of scores at the high end. Kurtosis value of -.752 indicates that the distribution is relatively flat. That is there are too many cases in the extremes.

The capacity of any assembly to generate substantial revenue to support service delivery depends on its resources. Thus, the findings confirm the results of resource dependency theory. This theory argues that the key to organizational survival is the ability to acquire and maintain resources (Pfeffer & Salancik, 1978). Therefore, the growth and development of the district, is to a large extent, dependent on the amount of resources available to it (Hillman, Canella & Paetzold, 2000).

A follow-up question was posed to solicit views on revenue potentials of the Metropolis and the response indicated that almost all the respondents (95%) mentioned that there are potentials in the Metropolis that the Assembly can utilize to increase revenue to support capital projects so as to improve service delivery. This response was said by 51 (94%) of the assembly members supported by the entire nine employees of the Assembly. Aside the theoretical confirmation, the results are similar to some empirical evidences (Ojo, 2009; Akudugu, 2013). The Assembly has to identify and mobilize all the potential resources to support service delivery.

According to responses, some of the potential areas available in the Metropolis which the Assembly can utilize effectively to overcome its challenges and threats include the following; availability of the NCCE and the Information Service Department to assist the Assembly embark on revenue sensitization, development of the market places, strengthening agricultural production, development of the tourism sites, preparation of fee-fixing resolution which can be increased to improve revenue collections and deployment of service personnel to assist in revenue mobilization. The ability of an assembly to utilize the potential or opportunity by looking inward to generate revenue is seen as a sustainable means to enhance service delivery (Kazeem & Oluyemi, 2013).

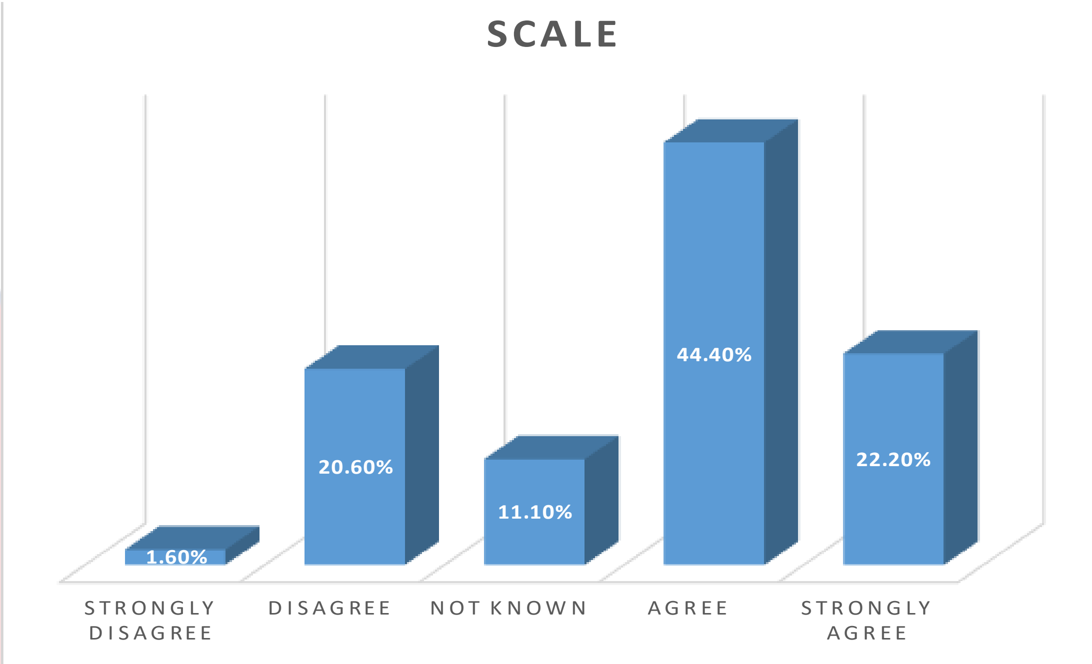

Figure 4: Response on Assembly's capacity to generate revenue

Source: Field survey, (2020).

Sources of revenue to Tamale Metropolitan Assembly

Table 14 shows the sources of revenue to the Assembly. The Assembly generated a total revenue of GH₵ 9,785,773.89 from 2014 to 2018. The source of the revenue was from the Internally Generated Funds (IGF) District Assembly Common Fund (DACF) donor funds and other income.

***Table 14*: Sources of Revenue from 2014 to 2018**

Revenue (GH₵)	2014 GH₵	Percent	2015 GH₵	Percent	2016 GH₵	Percent	2017 GH₵	Percent	2018 GH₵	Percent
IGF	284,928.96	22.83	363,265.12	19.17	348,064.94	20.17	354,011.57	17.45	431,472.45	43.41
DACF	458,515.06	36.74	741,729.56	39.15	641,602.78	37.18	594,198.27	29.28	30675.74	3.09
Donor Fund	784,777.85	62.89	1,140,827.01	58.27	831,498.32	48.17	1,552,985.05	76.52	669,442.77	67.36
Other Income	16,699.12	1.34	101,163.08	5.34	316,165.30	18.33	12,878.38	0.63	98,404.30	9.90
Total	1,547,412.16	100.00	2,349,477.17	100.00	2,139,824.98	100.00	2,516,568.21	100.00	1,232,491.38	100.00
Percent	(19.60%)	-	(29.77%)	-	(27.12%)	-	(31.89%)	-	(11.16%)	-

Source: Field survey, (2020).

The greatest source of income was from the donor funds. The amount generated from the fund was GH¢4,979,531.05. It contributed more than half (50.89) to the total revenue for the planned period (2014-2018). The District Assembly Common Fund contributed one-fourth (25.21%) to the total revenue which was GH¢2,466,721.41. The Assembly generated GH¢1,781,731.87 as the Internally Generated Fund (IGF). This means that it contributed 18.21 percent to the total revenue for the planned period. Revenue from other income (unbudgeted revenue) contributed the least (5.69%) to the total revenue. The aggregate of external sources of income was 81.79 (GH¢8,004,030.86) percent as compared to 18.21 percent internally generated fund. This shows that revenue from IGF was insignificant to support service delivery in the Metropolis. According to Kazeem and Oluyemi (2013), local government low internal revenue has tended to depend largely on the federation account for its capital projects. It was further revealed that the internally generated revenue of local government is thirty percent (30%) as compared with their revenue allocated from the federation account of seventy percent (70%).

This confirms a study conducted by the Ministry of Finance and Economic Planning and German Technical Cooperation (2010) that the District Assemblies' Common Fund in Ghana is also a major source of development funding to district assemblies and accounts for over sixty five percent (65%) of funding to district assemblies. This implies that without the external revenue, the Assembly could not have implemented majority of the programmes and projects. Even, with the external source of funds, the Assembly implemented 28 percent of the physical projects. This view is shared by Yilmaz, Beris & Serrano-Berthet (2008), when they noted that financing that comes through transfers, leaves little room for local decision-making and priority setting, and it is often insufficient to meet all expenditure needs.

Significant amount of revenue was generated in 2017. The Assembly generated GH¢2,516,568.21 (25.72%) as total revenue in 2017. The highest was from donor funds (61.71) followed by DACF (23.6%) and IGF (14.07%).

Revenue from IGF had been very low compared with the other sources of funding for the planned period. However, in 2018 the trend changed. Out of the total amount of GH¢1,232,491.38 generated in that year, IGF contributed 35.01 percent. This was higher than revenue from DACF (2.49%) and other income sources (7.98%). The Assembly could not receive much from the DACF. Revenue from DACF reduced from 2016 to 2018. This implies that the DACF is not reliable for the Assembly to provide services in the Metropolis.

Thus, it is important for the IGF to receive much attention since it is the reliable source of revenue. This reinforces the point made by distinguished eminent scholars' view that local governments should better look inward to generate revenue so as to enjoy autonomy (Eckardt, 2008).

Budgeted Financial Resources and Actual Financial Resources

A paired-sample t-test was conducted to compare the values of the budgeted financial resources and the actual financial resources of the Assembly. The results show a statistically significant deviation in the amount of the budgeted to the actual revenue generated by the Assembly from 2014 to 2018. The results in Table 15 shows a significant difference of 521,793.999 at p=0.004.

Table 15: Paired Sample Statistics of Budgeted Revenue and Actual Revenue (Ghana Cedis)

	Mean	N	Std. Deviation Std.	Error Mean
Budgeted	1,010,459.272	20	927,020.0779	207,287.991
Actual	488,665.2723	20	396,363.0211	88,629.4659

Source: Field survey, (2020)

Though the results presented above tell us that the difference obtained in the two sets of scores was unlikely to occur by chance, it does not tell us much about the magnitude of the intervention's effect. The effective size was calculated to examine the magnitude of the interventions effect.

$$\text{Eta squared} = \frac{t^2}{t^2 + (N - 1)}$$

$$\text{Eta squared} = \frac{(3.281)^2}{(3.281)^2 + (20 - 1)}$$

$$\text{Eta squared} = \frac{10.764961}{29.764961}$$

$$\text{Eta squared} = 0.36$$

Using the guidelines proposed by Cohen (1998:284) for interpreting this value for (.01=small effect; .06=moderate effect; .14=large effect), Eta squared value of 0.36 implies that the model has a large effect. It can therefore be concluded that there is substantial difference in the budgeted and actual revenue of the Assembly.

In conclusion, there was a statistically significant decrease in scores from Time 1 (budgeted revenue) with (M=814886.5095, S.D=747596.83709) to Time 2 (actual revenue) with (M=394084.8970S.D=319647.59779), at t

(19) =3.8, p<.05 (two-tailed). The mean decrease in budgeted revenue was 521,793.999 with a 95% confident interval ranging from 152326.81to 689276.408. The Eta squared statistic (.36) indicates a large effect size.

***Table 16*: Paired Sample T-Test of Differences between Budgeted Revenue and Actual Revenue (Ghana Cedis)**

Financial Resources	Mean	Paired Differences				T	df sig. (2-tailed)
		Std. Deviation	Std. Error Mean	95% confidence interval of the Difference			
				Lower	Upper		
Budgeted– Actual	521,793.9989	711,321.5732	159,056.3379	188,885.2444	854,702.7459	3.2819	0.004

Source: Field survey, (2020)

The implication of the results is that averagely, the Assembly's estimated financial resources far exceeded the actual revenue generated. The Assembly's local revenue has been limited to low yielding taxes such as basic rates and market tolls while the lucrative tax fields have been centralised by the government (Fjeldstad, 2006). This further supports the assertion by Botchie (2000) that people are unwilling to pay their taxes due to the inability of the assemblies to account properly or justify the use of the taxes collected from them. Botchie (2000) insist that these problems stem from factors such as the collusion of some revenue collectors and tax payers to underpay levies imposed, issuance of fake receipts, direct diversion of revenue by some revenue collectors for personal benefit and the inadequate requisite expertise or qualification for effective revenue collection. This view is also held by NDPC (2009) which attributes low internally generated fund to inadequate public sensitisation, inadequate and inaccurate data on taxable items as well as narrow economic activities in respective district of the assemblies.

The presence of these problems makes the assembly less capable of controlling its financial resources and inability to meet its budgeted revenue. However, the acquisition and maintenance of these resources which are restricted at the district levels can be linked with resource dependency theory as discussed by Pfeffer and Salancik (1978). The theory posits that assemblies must have the capacity to acquire and maintain resource. The survival of an organization is dependent on its capacity to control the flow of resources within its jurisdiction (Fadare, 2013). He further suggests that the district cannot develop if it is unable to guarantee the continuous supply of resources critical for its development. In view of this, the budgeted revenue should be closed with the actual revenue and link more closely with the actual expenditure before individuals spending decisions are made and should be sustainable over the medium term and beyond.

Off-Budget Financing/Unplanned Activity Affects Capital Projects

As shown in Figure 5, 78 percent of the respondents mentioned that unplanned activities in the Assembly affected capital project than compensation and goods and services. This was said by 43 (80%) of assembly members and six out of the nine employees in the Assembly. Less than one-fifth (19%) of the respondents were of the view that unplanned activities in the Assembly did not affect capital project than compensation and goods and services whilst about three percent remained undecided.

A mean of 3.89 and a standard deviation 1.259 indicate that the Assembly's unplanned activities affect capital projects. Skewness value of (-1.138) indicates a clustering of scores at the high end. Kurtosis value of (.213) indicates that the distribution rather peaked (cluster in the centre) (Table 13).

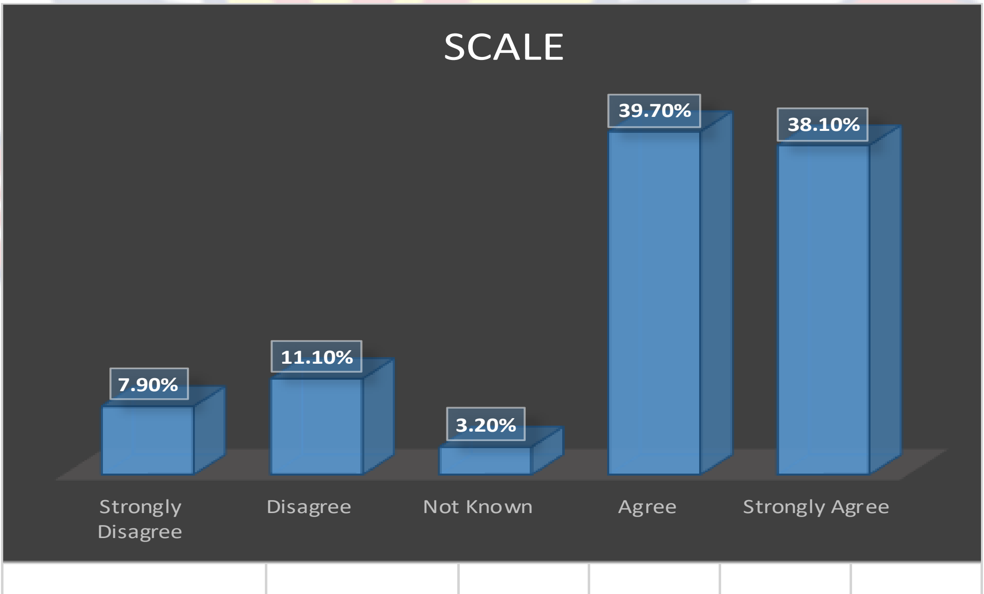

Figure 5: Response on off-budget Financing

Source: Field survey, (2020)

Influence of Revenue Allocation to Service Delivery

More than two-thirds (68%) of the respondents were not satisfied with the level of development in the Metropolis. This was said by 40 (74%) of assembly members supported with six out of the nine employees (Table 17). The skewness value of negative 0.240 is an indication that the scores are normally distributed.

Table 17: Respondents' Satisfaction with the Level of Development with Revenue Allocation

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes (Satisfaction with service delivery)	17	27.0	27.0	27.0
No (Unsatisfied with service delivery)	43	68.3	68.3	95.2
Can't tell	three	4.8	4.8	100.0
Total	63	100.0	100.0	

Mean = 1.78
Std. Deviation = 0.522
Skewness = 0.240
(S.E = 0.302)
Source: Field survey, (2020)

The satisfaction level of respondents on service delivery is influenced by the allocation of revenue by the assembly (Dang, 2013). The successful achievement of development depends on the extent to which revenue is allocated in the implementation of capital or physical projects. Data from the survey indicates that the Assembly allocates more Internally Generated Fund (IGF) to revenue expenditure more than capital expenditure (Table 18). About 68 percent of the respondents comprising 37(69%) of assembly members and 6(67%) of workers of the Assembly said that they are not satisfied with the level of service delivery when matched or compared with revenue. Only 27 percent of them registered their satisfaction with the level of service delivery whilst the remaining five percent could not tell.

Table 18 : Revenue Allocations

Revenue allocation	Yes	No
Allocation of revenue (IGF) to support revenue expenditure more than capital expenditure	82.2%	17.8%

Source: Field Survey, (2020)

A regression analysis was conducted to explore the influence of revenue allocation to service delivery. Respondent's satisfaction about the level of service delivery was used as the dependent variable. Revenue allocation disaggregation to tie fund for a particular capital project, capacity to generate enough revenue and off-budget financing of the assembly were used as the independent variables. The outputs from the linear regression are shown below. Before reporting the regression result, multi-collinearity (assumptions) were checked. In this case, the scales (revenue allocation for capital expenditure are disaggregated to tie fund to a particular capital project, capacity of the assembly to generate substantial revenue, and off-budget financing) correlate substantially with service delivery (.917, .923 and .900 respectively) as depicted in Table 19. According to Pallant (2011), the independent variable should show at least some relationship with the dependent variable.

Table 19: Relationship between the Independent and Dependent Variables (Correlation).

		Service delivery	Revenue disaggregated for capital expenditure	Capacity to generate revenue	Off-budget financing
Std. cross-	Service delivery	1.000	0.917	0.923	0.900

product	Revenue disaggregated to tie funds to a particular capital project	0.917	1.000	0.924	0.935
	Capacity to generate revenue to support capital project	0.923	0.924	1.000	0.923
	Off- budget financing	0.900	0.935	0.923	1.000
Sig. (1-tailed)	Service delivery	.	0.000	0.000	0.000
	Revenue disaggregated to tie funds to a particular capital project	0.000	.	0.000	0.000
	Capacity to generate revenue to support capital project	0.000	0.000	.	0.000
	Off- budget financing	0.000	0.000	0.000	.
N	Service delivery	63	63	63	63
	Revenue disaggregated to tie funds to a particular capital project	63	63	63	63

N	Capacity to generate revenue to support capital project	63	63	63	63
	Off- budget financing	63	63	63	63

a. Coefficients have been calculated through the origin.

Source: Field survey, (2020)

The R-squared tells how much of the variations in the dependent variable are explained by the model (independent variables). As depicted in Table 20, the value for the R-square is .881 (88.1%). This means that the model (independent variables) explains about 88% of the variance in the dependent variable (service delivery). The AdjR^2 indicates that about 87% of the variability service delivery is accounted for by the model after taking into account the number of predictor variables in the model.

Table 20: Model Summary

Model	R	R Square (R^2)	Adjusted R Square (Adj. R^2)	Std. Error of the Estimate
1	0.939[a]	0.881	0.875	0.654

Source: Field Survey, Abdul-Rahaman (2020)

Snecdecor's F-Test of Significance value of 148.116 (Table 21) indicates that all the independent variables in the model are statistically significant (p=.000).

Table 21: Analysis of Variance (ANOVA)

Model		Sum of squares	Df	Mean square	F	Sig.
1	Regression	190.303	Three	63.434	148.116	.000
	Residual	25.697	60	0.428		
	Total	216.000[d]	63			

Source: Field survey, (2020).

In checking for assumptions (multicollinearity), the tolerance values for each independent variable as depicted in Table 22 are not less than .10 (for example, .118, .102, .101) indicating that the multicollinearity assumption is not violated in the model. This is supported by Variance Inflation Factor (VIF) which is not more than the cut-off of 10 (for example, 9,898, 8.480 and 9.807). The largest beta coefficient is (.467), which has the capacity to generate revenue to support capital projects (Table 22). This means that this variable makes the strongest unique contribution (sig=.001) to explaining the dependent variable (service delivery) when the variance explained by all other variables in the model is controlled for. The Beta value for revenue allocation for capital expenditure disaggregation to tie fund to a particular capital project was slightly lower (.368) at a significance value of (.011) meaning that the variable makes less significant unique contribution to the prediction of the dependent variable (service delivery). Again, the Beta value for off-budget financing was the lowest (.125) at a significance value of (.375) meaning that it makes no significant unique contribution to the prediction of the dependent variable (service delivery).

The coefficient results for each of the variables indicates the amount of change expected in the dependent variable (service delivery) given a one-unit change in the value of the independent variables. For every one unit standard deviation increase in revenue allocation to disaggregate fund to a particular capital project, it is expected that there would be standard deviation increase of (.368) in service delivery holding all other variables constant. Likewise, it is expected that there will be a standard deviation increase of (.467) in service delivery for one unit standard deviation increase in the capacity to raise revenue (Table 22). In all, the regression analysis showed that the capacity of the Assembly's to generate revenue to support capital projects and allocation of revenue disaggregation to tie fund for a particular capital project have a strong and direct relationship with service delivery. The Multiple Correlation Coefficient (R), Coefficient of Multiple Determination (R2) and adjusted Coefficient of Multiple Determination (Adj. R^2) shown in Table 20) indicate that put together, the correlation between all the predictor variables (capacity of the Assembly to generate revenue to support capital projects, and allocation of revenue disaggregation to tie fund for a particular capital project) and the criterion variable (satisfaction of service delivery) is strong, with about 88% of variation. The ability or capacity of the Assembly to maximize revenue collection to support service delivery depends on its financial, human resource and logistic capacity as pointed out by Pfeffer and Salancik (1978) resource dependency theory. They stated that the key to organizational survival is the ability to acquire and maintain resources. Though, Internally Generated Fund (IGF) is rarely used in implementing capital projects like schools, hospitals, road construction and many more, it can be used to support it. The ability of the Assembly to utilise the potentials and opportunities in the Metropolis to overcome the threat and weakness becomes a strategy to help in achieving service delivery. It is, therefore, concluded that a positive direct relationship exist between revenue allocation and service delivery in Tamale Metropolitan Assembly. The findings from this study support previous studies such as Dang (2013).

Table 22: Coefficient results

Model	Unstandardized coefficient		Standardized coefficient	T	Sig.	95% Confidence level for B		Correlations			Collinearity	
	B	Std. Error	Beta			Lower	Upper	Zero order	Partial	Part	Tolerance	VIF
Revenue disaggregated to tie fund to a particular project	0.186	0.071	0.368	2.629	0.011	0.044	0.327	0.917	0.321	0.117	0.101	9.898
Capacity to generate revenue to suppose projects	0.227	0.063	0.467	3.605	0.01	0.101	0.353	0.923	0.422	0.161	0.118	8.480
Off-budget financing	0.56	0.063	0.125	0.893	0.375	0.070	0.183	0.900	0.115	0.040	0.102	9.807

a. Dependent variable: Are you satisfied with the level of the development when matched with revenue generation?

b. Linear Regression through the origin.

Source: Field survey, (2020).

Chapter Summary

This section presented the discussion of the results. It began with an explanation of the demographic features of financial management and service delivery of the sample used for the study. This is followed by the discussion of the objectives one using frequencies, means and standard deviation. The chapter then followed with the presentation and discussion of objective four with the multiple regression results. However, this was presented with the discussion of the entire findings.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

Highlighted in this chapter is the summary of the study, conclusions drawn from the major finding and also makes the necessary recommendations. The chapter has three main aspects. The first aspect presents the summary and the key results of the study. The next part contains conclusions from the key findings. The last facet is the recommendations of the study.

Summary of the Study

The purpose of the study was to assess the influence of public financial management on service delivery at the Tamale Metropolitan Assembly. The study reviewed relevant literature on the concept of public financial management and service delivery at the local government level. The study used descriptive design and data was collected using questionnaires. Secondary data was used to augment the primary data in the study. The study population was made up of staff and assembly men and women in the Metropolis.

Summary of Key Findings

The major findings and observations of the study are as follows:

- The study revealed that the relationship between policy based budgeting and service delivery was weak. There is therefore a gap between project implementations, policy and budget.
- The study observed that the Assembly's budget was compatible with national policies which indicated a good performance. This connotes that,

the national policy issues were integrated into the local plans which are aimed at achieving result on service delivery.

- Then study again realised that some level of fiscal discipline was maintained by the Assembly in terms of spending with respect to investment programmes and projects.
- The paired sample t-test performed showed significant deviation between amounts invested in budgeted expenditure and the actual expenditure of the Assembly. This reflected a poor financial management which can result in less effective delivery of capital projects and this has negative implications on service delivery.
- The paired sample t-test performed also indicated significant deviation between budgeted financial resources and actual resources of the Assembly. It showed an abysmal performance in raising revenue to meet the budgeted revenue. Actual mobilization of revenue fell short of expectations. The Internally Generated Fund was rather used to finance recurrent expenditure instead of capital expenditure.
- It was also noted that the Assembly has the capacity to generate revenue. Almost all the respondents (95%) mentioned that there were potentials in the Metropolis that the Assembly can utilize to increase revenue to support service delivery.

The study found that the capacity to generate revenue and allocation of revenue to disaggregate a particular fund for a particular project have more influence on service delivery than off-budget financing in the Assembly.

Conclusions

Public financial management has to do more with the efficiency and effectiveness of the utilization of public resources. This study has pontificated and stressed on the major role that it plays as far as service delivery is concerned. The outcome of the study shows that there is a strong relationship between policy based budgeting and the service delivery at the Metropolitan Assembly. In spite of this, the Assembly could not implement majority of its programmes and projects. Medium Term Development Plans and budgets were prepared without recourse to financial resource of the Assembly. This situation was as a result of several on-going projects which had to be completed before new programmes and projects in the Assembly's Medium Term Development Plan could be started.

In addition, the huge deductions and delays in the release of the District Assembly Common Fund distorted the link between the District Medium Term Development Plan and annual action plan which eventually affects programmes and projects in the district. The Assembly ought to budget with recourse to the availability of financial resources to implement programmes and policies on due time to meet the aspiration of the local people.

Public financial management emphasises the importance of the budget being credible so that planned government or assembly policies can be achieved. On the second objective, the study concludes that the Assembly's budget is credible in terms of fiscal discipline. Greater comprehensiveness and transparency of budget as well as consistent monitoring capital projects were done by the Assembly. The paired sample t-test concludes that the Assembly has weak budget credibility when matched with actual budgetary releases to the voted budgets. In aggregate, the actual primary asset expenditures have differed by less than 17 percent from the overall planned asset expenditure in five years under review. Realistic and honest estimates for both likely revenues and expenditures are vital if the aggregate resource constraint is to be credible.

Revenue generation and allocation has a strong influence on the service delivery. The capacity to generate revenue and the need to disaggregate revenue allocation to tie a particular fund to a particular capital project has an influence on service delivery than off budget financing. The paired sample t-test concludes that the Assembly has the capacity to generate substantial revenue. Capital projects intervention in the district were done with the support of central government transfers, District Assembly Common Fund and donors. Internally Generated Fund (IGF) was used to meet the commitment of compensation and goods and services expenditure. There were no available guidelines on the utilization of funds from IGF sources. The Assembly should strengthen its internal control mechanism and look inwardly to improve IGF collection to support service delivery for the realization of fiscal decentralization at the local level.

Recommendations

With much reliance placed on the major observations and findings and conclusions of the study, the following recommendations are made.

Tamale Metropolitan Assembly should strengthen the relationship that exists between policy-based budgeting and service delivery in the Metropolis. This the Assembly can do by instituting stringent measures and by-laws that would serve as instruments meant to prevent the Assembly from digressing from its budgets as far as service delivery is concerned.

The financial management practice of the Assembly preparing its budget in line national policies deserves commendations as this makes the budgets compatible and can easily be consolidated into a composite budget to enhance service delivery at the local level. It is strongly recommended that the Assembly should continue with this sound financial management practice in order to forestall the confidence reposed in it by its stakeholders.

Furthermore, the Assembly deserves an applause for the level of fiscal discipline it has maintained in terms of spending with respect to investment programmes and projects. It is therefore prudent to recommend that this financial management achievement should always and constantly be maintained by the Assembly.

Additionally it suffices to recommend sound, prudent and acceptable public financial management practices such as sticking to internal control measures and complying with financial management regulations, which is geared towards bridging the deviation gap that exist between budgeted expenditure and actual expenditure of the Assembly as revealed by the paired sample t-test performed. The implementation of this to the latter can consequentially result in effective delivery of projects and thereby denounces the negative implications associated with service delivery at the local level.

It is again worth recommending that, the revenue generating potentials of the Assembly should be enhanced in order to bridge the deviation gap that exist between budgeted resources and actual resources of the Assembly as indicated by the paired sample t-test performed on budgeted and actual resources of the Assembly. Tamale Metropolitan Assembly should exploit the identified potential financial resources within the metropolis to augment Internally Generated Fund as well as reactivate and ensure constant function of the task force to supervise and monitor revenue generation particularly on market days. The members in the task force should be periodically changed and reconstituted in order not to make them susceptible to fraud and bribery so that the Assembly does not loose substantial revenue from Internally Generated Funds. The Assembly should also continuously educate their local residents on the need to honour and pay their local taxes to the Assembly.

Finally it is strongly recommended that the Assembly should comply with budgetary allocations that are tied to funds of programmes and projects. It is equally significant for the Assembly to desist from disaggregating revenue that are meant for particular projects or off-budget financing projects. The avoidance of this will result in an enhancement of service delivery at the local level.

Suggestions for Further Research

This study has concentrated on the Tamale Metropolitan Assembly and it is suggested that similar study should be undertaken in most district assemblies for a more national outlook that can be relied on for decentralization.

Again the study could also be extended to cover other public financial management indicators such as performance evaluation, cost benefit analysis and value for money. As much as the influence of public financial management on service delivery can be realized, its defect is that it may not achieve value for money at the local level and therefore, retarding the development agenda.

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APPENDICES

APPENDIX 'A'

QUESTIONNAIRE ON ASSESSMENT OF PUBLIC FINANCIAL MANAGEMENT AND SERVICE DELIVERY: A CASE OF TAMALE METROPOLITAN ASSEMBLY IN THE NORTHERN REGION

UNIVERSITY OF CAPE COAST

SCHOOL OF BUSINESS

DEPARTMENT OF ACCOUNTING

INTRODUCTION

This questionnaire is designed to solicit information on - Public Financial Management and Service Delivery at the Local Government Level: A Case Study of Tamale Metropolitan Assembly in the Northern Region of Ghana. The underlying motive for this questionnaire is to explore and assess how public financial management has influenced service delivery in the Tamale Metropolitan Assembly. Please your frank and objective opinions and ideas on the subject would be significant and vital for this study. You are therefore assured of **strict confidentiality**. You are, however, kindly requested to provide your opinion on the items that follows as frankly and as you can.

Thank you in advance.

SECTION A: PRELIMINARY ISSUES

(1)What is your relationship with the Metropolitan Assembly?

Employee ☐

Assembly man or woman ☐

(2) If an employee, what is your rank? ....

(b) If an assemblyman or woman, what is the number of years served in the Assembly?

Up to Four years ☐

Five to Eight Years ☐

Above Eight years ☐

SECTION B: RELATIONSHIP BETWEEN POLICY BASED BUDGETTING AND SERVICE DELIVERY.

Please tick in the appropriate box against the statement as defined below

1=Not at all, 2= Not really, 3= Undecided, 4= Agree, 5= Very much agree

		Not At all	**Not really**	**Undecided**	**Agree**	**Very Much agree**
1	The Assembly request budget with due regard to Government policy and development interest needs of its stake-holders					
2	The Assembly is able to predict direct budget support to service delivery					
3	The Assembly medium term development plan is linked to the budget and service delivery					

4	The Assembly has multiple plan and budget running concurrently for various projects.					
5	There is implementation gap between policy budget and project and programmes					
6	The Assembly prepares its budget based on laid down budgetary provisions and regulations.					

SECTION C: CREDIBILITY OF THE BUDGET TO SUPPORT SERVICE DELIVERY

		Not at all	Not really	Undecided	Agree	Very much agree
1	The Assembly budget maintain Fiscal discipline to investment projects and Programmes					
2	The Assembly is able to complete capital projects within stipulated time frames					

3	The Assembly budget is comprehensive and transparent for capital projects.					
4	Stakeholders have access to information and knowledge to the kind of capital project going on within their local					
5	Assembly man monitors capital projects and programmes regularly					

SECTION D: INFLUENCE OF REVENUE GENERATION AND ALLOCATION OF SERVICE DELIVERY

		Not at all	Not really	Undecided	Agree	Very much agree
1	Revenue allocation for capital expenditure are disaggregated to tie a particular fund to a particular capital project.					
2	The Assembly have the capacity to generate substantial revenue to cover capital projects					
3	Off budget financing or in					

	plan activity affect capital projects than compensation and goods and services					

4. Please tick one of the following statements

i. the assembly allocate resources (IGF) to support capital expenditure more than recurrent expenditure. Yes ☐ No ☐

ii. The Assembly allocates resources (IGF) to support revenue expenditure more than capital expenditure. Yes ☐ No ☐

5. Is there potential for the Assembly to increase its IGF to cover capital projects?

Yes ☐ No ☐

If Yes, by what means………………………………………………….....................

…………………………………………………………………………………

…………………………………………………………………………………

…………………………………………………………………………………

If No, why ……………………………………………………………………

…………………………………………………………………………………

6. Are you satisfied with the level of development when matched with the revenue generation?

Yes ☐ No ☐

APPENDIX 'B'

Expenditure on assets (investment projects) of Tamale Metropolitan Assembly (Ghana Cedis).

Sector	2014		2015		2016		2017		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Education	76,365.40	26,508.06	130,361.20	75,241.89	115,148.98	104,387.22	62000.00	114,786.07	59,382.05	36,904.38
Health	72,522.43	34,215.00	94,638.24	106,155.93	12,936.92	8,518.40	12,400.00	11,322.38	32,231.07	40,618.51
Markets	12,400.00	18,273.26	159,278.15	166,819.16	53,022.40	59,431.22	54,560.00	37,186.86	77,318.71	96,286.43
Roads	24,728.82	21,143.24	160,802.58	100,717.31	9,600.25	11,965.88	72,521.40	23,408.72	78,953.38	46,979.71
Total	186,016.65	100,139.56	545,080.17	448,934.29	190,708.55	184,302.71	201,481.40	186,704.02	247,885.21	220,792.75

Financial resources (revenue) of Tamale Metropolitan Assembly (Ghana Cedis)

Item(s)	2014		2015		2016		2017		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
IGF	253,566.36	284,928.96	339,760.00	363,265.12	496,997.20	348,064.94	529,503.56	354,011.57	593,942.64	431,472.45
DACF	1,810,330.38	458,515.06	1,946,800.00	741,729.56	2,232,000	641,602.78	2,604,000	594,198.27	72,522.06	30,675.74
Donor Fund	1,229,268.30	784,777.85	1,807,920.00	1,140,827.01	1,646,720.00	831,498.32	1,597,120.00	1,552,985.11	2,604,000.00	669,442.77
Other Income	18,352.00	16,699.13	93,372.00	101,163.08	69,230.99	316,165.31	159,960.00	12,878.38	130,820.00	98,404.30
Total	3,311,516.99	1,544,920.98	4,187,852.00	2,346,984.77	4,417,948.19	2,137,331.34	4,890,583.56	2,514,073.33	3,401,284.70	1,229,995.26