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INFLUENCE OF PUBLIC FINANCIAL MANAGEMENT PRACTICES ON
SERVICE DELIVERY IN GHANA'S DISTRICT ASSEMBLIES

BY

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Thesis submitted to the Institute for Development Studies of the Faculty of Social Sciences, College of Humanities and Legal Studies, University of Cape Coast, in partial fulfillment of the requirements for the award of Doctor of Philosophy Degree in Development Studies

NOVEMBER 2016

DECLARATION

Candidate's Declaration

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

Candidate's Signature:  Date: 1/12/2016

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Supervisors' Declaration

We hereby declare that the preparation and presentation of this thesis were supervised in accordance with the guidelines on supervision of dissertations laid down by the University of Cape Coast.

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ABSTRACT

This research analyzed how six components of public financial management (PFM) –budgeting, revenue mobilisation, expenditure and payments, accounting and financial reporting, auditing and public financial management regulatory framework, as practiced in Ghana’s district assemblies (DAs) influence service delivery. The research adopted mixed methods research design where qualitative and quantitative data were gathered using questionnaires, interviews, focus group discussions and document analysis. Thirty four out of 170 districts which existed by 2008 were sampled. The study obtained data from 612 DA officials, 1020 citizens, 28 key informants and 18 participants in focus group discussions. Quantitative data were analysed using descriptive statistics, correlation and multiple regression while qualitative data were analysed using thematic summary analysis. The study revealed poor rating of service delivery by citizens while district assembly officials rated service delivery as satisfactory. The study established that budgeting and expenditure management practices had positive significant influence on service delivery in the district assemblies. The other four practices -revenue mobilisation, financial reporting, auditing and PFM regulatory practices, did not have significant influence on service delivery. The DAs need to continuously appraise and improve appropriate technologies/automation for efficiency in their systems and processes. The national government should fine-tune funds transfer process to the DAs and ensure strict enforcement of sanctions on officers culpable of financial malpractices. Civil society stakeholders are encouraged to promote PFM and service delivery audit models in the districts.

KEY WORDS

Accounting and Financial Reporting

Auditing

Budgeting

Expenditure and Payments

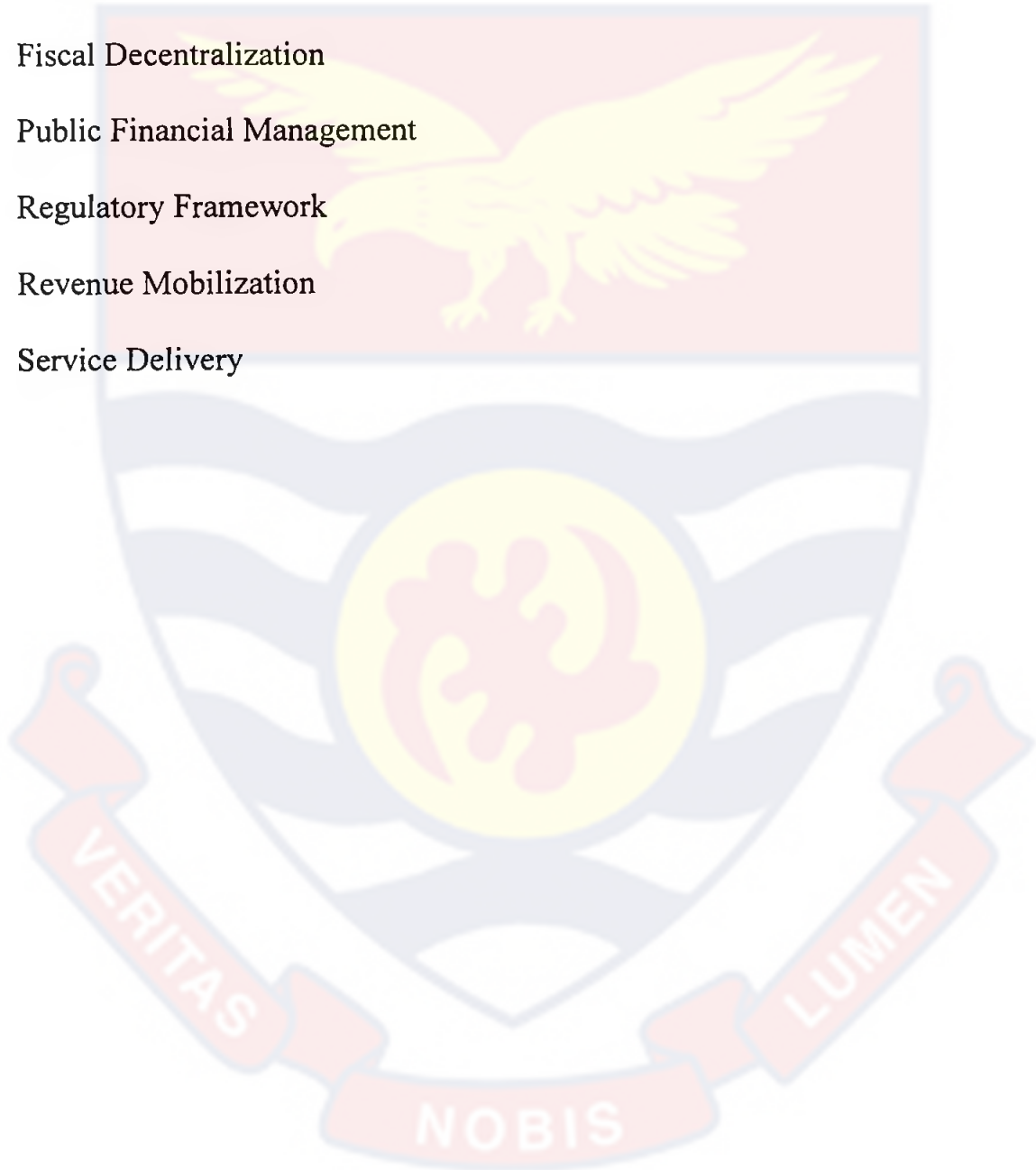
Fiscal Decentralization

Public Financial Management

Regulatory Framework

Revenue Mobilization

Service Delivery



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DEDICATION

To my late mother Maame Aba Anoah and my guardian, the late Kofi
Egyir Acquah-Harrison.



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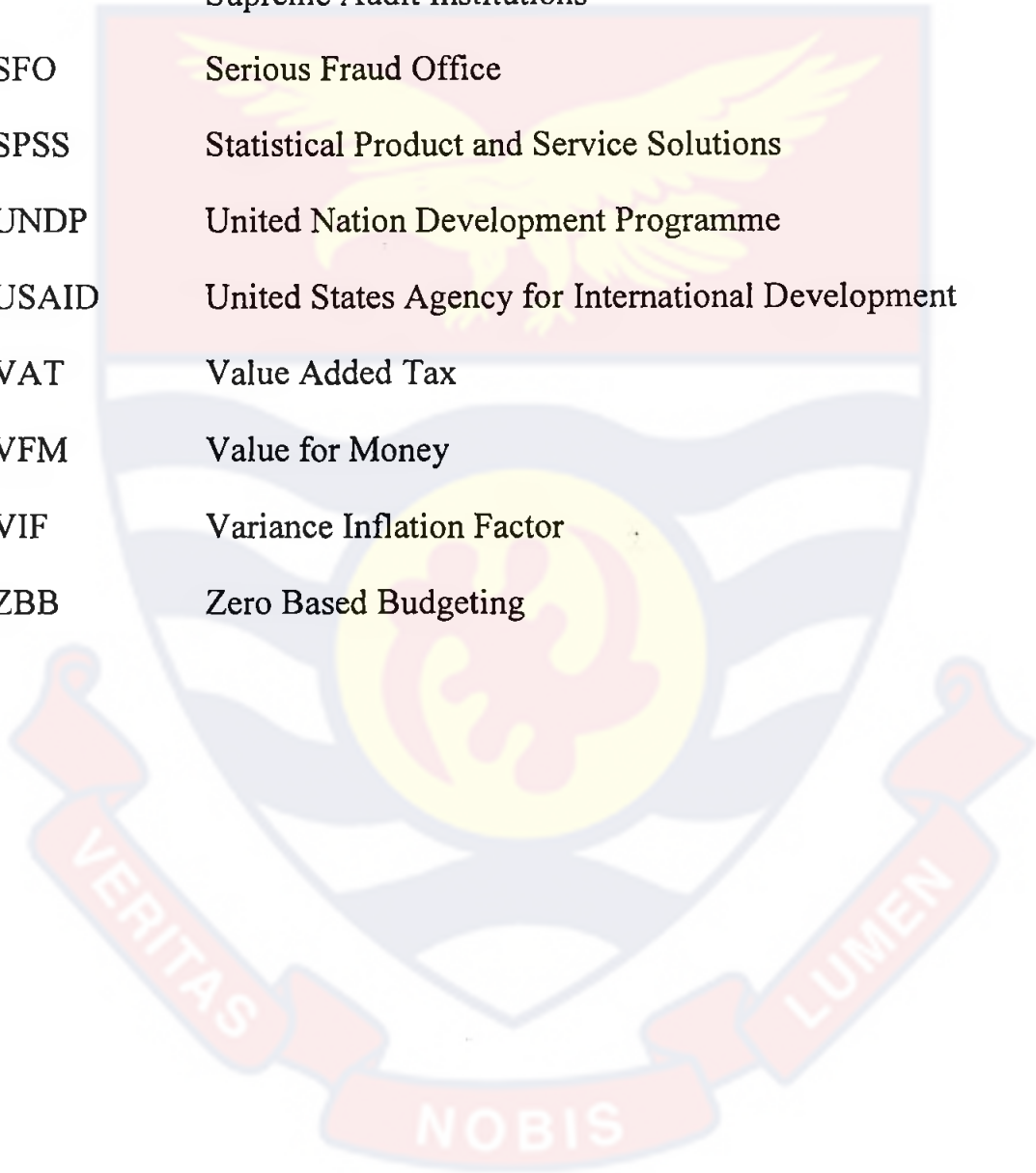
LIST OF ABBREVIATIONS

| | |
|---------|--|
| AFROSAI | African Organisation of Supreme Audit Institutions |
| CBB | Central Budget Bureau |
| CBOs | Community Based Organisations |
| CDF | Constituency Development Fund |
| CDWs | Community Development Workers |
| CHRAJ | Commission for Human Rights and Administrative Justice |
| DA | District Assembly |
| DACF | District Assemblies Common Fund |
| DAOs | District Assembly Officials |
| DBO | District Budget Officer |
| DCD | District Coordinating Director |
| DCE | District Chief Executive |
| DfID | Department for International Development |
| DFO | District Finance Officer |
| ESDS | Expenditure Service Delivery Survey |
| GAAP | Generally Accepted Accounting Principles |
| GACC | Ghana Anti-Corruption Coalition |
| GDP | Gross Domestic Product |
| GetFund | Ghana Education Trust Fund |
| GH¢ | Ghanaian cedi |
| GPRS | Ghana Poverty Reduction Strategy |
| GSSP | Ghana Strategy Support Program |
| HIPC | Heavily Indebted Poor Countries |

The logo of the University of Cape Coast is a large, semi-transparent watermark in the background. It features a shield with a yellow eagle with wings spread, a yellow sun, and a red banner at the bottom with the Latin motto 'VERITAS LIBERABIT VOS A LUMEN'.

| | |
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| IAA | Internal Audit Act |
| IFMIS | Integrated Financial Management Systems |
| IGF | Internally Generated Fund |
| IGR | Internally Generated Revenue |
| IIA | Institute of Internal Audit |
| IMF | International Monetary Fund |
| IRS | Internal Revenue Service |
| LATF | Local Authority Transfer Fund |
| MBO | Management by Objectives |
| MDA | Municipal and District Assemblies |
| MDAs | Ministries, Departments and Agencies |
| MDTP | Medium Term Development Plans |
| MoH | Ministry of Health |
| MP | Member of Parliament |
| MTEF | Medium Term Expenditure Framework |
| NDPC | National Development Planning Commission |
| NGOs | Non-Governmental Organisations |
| NPFM | New Public Financial Management |
| NPM | New Public Management |
| OECD | Organisation for Economic Co-operation and Development |
| OLS | Ordinary Least Square |
| PEAP | Poverty Eradication Action Plan |
| PEFA | Public Expenditure and Financial Accountability |
| PETS | Public Expenditure Tracking Survey |
| PFM | Public Financial Management |

| | |
|----------|---|
| PPA | Public Procurement Act |
| PPB | Planning Programming Budgeting |
| PRSP | Poverty Reduction Strategy Paper Policy |
| PRSS | Poverty Reduction Strategies |
| SADCOSAI | Southern African Development Community Organisation of Supreme Audit Institutions |
| SFO | Serious Fraud Office |
| SPSS | Statistical Product and Service Solutions |
| UNDP | United Nation Development Programme |
| USAID | United States Agency for International Development |
| VAT | Value Added Tax |
| VFM | Value for Money |
| VIF | Variance Inflation Factor |
| ZBB | Zero Based Budgeting |



CHAPTER ONE

INTRODUCTION

Background to the Study

Johnson (1999) posits that public financial management (PFM) consists of highly connected components which form a system. As noted by Stewart and Ayres (2001), systems theory looks at issues and entities as made up of interrelated parts, adapting and adjusting to changes in the political, economic and social environments in which they operate. On the basis of systems perspective, Organization for Economic Cooperation and Development (OECD) (2009) defines PFM as all the upstream and downstream components of a country's budget process. The upstream components include strategic planning, medium-term expenditure framework, annual budgeting while the downstream components include revenue management, procurement, controls, accounting, reporting, monitoring and evaluation, audit and oversight (OECD, 2009).

The Chartered Institute of Public Finance and Accountancy (CIPFA) (2010) defines public financial management as the system by which financial resources are planned, directed and controlled to enable and influence the efficient and effective delivery of public service goals. Furthermore, Pauw, Woods, van der Linde, Fourie and Visser (2010) explain PFM as the generation, allocation, use and control of public money. Nwezeaku (2010) adopts a broad definition of PFM, seeing it as economic behaviour of the state in relation to the methodologies, rules, regulations and policies that shape all activities related to managing public resources.

In effect, to achieve effective and efficient PFM, Khan and Hildreth (2004) posit that, the institutions and officials have to contend with coordination, motivation and control transaction costs in the quest to deliver public goods and services. According to Bartle and Ma (2004), a transaction cost model of PFM evaluates institutional and contractual arrangements and management innovations, on the basis of how well they solve various transaction cost problems by the criteria of institutional, contractual and management efficiency. Still in transactionary terms, Agranoff and McGuire (2004) posit that effectively organising, directing and managing financial transactions involves pecuniary and non pecuniary costs. Groot and Budding (2008) emphasize that within the transaction cost framework, efficiency and effectiveness are important parameters which consistently recur in the discourses on PFM.

Apart from being transactionary, Jerzemowska (2006) argues that many aspects of PFM are contracting in nature as actors have to contend with a complex agency problems. The agency problems arise from the diverging interests of the stakeholders involved in public financial management and eventual conversion of the funds into public goods and services. The stakeholders include public officers at different levels, donors, suppliers and citizens as taxpayers as well as consumers of the services (Jerzemowska, 2006). Leruth and Elisabeth (2006) further note that the agent may take unfair advantage of its superior information if external conditions are favourable and produce a low output, while claiming that this low output is due to unfavourable external conditions (Leruth & Elisabeth, 2006).

Several authors (including Ahmad, 2005; Andersen & Isaksen, 2003; Broback & Sjolander, 2002; Ojo, 2009; Simson, Sharma & Aziz, 2011) based on the systems approach note that although there is no succinct definition of PFM there are six key core components which emerge. The six components are planning and budgeting, revenue mobilisation, public expenditure and payments, financial reporting, auditing and regulations. Broback and Sjolander (2002) argue that these PFM components are interrelated and exist as a system. Anderson and Isaksen (2003) assert that all the identified components are important in a development context and must continuously be improved in order for government to implement its development objectives. Simson et al. (2011) further note that improvement of one component is dependent on and conditioned on the state of other components if development objectives are to be met.

The need for prudent public funds management for development objectives to be achieved is emphasized in many circles. For example while underlining the importance of favourable environment for undertaking productive economic activities as necessary for development, World Bank (2011c) emphasizes the need for developing countries to ensure efficient management of funds. Further, Jordaan (2013) observes that understanding public funds management is imperative as it forms an integral element in national development and growth which is central to the existence of functional governments.

Hamid (2013) based on the tenets of New Public Management (NPM) approach notes that efficient resources management is essential in accelerating the pace of economic growth and development, as well as improving the general wellbeing of the society. NPM framework was developed in response to inadequacies of the traditional paradigm of public administration and advocates for entrenching of private sector management best practices into public sector to enhance service delivery (Goldfinch & Roberts, 2013). Accordingly NPM has led to integration of private sector financial management practices, such as double entry recording, accrual accounting, measuring and comparison of outputs as well as value for money audits, into the public administration (Van Dooren, Bouckaert, & Halligan, 2015).

In discussing the importance of financial management in national and global agendas and practice, Bartle and Ma (2004) argue that efficient public funds management is an integral component of economic growth and has the ability to reduce poverty in a sustainable manner. World Bank (2011a) further argue that effective public finance management systems go a long way in ensuring accountability and efficiency in the management of public resources. Stuart (2011) and Lawson (2012) emphasize that effective public administration systems are necessary so that increased financial resources can be turned into concrete welfare services and output that promote inclusive development.

It is evident that discussions on PFM are closely intertwined with service delivery in theory and practice. Entwistle and Martin (2005) describe service delivery as the actual production or provision of goods and services to the community. Emphasizing on the link between PFM and service delivery Sirmon, Hitt and Ireland (2007) argue that management of resources at an individual or entity level should lead to visible results/output in the form of either tangible goods or services. According to Kusumasari, Alam and Siddiqui (2010) public sector service delivery impact manifests in improvements in the economic development, general standard of living, poverty reduction, mitigation of inequalities in income distribution and improvement in the general well being of its citizens.

According to Mitchinson (2003), public administration reforms of which a key component has been the rethinking of public service delivery, have been driven by economic pressures of resources scarcity and by increasing expectations from citizens. The quests for reforms have also been facilitated by the renewed sense of managerial possibility, which has emerged internationally. This possibility consists, as far as service delivery is concerned, of a wider range of alternative mechanisms and potential service providers that had previously been envisaged (Pollitt & Bouckaert, 2004). Further, Rhodes (2005) note that quality management and the involvement of public servants in the renewal process are the origins of improved service delivery.

There have been continuous efforts by global stakeholders aimed at formulating and adopting strategies and approaches to sustainably address issues of poor resources management and its consequences including poor service delivery. These approaches include professionalization of the public services, democratic practices and adoption of decentralized governments (Dethier & de Janvry, 2012; Holden, Otsuka & Place, 2012; Loffler & Bovaird, 2009). Foster and Rosenzweig (2001) define decentralisation as the delegation of power to lower levels in a territorial hierarchy whether the hierarchy is one of governments within a state or offices within a large-scale organisation.

On the other hand, Dubois and Fattore (2009) contend that decentralisation involves the establishment of an arena of decision making that lies outside the central government. Under this arrangement the central government transfers some of its power to local or regional administrations which carry out certain functions on their own. Rees and Hossain (2010) further note that decentralisation can take three forms - deconcentration, delegation and devolution. Though none of these models and forms necessarily works better than the other in achieving desired results, scholars agree that different decentralisation designs produce different outcomes depending on the existing political and economic institutions in a country (Lipsky, 2010).

The three popular models of decentralisation are fiscal/economical, administrative and political. Fiscal decentralisation exists when sub-national governments have autonomous powers given to them by the constitution or by legislative laws, to raise some taxes and/or carry out spending activities within clearly established legal criteria (Falleti, 2005; Tanzi, 2000). Conversely, administrative decentralisation transfers administration and delivery of services to sub - national organisational units (Almeida, 2006). Political decentralisation on the other hand, aims to give citizens or their elected representatives more power and influence in the formulation and implementation of laws and policies (Byrkjeflot & Neby, 2008; World Bank, 2008).

According to Mukandala (1992), decentralisation is often promoted as a panacea for the ills of centralized structures. For one, decentralisation is associated with equity as resources are allocated based on an agreed upon formula where local units are guaranteed a minimum level of per capita expenditures for essential services (De Mello, 2000; Ebel & Yilmaz, 2001). In essence equity was the philosophical concern for this thesis. According to Jones (2009) equity is system-wide view, has normative content, is process-oriented and is more explicitly bound up with politics and power relations. Equity therefore is able to bring coherence to development activities, help with prioritisation between them, embrace the complex nature of change and offer hope for deeper and more sustainable impacts.

Multilateral donors including OECD, UNDP and the World Bank have affirmed the importance of equity considerations for inclusive economic development (Kanbur & Spence, 2010; Tucker & Ludi, 2012). According to Guy and McCandless (2012), equity places primary importance on the need for social inclusion and aims at co-alignment of economic and social progress while emphasizing responsibilities of state officials. Further, Hunt, Staunton and Dunstan (2013) emphasize that equity is a key pillar underpinning service provision through fair distribution and access equity.

Secondly, decentralisation is expected to be associated with improved performance indices of basic needs such as health and education in developing countries (Lindaman & Thurmaier, 2002). Rees and Hossain (2010) emphasize that decentralisation is associated with improvement in performance of the public sector through allocative efficiency and in line with the New Public Management principles. In addition, decentralisation brings public services closer to the people unlike centrally planned services located in capital cities (Khaleghian, 2002). World Bank (2004) argues that close proximity enhances accountability, autonomy and participation.

In many countries governments are utilizing decentralisation tools for poverty reduction, improving representation of the poor and better targeting of service delivery (Jütting, Kauffmann, McDonnell, Osterrieder, Pinaud & Wegner, 2004). The case for decentralization, thus, remains strong especially in Africa (Hope, 2014; Kessy, 2013) where countries such as Kenya, Tanzania, Uganda, Nigeria and South Africa have adopted varied strategies to strengthen

decentralization (Finch, 2015). These strategies have covered several areas of decentralization including human resource management and financial management spheres (Kinemo, Ndikumana, Kiyabo, Shillingi, Kwayu & Andrea, 2015).

Across Africa, public financial management is an important component in public administration. Siswana (2007) notes that PFM assists departments in ensuring that expenditure patterns in relation to programmes and projects are done within a budgeted vote, and that information about the financial stand of a department is known and could be monitored. Further, as noted by Russell and Bvuma (2009) there is the need to plan, budget for and implement actions which have the potential of radically improving the reach, accessibility and quality of service delivery in the African public sector. According to Tsheletsane and Fourie (2014), financial management fulfils an important role in the South African public sector, because without public funds to cover operational and capital costs, and without appropriate personnel, no public institution can render effective services.

As noted by Morrissey and Osei (2001), Ghana has been a consistent pioneer in various African and global issues. Ghana has experienced diverse good and bad phenomenon including coups, counter coups, restoration, nurturing and maturing of democratic structures, discovery of oil, corruption, ethnicity, professionalizing the public service, a robust private sector, national resources management and a robust public service delivery (Gocking, 2005). This viewpoint is emphasized by McCaskie (2008) who posited that Ghana offers a perfect case

study on what can go right and what can go wrong in Africa and developing countries in the private sector, public sector as well as the civil society.

One of the major adjustments experienced in Ghana since the 1980s is decentralisation. In 1988 Ghana embarked on its decentralisation of administration and development programme to encourage a greater degree of local autonomy and make district administration and development more efficient (Panford, 2001). Under the programme, District Assemblies were established and given more responsibilities and powers as the highest political - administrative and development authorities in their respective areas of jurisdiction (Crook, 2003). In line with the allocative efficiency tenets, adoption of decentralisation in Ghana was aimed at ensuring efficient provision of services to the people in areas which were not benefiting from centralised government initiative (Ahmad, 2005; Mehrotra, 2006).

Golem (2010) notes that decentralized government units have assumed a core role in advancing local governance in Ghana as well as being primary service providers and vehicles in transforming the welfare of people at subnational levels. Oelbaum (2010) argues that to a greater degree, decentralisation programme in Ghana is a logical continuation of the broader structural adjustment effort, a reaction to the changes in the broader economic and ideological environment. In addition, Mogues and Benin (2012) argue that decentralisation rests strongly on the assumption that the districts have a substantial degree of fiscal autonomy and are able to use local discretion in resource allocation. The District Assemblies Common Fund (DACF) transfers are main source of revenue for the DAs.

District assembly refers to metropolitan, municipal and district assemblies constituting the highest political authority of a locality which is stipulated in a legislative instrument (Local Government Act, Act 462, 1993 of Ghana). Nyendu (2013) observes that the legislative instrument spells out among others the jurisdiction, powers, responsibilities, functions and membership of the district assembly. Each district assembly is a legal entity, operating as a body corporate with the status of a going concern having a functional succession plan with a common seal with the capacity to sue and be sued (Zakaria, 2015).

Ghana's District Assemblies are located in ten regions which possess diverse characteristics. As of 2008 Ghana had 170 District Assemblies (Fiankor & Akussah, 2012; Nyendu, 2012). The ten regions are Ashanti, Brong Ahafo, Central, Eastern, Greater Accra, Northern, Upper East, Upper West, Volta and Western regions. Some district assemblies are urban; others are peri-urban while others are rural. Thirty four (34) DAs were selected from the ten regions to ensure representativeness in terms of characteristics such as area size, population size, geographical location and demographics (see Appendix K).

Issues of PFM and service delivery have received attention at national and at the DAs level. A report by International Monetary Fund (IMF) and World Bank (2009) on Ghana's public expenditure management found that the capacity to track poverty-reducing public expenditure is critical to the governments' ability to successfully implement the poverty reduction strategies and the Heavily Indebted Poor Country (HIPC) initiative commitments (Norton, 2009). Mabe (2013) found that revenue mobilisation through property rates and ground rent in Sekondi-

Takoradi Metropolis was regulated by laws as well as customs and that the revenue from these sources was instrumental in financing infrastructure expenditure. Akudugu (2013) notes that as part of efforts to reposition the District Assemblies in Ghana to effectively carry out their mandate, a District Development Facility has been set up to provide incentives as a means of encouraging performance.

Statement of the Problem

The outstanding issues with regard to the influence of public financial management on service delivery were highlighted under philosophical and theoretical basis. Specific issues on the six public financial management practices and service delivery in the Ghana's DAs have also been identified. Philosophically, the primary goal of the state is to promote the general welfare of society through equity in distribution of resources and access to service. Aristotle as cited by Greve (2008) argues that the state exists not only to make life possible, but also to make life good through public goods and services. However, Minnaar (2010) and Jordan (2013) argue that scarcity of resources in relation to unlimited citizens' needs and wants is a major hindrance towards achieving equity. While decentralization has been promoted as a panacea for inequity, Jonah (2014) contends that distribution and access inequities are still manifest in Ghana despite decentralization efforts through the District Assemblies for the past 24 years.

Apart from philosophical concerns of prevailing inequities, there were theoretical issues which formed the research problem. On the basis of the systems theory, Oduro (2003) and Robert (2003) argued that the public financial management practices do not meet the rules of interrelatedness amongst themselves and in relation to service delivery. These weak links of PFM practices at the District Assemblies level which are also manifest at the national level, consequently lead to allocative inefficiencies. For example, Inkoom (2011) observes that the national budgeting and accounting systems are difficult to align with the accounting needs at the local levels thus creating problems in comparative reporting and auditing.

Despite reforms in public administration on the basis of the New Public Management theory, there have been challenges in adopting most business/market oriented financial management practices due to the unique characteristics of public sector entities' operating environment. Mogues and Benin (2012) find difficulties in institutionalising effective mechanisms in the District Assemblies for revenue generation. Additionally, Hamid (2013) flags challenges in hiring and retaining staff at the local level to perform the technical functions such as accounting and auditing.

The transaction cost theory holds that there exist motivation, coordination and control costs which if not well managed could adversely influence public financial management practices and their role in service delivery. For example, Khan and Hildreth (2004) identify motivational costs associated with encouraging revenue collection agents and procurement officers to desist from cheating or

colluding with traders and suppliers. Coordination and control costs could also occur throughout the public financial transactions as a result of efforts to manage the various players involved in service delivery activities. Such coordination and control costs manifest through disputes such as strikes by employees or refusal to supply goods due to untimely payments (Buerthey, Miezah, & Adjei-Kumi, 2013).

There also exist agency problems in the public financial management practices and in the quest by decentralized entities to deliver satisfactory services to citizens. Leruth and Elisabeth (2006) identify detrimental opportunistic behaviours by public officers and suppliers especially in revenue mobilization, payments and auditing. Pauw et al (2010) also identify principal-agents tensions between central and decentralized governments especially with regard to transfer of funds needed for service provision. According to Afoom (2011), providers of external funds such as donors and banks also exert undue pressure on the district assemblies as they seek to obtain maximum benefits for themselves at the detriment of service delivery. The overreliance on external sources of finances stifles internal revenue generation capabilities of the DAs. Further, such external funds tend to have attached conditionalities which do not match local priorities and needs of citizens.

The Auditor General's reports from 1997 up to 2014 have identified a trend of financial malpractices including outright thefts, embezzlements, misappropriation and misapplication of various funds including internally generated funds and the District Assemblies Common Fund. The Auditor General reports highlight weak internal revenue generation for instance indicating that in

2013/2014 period, the DAs internally generated revenues accounted for only 19.5% of total revenues. Notwithstanding two decades of detailed financial mismanagement, the Ghana Anti Corruption Coalition (2014) as well as Appau and Anku-Tsede (2016) decry the lack of sanctions enforcement mechanisms on the Auditor General's and Parliamentary Accounts Committee reports recommendation.

Incidentally, despite the benefits associated with a clear understanding of the link between public financial management practices and service delivery in decentralised units, available studies on this subject have not been exhaustive. Further, as observed by Ahmad and Brosio (2009) the question of how to improve service delivery under decentralization will remain a key concern for scholars and policy makers especially in developing countries such as Ghana. This is reinforced by Essuman and Akyeampong (2011) as well as Inkoom (2011) who contend that after more than two decades since the adoption of decentralisation in Ghana, there are valid concerns which need continuous robust theoretical and empirical analysis. It was from the perspective of these prevailing issues that this study was undertaken to explore the influence of public financial management practices on service delivery in the context of Ghana's District Assemblies.

Objectives of the Study

The main objective of the study was to assess the influence of public financial management practices adopted by district assemblies in Ghana on service delivery.

Specific Objectives

The specific objectives of the study were to:-

- i. Determine the influence of the budgeting practices on service delivery
- ii. Assess the influence of revenue mobilization practices on service delivery
- iii. Examine the influence of the expenditure and payments practices on service delivery
- iv. Explore how the accounting and financial reporting practices influence service delivery
- v. Establish the influence of auditing practices on service delivery
- vi. Explain how the regulatory framework governing PFM influences service delivery
- vii. Make recommendations on the influence of public financial management practices on service delivery in DAs.

Study Hypotheses

The research analysed the influence of public financial management practices on service delivery by testing the following alternative hypotheses:

H₁: The budgeting practices adopted by district assemblies in Ghana have significant influence on service delivery

H₂: Revenue mobilisation practices adopted by district assemblies in Ghana have significant influence on service delivery

H₃: The expenditure and payment practices of the district assemblies in Ghana have significant influence on service delivery

H₄: The accounting and financial reporting practices adopted by the district assemblies in Ghana have significant influence on service delivery

H₅: The auditing practices adopted by the district assemblies in Ghana have significant influence on service delivery

H₆: The existing PFM regulatory framework practices in district assemblies in Ghana have significant influence on service delivery

Scope of the Study

The study was restricted to the study of the influence of six public financial management practices on service delivery in decentralized units with a focus on district assemblies in Ghana. The six PFM practices were budgeting, revenue mobilisation, public expenditure management, accounting and financial reporting, auditing and PFM regulatory framework. The study assessed the nature of service delivery and the PFM practices as they were in the DAs and then tested the influence of these six PFM practices on service delivery. Thirty four district assemblies were selected across Ghana and formed the spatial area for the study. The thirty four district Assemblies are listed in Appendix K. Primary data were collected between July 2013 and January 2014.

Significance of the Study

Given the large amounts of resources expended towards decentralisation in Ghana as well as other African nations in trying to solve the public sector service delivery challenge for the benefit of local communities, there is a need for documented evidence on the nature of outcomes obtained from decentralisation efforts and resources. District Assemblies are the highest fiscal, political and administrative authorities in the decentralised system of Ghana. However the Assemblies are confronted with various problems in the management of funds. It is anticipated that the findings and recommendations obtained from the study will, among others, provide information and guidance in effective management of public finances in DAs. The study offers well targeted recommendations based on the findings which can lead to better financial management and consequently improve service delivery by the DAs.

The study findings will also help the assemblies with guidelines and measurement tools for good PFM practices, thereby improving their performance and helping in achieving the objectives of decentralisation. The study by using Ghanaian context updates the knowledge on six PFM practices offering decentralised units in similar environment a valuable treasure. The research builds on other studies to develop guiding framework on measures of concepts such as service delivery which continues to elude public finance management literature in the African context. Moreover, practitioners and scholars will benefit from this study as the study has developed and tested a model on the link between PFM practices and service delivery which needs to be continuously probed.

Organisation of the Study

This thesis is structured in eight chapters. Chapter One provides a background of the research study. The chapter begins by devoting a discussion linking theoretical arguments and the concepts upon which the study is grounded. The systems theory, New Public Management, transaction cost theory, principal – agent theory and allocative efficiency are discussed and linked to the PFM practices and service delivery in decentralised government units. The chapter goes on to present the problem which was being investigated. The chapter then outlines the broad and specific objectives which guided the study. The hypotheses which were tested are also listed in this chapter which goes on to discuss the significance of the study.

Chapter Two provides a review of some of the existing relevant literature on the subject under study. An in depth theoretical discussion is undertaken where the theories selected for the study are discussed further with their relation to PFM practices and service delivery. The study then discusses the various concepts as used in the context of the study. The study also reviews empirical studies which are relevant to the subject under study. Chapter Three presents the methodology employed in this study. The Chapter describes and justifies the approaches and tools adopted by the researcher in undertaking the study. These included the research design, sampling procedure and sample size, the data collection methods and tools as well as the data analysis procedures.

The study had one dependent variable and six independent variables and these are provided in the chapters arranged as follows: Chapter Four analyses, interprets and discusses findings based on the first objective which was seeking the influence of budgeting practices on service delivery. The chapter also presents findings on demographic and service delivery in the District Assemblies of Ghana. Chapter Five presents and discusses findings based on the second objective which investigating the influence of revenue mobilisation practices on service delivery.

Chapter Six presents and discusses findings based on the third and the fourth objectives. The third objective sought the influence of expenditure and payment practices on service delivery while the fourth objective was looking at influence of financial reporting on service delivery. Chapter Seven presents and discusses findings based on the fifth and the sixth objectives. The fifth objective was seeking influence of auditing practices on service delivery while the sixth objective which was looking for the influence of regulatory framework practices governing PFM on service delivery. Chapter Eight summarizes the findings and gives conclusion for the thesis. The chapter also provides the researcher's targeted recommendations, and implications for the current policy. It also provides suggestions for further research

CHAPTER TWO

REVIEW OF RELATED LITERATURE

Introduction

This chapter covers the review of the related literature employed for this study. According to Gay, Mills and Airasian (2006), review of related literature involves the systematic identification, location and analyses of documents containing information related to the research problem. Gay et al explain further that, the importance of review is to discover research strategies and specific data collection approaches that have or have not been productive in specific research investigations. The review also demonstrates the underlying assumptions and propositions behind the research questions that are central to the research study. Earlier scholars such as Boote and Beile (2005) support these assertions while subsequent ones such as Jaidka, Khoo and Na (2013), also corroborate and add that completion of review of related literature enables the researcher to revisit the original research idea and define the exact focus of the research problem.

This chapter has four main sections. The first section reviews the relevant theoretical literature for the study while the second section discusses the key concepts for the study. The key concepts of this study include public financial management with its six sub-components which have been classified as the independent variables and are under review in this study. The other concepts discussed here are; service delivery which is the dependent variable of the study, and fiscal decentralisation which is the connecting rod between public financial management and decentralisation. This chapter also reviews relevant empirical

literature on the selected theories and concepts. The lessons learnt from the review of both the theoretical and the empirical studies are discussed in this chapter. The final section of this chapter provides the conceptual framework for the study.

Theoretical Framework

This section discusses the theories upon which the study was based. Stewart, Harte and Sambrook (2011), state that a theory is a supposition or a system of ideas intended to explain something. The relevant theories reviewed for this study are the systems theory, the new public management theory, allocative efficiency theory, the transaction cost theory, and the principal/agent theory. While the systems theory and the new public management theory served as broad theoretical frameworks for the study, the allocative efficiency, the transaction cost, and the principal /agent theories were used to explain key issues in public financial management which is a core element of this study.

Systems Theory

A study of the influence of public financial management on service delivery in decentralised units entails identification and analyses of various factors and variables of public finances and service delivery as applied in the decentralized units. The study would also have to look at the relationship, interactions and how all these influence and or impact on each other. The systems approach proposed by Easton (1965) was deemed appropriate as an anchor theoretical perspective as its basic unit of analysis is interactions. Easton (1965)

as cited by Fisher (2010), posits that the systems theory focuses on a set of patterned relations involving frequent interactions, and a substantial degree of interdependence among members of a system. According to Easton, systems theory is premised on four concepts - system, input, output and feedback.

With regard to the system concept, Rapoport (1966, 1968) and Miller (1995) define a system as a set of interrelated entities with identifiable elements, identifiable relations among the elements/units which have implications for others. Further, LoPucki (1997) notes that a system is a set of related components that work together in a particular environment to perform functions required to achieve the system's objective. In the context of this study the PFM practices components are deemed to work together to achieve service delivery. To this end, Boland and Fowler (2000) argue that the system concept follows naturally from the observation that the universe comprises a multitude of entities or parts, most of which do not act in perfect isolation but interact, in some way, upon each other.

The second concept of input involves all of the activities and events that either contribute to the persistence of modes of allocating values for a society or threaten the persistence of such processes (Almond, 1965). Inputs are further classified into demands and supports. Demands are claims to societal values and status and are the components of the arrangements that provide the process with its justification while support indicates trust, confidence and affection towards the political system (Athanasopoulos, 1998). According to Easton (1965) as cited by Fisher (2010), if individuals and groups did not seek to have the society fulfill

their demands, there would be no need for a system that authoritatively allocated values for that society.

Demands aspect of the systems theory is linked to issues of service delivery, a key aspect of this study. For example, Mitchinson (2003) indicates that a key component of public service reforms has been the rethinking of public service delivery which has been driven by economic pressures and by increasing expectations from citizens. Demands also constitute a source of stress for the system because if demands cannot be fulfilled, then the support for the system declines. Making system demands compatible and coping with such stress is linked to issues of public financial management and service delivery (Dabić, 2005).

The third concept in systems theory relates to outputs which Prestine (1991) defines as authoritative allocations of values or decisions of the authorities on the goals to which the human and material resources of the society will be committed. As a component of systems theory outputs are responses to demands and represent efforts to meet or suppress them. When the specific demands of the masses have been met or effectively suppressed, specific support for the political system could be generated. Entwistle and Martin (2005) explain that service delivery is an output which involves the actual production or provision of goods and services to the community. These needs have to be conducted in accordance with plans and within the allocated budgetary funds.

The fourth premise of the system theory is feedback. According to Boland and Fowler (2000), an effective and efficient system needs a feedback mechanism

to evaluate outputs from the system. This feedback provides the means through which the political system is enabled to cope with stress (Choi, 2002). Additional clarifications on the issue of feedback in the systems theory are offered by Ahmad and Eijaz (2011) who confirm that it is necessary that the system must have a feedback in order to supply the relevant information through which the political system is enabled to cope with stress.

The role of information and feedback in systems theory as applied to public financial management is explained by Boudreau, Watson, Chen, Greiner and Sclavos (2007) who relate this to the transaction cost theory and reveal that incomplete information and distribution of information between actors, otherwise known as information asymmetry, could create different decision making situations thus affecting the transaction cost. Fisher (2010) argues that for decentralized governments to deliver services effectively they must gain information about the state and about the consequences of their outputs.

Kast and Rosenzweig (1972) posit that the systems theory presumes the existence of a whole on its merits. Each whole influences the other and in turn end up being influenced (Checkland, 1981). Morel and Ramanujam (1999) further argue that the parts of the whole interact with one another and in the process create a self-evolving network. Issues of public financial management and its influence on development or service delivery could be perceived from the perspective of the systems theory. For example, Broback and Sjolander (2002) describe public financial management as consisting of five key sub-sectors identified as; planning and budgeting, accounting, payments, audit and revenues.

Commenting on the works of Broback and Sjolander, Andersen and Isaksen (2002) identify governance as a sixth sub-sector of public financial management.

Wolstenholme and Stevenson (1994) argue that public sector management operates within a complex, dynamic system involving several nominally independent stakeholders, coupled with informational and resource material flows as well as behaviour that is typified by inertia and multiple feedback loops. In similar line of thought, Boland & Fowler (2000) hold that the generic principles of systems thinking and system dynamics potentially provide a useful framework within which the issues of public financial management and service delivery are considered.

The relevance of the systems theory to studies related to decentralisation has been emphasised by the UNDP (1999). The UNDP posits that the study of the goals and processes of decentralisation towards development should be pursued from the systems theory approach. Clarifying the UNDP position, Darmawan (2008) holds that, the whole system perspective includes levels, spheres, sectors and functions and seeing the community level as the entry point at which holistic service delivery or development goals are most likely to emerge from the people themselves and is most practical to support them.

Linking public financial management to service delivery and development, Broback and Sjolander (2002) as well as Anderson and Isaksen (2002) explain that, the six sub-sectors exist as a system of related components where reform or improvement of one sub-sector is dependent on and conditioned on the state of the other components if development objectives are to be met.

World Bank (2011c) argues that all the identified sub-sectors of public financial management are important in a development context and must be improved in order for government to implement its development and service delivery objectives. Improvements of public financial management components are aptly considered under the New Public Management approach which is discussed in the subsequent subsection.

New Public Management Theory

Unlike the systems theory which broadly focuses on a set of patterned relations, and interactions among members of the system, the new public management theory focuses on the issues of making government efficient (Ma, 2003). Savoie (2003) notes that the new public management theory sought to make government more efficient and responsive by employing private sector techniques and creating market conditions for the delivery of services. Osborne (2009) supports Savoie's contention and indicates that the new public management theory asserts the superiority of private managerial techniques over those of public administration and has the assumption that the private sector would lead to improvements in the efficiency and effectiveness of public services. In effect, the new public management theory relies heavily on the philosophy and theory of the private sector and on business.

The assumptions of NPM aptly apply to issues of public financial management and its influence on service delivery. NPM perspectives emphasize compliance with ethics, transparency, equality, fairness, responsibility,

accountability, prudence, participation, responsiveness to the needs of the people and efficiency in financial management similar to the clarifications on this issue by Treasury (2010). In line with the theory of new public management, Hamid (2013) explains further that PFM is the methodology for generating and controlling public financial resources for effective and efficient public service delivery.

As such NPM involves planning and budgeting, accounting and reporting, internal controls, audit and external oversight, among others with a view to promoting availability of benefits to the greatest number of citizens (Entwistle & Martin, 2005). Further there are some other elements of New Public Management approach which are relevant to public financial management. Osborne indicates that new public management emphasizes on input and output control and evaluation, and upon performance management and audit. In addition Falconer (2006) argues that NPM is also involved with disaggregation of public services to their most basic units and a focus on their cost management.

As already indicated in various parts of this study, all these interlinking theories have key relevance to the influence of public financial management and service delivery in decentralised units. In line with the allocative efficiency perspective NPM focuses on competition and contracting for resource efficiency. Competition and contracts are key concepts of the transaction cost theory and the Principal Agent theory as indicated by Bartle and Ma (2004). Inputs and outputs controls as mentioned in the new public management are important concepts of the systems theory as explained by Ahmad and Eijaz (2011).

Transaction Cost Theory

While the systems theory broadly focuses on a set of patterned relations and their frequent interactions, and NPM approach deals with issues of making government efficient, the transaction cost theory indicates which tasks the firm should undertake and which should be delegated to the market based upon the cost of the transaction. The development of transaction cost theory is traced to Coase (1937) and covers a wide range of activities including communication charges, legal fees, informational cost of finding the price, quality, and durability and may also include transportation costs (Williamson, 1998). Pessali (2006) indicates that transaction cost is the cost associated with exchange of goods or services and incurred in overcoming market imperfections. Essentially, the transaction cost theory seeks to explain issues of institutional development and organisational efficiency, and grew out of the theory of the firm (Kaufman, 2007).

Aspects of the transaction cost theory have implications for the assumptions of the new public management theory as well as the systems theory. For example, Dixit (2003) posits that in terms of public financial management, the transaction cost theory involves effectively organising, directing and managing financial transactions in the public sector. These transactions according to Agranoff and McGuire (2004), involve both pecuniary and non-pecuniary cost. In the District Assemblies of Ghana which are the decentralised institutions responsible for development and delivery of services to the communities need to observe the perspectives of the transaction cost in order to ensure positive influence of their finances on development and service delivery (Poel, 2005).

Tisdell (2004) argues that transaction cost theory has played a noble in influencing competition policy and the design of more efficient systems for public administration on issues such as contracting out, labour contracts for public employment, adoption of the user-pays principle and use of performance budgeting and accounting. Flynn (2007) emphasized that the transaction cost of public financial management evaluates the institutional and contractual arrangements, and management innovations on the basis of how well they solve various transaction problems in relation to the criteria of institutional, contractual and management efficiency.

Like the systems theory and the new public management theory, the transaction cost theory is also guided by several assumptions. Williamson (1975) as cited by Shin (2003) identifies two human factors and three environmental factors that determine transaction costs. The human factors are bounded rationality and opportunism. According to Gibbons (2010) the concept of bounded rationality entails that humans are unlikely to have the abilities and the resources to consider every state or issue associated with a transaction that might arise. To this effect, humans consider a restricted range of alternatives but in a rational way. The second factor of opportunism implies that humans will act to further their own interest. In so doing, they weigh the costs and benefits of defaulting from the expected behaviour (Hyman, 2013).

The three environmental factors according to Shin (2003) are uncertainty, small number trading and asset specificity. In terms of public financial management, the concept of uncertainty implies that public finance managers or their agents are faced with uncertainties in their transactions which could either be due to the opportunistic behaviour of the individuals or uncertainty in the environment (Sandmo, 2010). The concept of small number trading refers to a situation where a small number of players exist in a market place, thus making some of the parties to the transaction have difficulties in disciplining the other parties to the transaction (Gibbons, 2010). Asset specificity according to Love (2010) as well as De Vita, Tekaya and Wang (2011) implies that if an asset is by nature tied to a specific service, it becomes vulnerable to the possible hold up exploitation by one of the parties.

Citing other concepts in the transaction cost theory which applies to PFM, Ma (2004) indicates that public financial transactions also vary in dimensions such as human, political, physical and information distribution. Actors in PFM also exhibit bounded rationality, behave opportunistically in some instances and the risk of preference of managers is variable (Tiwana, Wang, Keil & Ahluwalia, 2007). These different dimensions are the building blocks of a transaction cost analysis of management and a test of this theory. From these observations the study infers that the way and manner that PFM influences service delivery evolve in how the initial institutional arrangements were set out. These arrangements are a product of a complex web of incentives, investment, and institutions that may or may not contribute to worthy service delivery and social development.

Offering further clarification, Khan and Hildreth (2004) indicates that the transaction cost theory could be applied to many fields of public financial management. For example, in the case of revenue, Cosgel and Miceli (2006) allude that revenue could be collected with three different types of contract - wage contract, share contract and fixed rent contract. While wage contract, entails that the revenue authority hires the revenue collectors on fixed wages, share contract occurs where, the revenue collection agents are allocated specified share of the revenues. The impression here is that, depending on the particular circumstances, the transaction cost of a particular type of contract could be more efficient than the others. Hyman (2013) corroborate Khan and Hildreth (2004) indicating that any issue that can be posed directly or indirectly as a contracting issue could be addressed in transaction management terms.

Similar to the new public management theory, the transaction cost theory also makes strong provision for financial management. This is emphasized by Williamson (1998) in addition to Geyskens, Steenkamp and Kumar (2006) who argue for the application of effective planning and management strategies. The significant implication of this position for the systems theory and specifically for public funds management and its influence on service delivery is clarified by Geyskens et al. (2006) who posit that if transaction cost theory is to be made more relevant, it should look beyond the generic level at which it operates and consider relevant details. To this regard, Gibbons (2010) argues that organisations should focus on how to organise transactions to achieve and sustain competitive advantage.

In terms of transaction cost theory and its application to public financial management, Milgrom and Roberts (1992) identified two management functions namely coordination and motivation. Parker and Hartley (2003) noted that coordination is not cost free because a transaction cost occurs. David and Han (2004) clarify that coordination arises because efficient management of financial resources requires specialization and different units in executing the various transactions. These divisions or agencies need to be coordinated appropriately. In addition Feng (2010) contends that coordination costs would be higher in situations where opportunism is prevalent, risk preferences differ and financial transactions are complex and uncertain.

Like coordination, motivation is also vital in public financial management. Williamson (2010) argues that the tendency for contractors to behave opportunistically will be strong when financial transactions involve information asymmetry, infrequency, difficulty of measuring output and asset specificity. Citing the public sector, Roberts (2010) argued that unlike the private sector, measures used in the public sector to provide incentives such as stock options, incentive wages, and bonuses are generally not available. The transaction cost of motivating contractors to act honestly is therefore very high in the public sector. In the case of District Assemblies in Ghana, the transaction costs of incentives are usually not available since the government has a fixed way of compensating its public officials therefore leaving the public officials with little motivation to act honestly (Fjeldstad & Heggstad, 2012; Yeboah, & Obeng-Odoom, 2010).

Though transaction cost theory has shown immense promise in its application to public financial management, it has encountered some criticisms. For example, Bartley (2001) comments that transaction cost theory relies extensively on historical explanations. Thus, it is difficult to test the theory in a rigorous way against competing explanations. Eubert and Weber (2001) also argue that the transaction cost theory is fraught with imprecise constructs that are sometimes difficult to operationalise. Tisdell (2004) also notes that transaction cost theory has failed to play its rightful role in removing market frictions.

Allocative Efficiency Theory

The primary focus of the allocative efficiency theory, according to Segal and Richardson (1994) is the allocation of resources to enhance community well-being. The theory therefore focuses on an optimal allocation of resources that maximises well-being of the society. Resource use must be technically and allocatively efficient, reflect social justice and obtain greater social benefits – either in terms of better health, education or some other benefit - with exactly the same resource use (Avkiran, 2001). Robinson (2007) contends that governments have a legitimate concern with these matters and has legitimate grounds for interventionist policies to address the sources of inefficiency in resource allocation.

Markovits (1998) posits that allocative efficiency entails that the economy or producers would produce only those types of goods and services that are more desirable in the society and are also in high demand. Accordingly, the point of allocating efficiency is a point where marginal benefit is equal to marginal cost

(Liu, 2003). Explaining further, Markovits (2008) indicate that allocative efficiency is a tool for equity and is meant to measure the impact of markets and public policy upon society or subgroups. According to Akeem and Moses (2014) allocative efficiency is a very basic determinant in arriving at the cost efficiency which means efficient distribution of resources.

Kahkonen and Lanyi (2001) held the position that allocative efficiency is better achieved through matching of public services to local preferences. Arguing in similar vein, Robinson (2007) indicate that the allocative efficiency argument is that productivity of health, education and other services can be maximised by enabling local governments to take decisions on the allocation of resources to matching needs based on preferences of the citizens. Relating the theory of allocative efficiency to public financial management and service delivery in decentralised units, Badunenko, Fritsch and Stephan (2008) explains that it should be possible to technically and allocatively efficient to reflect social objectives in the form of better health or some other benefit within the economy.

Allocative efficiency is largely associated with fiscal decentralization. Fiscal decentralisation can improve the efficiency of public service delivery through preference matching and allocative efficiency (Schwartz, Guilkey, & Racelis, 2002). Local governments possess better access to local preferences and, consequently, have an informational advantage over the central government in deciding which provision of goods and services would best satisfy citizens' needs (Sagbas, Sen & Kar, 2005). When provision of services are undertaken by the jurisdiction that has the control over the geographic area, costs and benefits of

public services are fully internalized, and this helps to improve allocative efficiency (Kappeler & Valila, 2008). Fiscal decentralisation can also ameliorate efficiencies by fostering stronger accountability (Ahmad, Brosio & Tanzi, 2008).

Explaining the theory of allocative efficiency in terms of fiscal decentralisation, Cantarero and Sanchez (2006) reveal that geographical closeness of public institutions to the local population also fosters accountability and can improve public service outcomes, particularly in social sectors such as education and health. Local accountability puts pressure on local authorities to continuously search for ways to produce and deliver better public service under limited resources, leading to productive efficiency. Accountability, it is indicated, can foster larger spending in public investment and in growth-enhancing sectors, such as education and health (Fredriksen, 2013; Kappeler & Valila, 2008).

The Principal-Agent Theory

Similar to the allocative efficiency theory, the principal agent theory is also an effective complement to the transaction cost theory. According to Jensen and Meckling (1976), agency theory attempts to describe this relationship using the metaphor of a contract. Essentially, the agency theory otherwise termed the principal-agent theory is directed at agency relationships in which one party - the principal, delegates work to another - the agent, who then performs the work (Eisenhardt, 1989). UNDP (1999 p.13) provides that the study of the goals and processes of decentralisation towards development and service delivery should be pursued from the agency theory approach.

Johnson (1999) also links the principal agent theory to the issues of service delivery and development and accepts that under such conditions each agent is connected to all other agents and therefore the system is highly connected. In similar lines, Bartle and Ma (2001) also contend that, many aspects of the various sub fields of public financial management are contracting in nature and are therefore influenced by the principal-agent theory. The inference here is that the issues of public financial management, the perspectives of the principal agent theory, as well as the issues of service delivery and decentralisation are all interlinked and subscribe to the framework of the systems theory.

Specifically, the agency theory is concerned with two key problems that occur in the agency relationship (Eisenhardt, 1989). The first problem arises when there are conflicting or partly conflicting desires or goals between the principal and the agent. This arises due to difficulties or costs for the principal to verify what the agent is actually doing and in that case whether the agent has behaved or is behaving appropriately (Farrell, 2003). The second problem is that of risk sharing that arises when the principal or agent has different attitudes towards risk and therefore may prefer different actions because of their risk preferences (Leruth & Paul, 2006).

Ferris and Graddy (1998) while using NPM explain that the principal agent theory has pivotal issues which entail institutional arrangements for improved public sector performance. Further, Leruth and Paul (2006) draw implications of the principal agent theory for fiscal decentralisation and PFM observing that intergovernmental transfers can be viewed as contractual

exchanges because the higher level government seeks to use the knowledge and abilities of the lower level government to achieve its desired outcomes. According to Weitz (2012) the lower level of governments has potentially both the different goals and the information asymmetry that characterize principal agent theory.

The agency theory offers PFM lessons including the fact that organisations can invest in information systems in order to control opportunism. Falconer (2006) notes that citizens delegate their power to decentralised government units expecting services in return for taxes paid. However, Falconer observes that due to information asymmetry citizens have little control over the officers in decentralised units except through the elections. In effect, richer information systems could control managerial opportunism (Lubatkin, Lane, Collin & Very, 2007; Mustapha & Ahmad, 2011). The theory also extends organisation thinking by emphasizing on the ramifications of outcome uncertainty and its implications for creating risk (Mustapha & Ahmad, 2011a).

Study Concepts

The study relied on a number of relevant concepts which have been discussed in this sub sections. The key concepts discussed here are service delivery, fiscal decentralisation and PFM. The aspect on public financial management discusses the concept of public finances generally, and then narrows down to the six independent variables which have been identified in the study and classified as the six subcomponents of public financial management. In line with the systems theory, the six sub-components of PFM are conceived to exist as sub systems of PFM (Broback & Sjolander 2002; Morgaine 2001).

As conceived by the systems theory (Easton, 1965), the six sub-components of public financial management have an interactive effect and tend to influence the entire system of service delivery in the decentralized units such as the district assemblies of Ghana. The family system theory as explained by Morgaine (2001) supports such indications. However, Morgaine indicates further that despite the interactive effect and influence, each subsystem of the family has its own rules, boundaries, and unique characteristics. These respective features of rules, boundaries, and unique features of the six sub components, for purposes of uniformity in terminology, have been termed as practices in this study. The discussions of the six sub-components of PFM which constitute the independent variables of this study are therefore an attempt to portray the features of each sub-component and how they respectively interact and influence service delivery.

The following subsections begin by defining each concept/variable using a number of authors. The first subsection discusses service delivery which was the study's dependent variable. The second subsection discusses PFM broadly and highlights the broad linkage of PFM to service delivery. The subsequent subsections discuss six components of PFM beginning by definitions of the variables followed by discussions on characteristics of the variables. The six subsections also present empirical studies to show the relationships between the variable/concept and service delivery in decentralised government units. These subsections are followed by a highlight of lessons learnt and the study's conceptual framework.

Service Delivery

Fox and Meyers (1995) define service delivery as the provision of public activities, benefits or satisfactions to the citizens. Service delivery relates both to the provision of tangible public goods and intangible services and this can be done by government institutions, organisations, private companies, non-profit organisations and individual service providers. Mitchinson (2003) however hints that the rethinking of public service delivery has been driven by economic pressures and increasing expectations from citizens. This has resulted in renewed sense of managerial responsibility which has emerged internationally. Similar to the Fox and Meyers contention, Entwistle and Martin (2005) also explain that service delivery entails actual production or provision of goods and services to the community and this need to be conducted in accordance with plans and within the allocated budgetary funds.

The literature reveals that various authors explain the concept of service delivery from diverse perspectives. Denhardt and Denhardt (2002) for example perceive service delivery from the point of view of quality and reveal that there are two perspectives to the ongoing pursuit of quality service delivery. From the perspective of the service organisation, there is a desire to survive and compete in a global environment. While from the perspective of the citizen, there is a desire for better quality services. Denhardt and Denhardt confess clearly that whereas service quality has achieved considerable popularity across the private sector, the public sector has been slower to take up the concept. Roth and Menor (2003) also perceive from the point of view of the transaction cost theory and describe service

delivery as transactions that take place between a donor (service provider) and receiver (customer) in order to produce an outcome that satisfies the customer.

The nature of public services is discussed by Butcher (2003) who indicates that services are provided by the public sector when they cannot be done adequately in the private sector. Similarly, European Commission (2005) observed that public services are the responsibility of public authorities. They may be linked to government activities, but they are not confined to government, and government does not necessarily cover the full range of such activities (Spicker, 2009). It is clarified that public services are intended to further the objectives that policy-makers consider desirable because the term might include not just government, but governing bodies, voluntary organisations, mutualist societies, and even philanthropists (Ashraf, Bandiera & Jack, 2014).

According to Ostrom V. and Ostrom E. (1999) the delivery of public services could also be seen as the resource-using activities aimed at enhancing public welfare. The quality and availability of essential services, such as health care and primary education are therefore key measure of governance. In terms of the principal agent theory, public services underpin the social contract between states and citizens and, as such, are an indicator of the health of a society. The services comprise a core element of the social contract (Brown, Potoski, & Van Slyke, 2006). Public access to good services indicates that a society is well-governed and enables the political leadership to draw continued support for its programme, as emphasized by Akinboade, Kinack and Mokwena (2012).

Discussing the issue of international trends in service delivery, Brown, Ryan and Parker (2000) argue that there is a trend to contestability and marketisation in the delivery of public services. Brown et al (2000) further argue that the underlying foundation of these trends is that competition results in improved outcomes such as greater efficiency, higher quality of service, a clearer focus on customers and better value for money. However according to Siddiquee (2008) the market is not an effective mechanism for indicating needs for or allocating public products or service. Thus, in the absence of effective market mechanisms, various levels of government could carry out supply and market intervention activities designed to ensure the availability of community services when and where a need has been expressed (Lane, 2008).

Linking issues of service delivery, decentralisation and financial management, Ahmad and Brosio (2009) indicate that decentralized government units as the principal service providers have been hampered by the limited ability to bear the associated costs in line with allocative efficiency tenets. Brinkerhoff and Wetterberg (2013) explains that public service delivery systems may be capital intensive as in the cases of sewer and water systems, and transportation systems; or labour intensive as in education, medical care, police protection, or intermediate between these extremes. This necessitates involvement of both public and private service providers (Barlow, Roehrich & Wright, 2013). Rao (2013) explain further, that owing to the fact that public services vary from highly labour intensive to highly capital intensive, the appropriate delivery system depends upon the service being delivered, and may vary among communities.

It is widely contended that improving public service delivery is one of the biggest challenges worldwide despite public services being key determinants of quality of life. They are also an important element of any poverty reduction strategy (Besley & Ghatak, 2007). Pretorius and Schurink (2007) also deduce that adequate access to public services and goods enhances development. Available literature tends to provide diverse pictures of the situation of service delivery in Africa. On one end there is efficient service delivery in substantial sections of the urban areas across Africa (Bold, Svensson, Gauthier, Mæstad & Wane, 2011). However, a major part of populations in Africa, especially in the rural areas, however live without access to basic services such as clean water and sanitation, basic healthcare services, proper primary education and agricultural extension services (Akinboade et al., 2012; Friis-Hansen & Cold-Ravnkilde, 2013).

The reasons for dysfunctional service delivery across Africa are many and complex, but most often, they relate to lack of accountability, transparency, and commitment in making services work for poor and marginalized citizens (Achimugu, Makoji & Agboni, 2013). In many cases, the lack of implementation and absorptive capacity of government agencies and citizens, respectively, are problems that hamper efficient service delivery. Inadequate targeting of the poor, supply-driven planning, elite capturing of programmes, lack of voice of the poor and their inability to reach the government and service providers, are among the most common reasons. Kamukama, Tumwine, Opiso and Nkundabanyanga (2014) emphasizes that often, government services fail to reach the poor in rural and remote areas, and when services are provided, they rarely reduce poverty.

Fiscal Decentralisation

According to Smoke (2001), to understand or ably engage in a robust discourse on PFM under decentralisation it is imperative to grasp the concept of fiscal decentralisation. Kee cited in Khan and Hildreth (2004) reveals that the theoretical case for fiscal decentralisation dates from the 17th and 18th century philosophers including Rousseau, Mill de Tocqueville, Montesquieu and Madison. Central governments were distrusted and small democratic governments were seen as the principal hope to preserve the liberties of free men. Fedelino and Smoke (2013) emphasize that the nature of PFM is considered essential for realising the expected benefits of decentralisation because of its central role in enhancing managerial efficiency, transparency, and subnational government accountability to both higher levels of government and to local constituents.

Fiscal decentralisation is a term often used to describe the transfer of finances - block grants or portions of national tax revenue or fund raising power - ability to tax, charge fees, receive grants or impose fines, to local authorities (Akai & Sakata, 2002; Ebel & Yilmaz, 2001; Smoke, 2001). Kee (in Khan and Hildreth 2004) defines fiscal decentralisation as the devolution by the central government to local government (including states, municipalities, district assemblies and counties) of specific functions with the administrative authority and fiscal revenue to perform those functions.

In line with NPM, transaction cost theory as well as the principal agent theory Pokharel, Regmi, Pokharel and Ghimire (2006) note that the key argument for fiscal decentralisation is that the intended beneficiaries (such as service users) are able to exert more effective pressure on service providers - the local governments, because the decision-makers are physically accessible. Therefore, Regmi, Naidoo, Greer and Pilkington (2010) argue that this makes public investment in local governments more progressive and responsive to the people, including disadvantaged groups, than is the case with centralised governments. Further, Cuadrado-Ballesteros (2014) argues that fiscal decentralisation enables local governments to play a major role in poverty reduction by ensuring a more effective and accountable local infrastructure and service delivery, and by improving the dialogue between the state, citizens and their communities.

In line with allocative efficiency, Persson and Tabellini (2000) as well as Hindriks and Lockwood (2005) convey that local accountability can be strengthened through a direct election of local authorities by the local population. Further, fiscal decentralisation can improve efficiency through voting with one's feet hypothesis as voters get more electoral control over the authorities which encourages competition across local governments to improve public services (Porcelli, 2009). In addition, Sow and Razafimahefa (2015) observes that with fiscal decentralisation voters also have a chance to use the performance of neighbouring governments to make inferences about the competence or benevolence of their own local politicians.

However, fiscal decentralisation as noted by Bordignon, Cerniglia and Revelli (2004) has a number of shortcomings including possibilities of a decrease in lobbying for proper governance by interest groups thus distortions of policy choices and increase waste of public finances. Tirtosuharto (2010) further argue that although fiscal decentralization provide greater incentive structure for state governments to become more efficient in allocating fiscal resources, it does not always lead to robust growth due to rising regional disparities particularly in the level of development and resource capacities.

Public Financial Management

Pretorius and Pretorius (2008) reveal that the new public management theory already mentioned as one of the key theories of this study introduced not just different perspectives of managing public services, but also the need for different financial management tools and techniques. Pretorius and Pretorius explain further that the financial management measures associated with the introduction of the New Public Management model are often referred to as New Public Financial Management (NPFM). In order to maximise the objectives of the institutions, Ojo (2009) links the issues of efficient financial management, service delivery and local government and reveal that any organisation that holds the responsibility of delivering services to the citizens requires enough finance in order to achieve its target goals.

Guthrie (2005) identified five key dimensions to the New Public Financial Management as follows; changes to the financial reporting systems, devolution of budgets, market based costing and pricing systems, a performance measurement approach and performance based auditing. Arguing on similar lines as the new public management theory, Nwezeaku (2010) contend that public financial management is concerned with the economic behaviour of government in relation to the methodologies, regulations and policies that shape the planning, budgeting, coordinating, directing, influencing and governing the inflow and outflow of finances in order to maximize the objective of the institution.

The outlay of public financial management could also be seen from Morgaine (2001) description of the family systems theory, who explains that families are considered as systems because they are made up of interrelated elements or objectives, they exhibit coherent behaviours, and they have regular interactions. In that perspective, Nwoko and Anyanwu (2012) explain that public financial management involves; planning and budgeting, accounting and reporting, internal controls, audit and external oversight, among others with a view to promoting availability of benefits and efficient service delivery to the greatest number of citizens.

From Ojo's (2009) revelation and the descriptions of both Nwezeaku (2010) and Nwoko and Anyanwu (2012), it could be inferred that public financial management and service delivery could be likened to a family system made of various sub components and sub systems. In that case, it could be inferred that in order to achieve the objectives of development and service delivery of

institutions, especially that of decentralized and local governments such as District Assemblies of Ghana, there is the need to ensure efficient interactions and influences of the various elements in the system.

Posing from the perspective of both the transaction cost theory and the principal/agent theory, Bartle and Ma, cited in Khan and Hildreth (2004) contend that many, if not all, issues of public financial management can be viewed as contracting issues and could therefore be productively approached from the perspective of these theories. Aligning the role of public financial management to the current scope of operations at the District Assembly in Ghana, the researcher tends to agree with researchers (including Anderson, 2002; Broback & Sjolander, 2002; McKinney, 2004) categorization of public financial management into six sub-components namely; planning/budgeting, revenue mobilization, expenditure and payments, accounting and reporting, audit and regulatory framework. This study is built upon the position that all these sub components exist as a system which interact, relate and influence development and service delivery.

In terms of relationship with service delivery, there are many models of public financial management to guide service delivery. Khalil and Adelabu (2012) mention some of them to include public expenditure tracking survey (PETS), Expenditure service delivery survey (ESDS), contracting-out model, and competitive tendering model. Incidentally, Khalil and Adelabu did not provide clear explanations of these models though their names give indication of their meanings. Despite the availability of several models, Pretorius and Pretorius (2008), reveal that most of these PFM models have essentially been applied more

to expenditure management rather than revenue management. Khalil and Adelabu support this argument and emphasize that most of these models are expenditure finance majorly and do not look vividly at the other variables that goes with effective and efficient delivery of services.

Narrowing down to decentralised units, Smoke (2001) specifies that financial responsibility and consequent service delivery are core interlinked components of decentralisation, and that if local governments are to carry out and deliver services efficiently they must have adequate revenues; raised locally or transferred from central government, as well as the authority to make expenditure decisions. Rosen (2004) further explains that those responsibilities can take various forms including self-financing, or cost recovery through user charges, co-financing or co-production which users participate in providing services through monetary or labour contributions. Further, the responsibilities involve intergovernmental transfers of general revenues from taxes collected by central government to local government for general or specific uses, and also municipal borrowing and acquisition of resources through loan guarantees.

Further relating PFM and service delivery, Smoke (1994) clarify that, in reference to Africa, as a result of much dissatisfaction with the performance of centralized economic planning; reformers have resorted to decentralisation as a method of breaking the grip of central government and induce broader participation in democratic governance. Crook and Manor (1998) contend that, being closer to the people, local authorities are more capable and can more easily identify the needs of the people and thus supply the appropriate form and supply

of public services. Livingstone and Charlton (1998) relate the above contentions to financial management and argue that communities are willing to pay local taxes where the amounts they contribute can be related more directly to services received. As a result, it is expected that the level of tax revenue could be increased without much public dissatisfaction (Olowu, 2002).

In terms of cost effectiveness, Rao and Das Gupta (1995) explain that federal transfers to local government units could act as means of enabling poorer regions to undertake nationally optimal levels of poverty alleviation. For example, it is stated that federal transfer in a fiscally decentralized structure of government can act as an instrument to bring about greater redistributive justice between the rich and poor regions, and enhances more equitable sharing of resources among jurisdictions (Rao & Das-Gupta, 1995). Smoke (2001) further explains that certain capital-intensive services such as electricity, utilities and transportation systems may exhibit economies of scale in production. In such cases it is more efficient to provide services on a larger scale and over a wider area at the national level.

Having provided a broad outlay of what constitute the concept of public financial management, the subsections that follow discusses the six respective components of PFM individually. The six independent variables are planning and budget practices, revenue mobilization practices, expenditure and payment practices financial reporting practices, Audit practices and PFM regulatory framework practices. It has been explained earlier from point of view of the systems theory (family system) Morgaine (2001) that each member of the family

has its own peculiar rules, regulations and behavior. This study has also adopted the term practices to cover the respective rules, regulations and behavior of each member of the family. The six sub-components of PFM identified as the independent variables of the study could therefore be seen from the point of view of these explanations.

Budgeting and Planning Practices

Budgeting and planning is one of the six sub-components of PFM and thus constitute the independent variables of this study. Tyler and Willand (1997) define budgeting as valuation of receipts and expenditures or a public balance sheet, and as a legislative act establishing and authorizing specific expenditures and taxation. Horngren, Stratton, Sutton and Teall (2004) describe a budget as the quantitative expression of a proposed plan of action by management for a specified period and an aid while Blumentritt (2006) defines budgeting as the process of allocating an organization's financial resources to its units, and activities.

Norton (2006) creates the link between budgeting and planning indicating that planning is an intelligent behaviour that involves visualizing the future, imagining results to be achieved and determining the activities and resources needed to achieve those results. In addition, Jordan (2007) defines a budget as a quantified, planned course of action over a definitive time period. It is an attempt to estimate inputs and the costs of inputs along with associated outputs and revenues from outputs. Achim (2009) as cited by Pintea, Lacatus and Deceanu (2013) on the other hand indicate that budgeting is the activity of recording financial and/or non-financial elements into the budget.

According to Hyde (1992) as cited by Khan and Hildreth (2002) budgeting is partly political, partly economic, partly accounting and partly administrative. Michel (2002) adds that budget is also a communication tool. As a political document, it allocates the scarce resources of a society among multiple, and competing interests (Wang, 2002). As an economic document, it serves as the primary instrument for evaluating a jurisdiction's economic growth and development (Howlet & Lindquist, 2004). As an accounting document, the budget provides a ceiling on government spending and makes it legally binding for it to live within the allocated funds (Ma, 2007; Bartle & Shields, 2008).

As an administrative document, the budget specifies the ways and means by which the public services are provided, and establishes criteria by which the services are monitored, and evaluated (He, 2011). The budget as a communication tool helps decision makers make informed choices about the provision of services and capital assets and to promote stakeholder participation. As a communications device, the budget allows public officials to interact and engage with citizens and taxpayers (Lapsley & Ríos, 2015). Lu and Willoughby (2015) argue that administrative and communication capacities of budgets are important in ensuring transparency and accountability in the management of public funds.

On the importance of budgeting and planning Ekholm and Wallin (2000) note that budgets have always played a key role in managing institutions being an important control practice. The overall objective of the budget is to keep control of the activities by providing a roadmap for future activities and to set a series of goals to be achieved and the means by which to achieve those goals (Awio &

Northcott, 2001). Additionally, Pintea, Lacatuş and Deceanu (2013) insist that rigorous planning of any economic activity is an essential element for the success of those activities. Pintea et al. (2013) insist that without planning the activity of any economic entity would detach from surrounding reality, the capacity for provision and planning of any activities in a market economy conditions assures the survival and development of these activities.

In view of the seemingly divergent importance, roles and functions of public budgeting, Hyde (1992) as cited by Khan and Hildreth (2002) reinforce the general perception that it is difficult to have a single technique or approach that can tie all these elements into a coherent theme. Khan and Hildreth (2003) mention two budgeting frameworks - Planning Programming Budgeting (PPB) and Management by Objectives (MBO). According to Jones and McCaffery (2005) PPB entails the preparation of a long-term corporate plan that clearly establishes the objectives that the organization has to achieve. In contrast, MBO is an approach in which specific performance objectives are jointly determined by subordinates and their superiors and progress toward objectives periodically reviewed with resources allocated on the basis of this progress (Lindberg & Wilson, 2011).

The Institute of Chartered Accountants of Nigeria (2006) identifies flexible budgeting technique, zero-based budgeting (ZBB), activity based budgeting (ABB) and continuous/rolling budgeting techniques. A flexible budget recognizes the existence of fixed, variable and semi-variable costs, and it changes in relation to the level of activity attained in a period (Uyar & Bilgin, 2011). ZBB

technique requires each cost element to be specifically justified, as though, the budget related were being undertaken for the first time; without approval, the budget allowance is zero (Palmer, 2014). ABB is a technique of budgeting based on an activity while rolling budget involves continuously updating budgets by reviewing the actual results of a specific period in the budget and determining a budget for the corresponding time-period (Lapsley & Ríos, 2015).

Another popular approach of public budgeting is that of incrementalism proposed by Wildavsky (1964; 1966) who state broadly that budgeting is incremental not comprehensive (Dezhbakhsh, Tohamy, & Aranson, 2003). Arguing along similar lines, Le Maux and Zhang (2013) note that agencies normally protect their budget base and request small incremental increases from the previous year. The appropriate budget sub-committees also act as guardians, making slight reductions in what agencies request (Chon & Ahn, 2015). Incrementalism faces challenges such as situation where government spending escapes annual review and enactment of laws limiting secrecy in government spending (Krause, 2015).

In line with the principles of the systems theory Flamholtz (1983) indicated that budget should follow systematic processes in order to make it efficient and effective. To this end the Department for International Development, DfID (2001) gives six generic iterative stages. According to Freriks, Heemels, Muller and Sandee (2006) the interactive and relationship nature of these processes places budgeting within the framework of the systems theory. The first stage of the budget process is the policy review which is the annual evaluation of

the result of public expenditure to enable updating of policies and plans (Grossman & Helpman, 2008).

The second stage is that of strategic planning which entails setting expenditure patterns and targets on the basis of macro-economic projections, ideally over three to five years. Within this framework, the medium term policy targets and expenditure priorities are specified and this sets the pace and building blocks for a medium term expenditure framework (Lee, 2012). The third stage is budget preparation where guidelines and expenditure limits are issued in the form of circulars by the Ministry of Finance or its equivalent in the budget making process to the various Ministry Departments and Agencies (MDA's) or line ministries (Ma & Yu, 2012). This is followed by budget execution which occurs after the legislature has approved the budget appropriations allowing resources to be released to the spending agencies to enable them implement their expenditure programmes (Lee, 2012).

The fifth stage under budgeting and planning is accounting and monitoring of expenditures. This entails tracking the level and composition of revenue and expenditure over the year or period in addition to monitoring expenditure outputs (Veiga, Kurian & Ardakanian, 2015). The final stage in the budget cycle is that of reporting and audit. At this stage, the Auditor-General audits and reviews compliance with the budget and report findings to the ministries and subsequently to the Public Accounts Committee. This is done to enable parliament to initiate necessary corrective action (Santiso, 2015).

As noted by Broback and Sjolander (2002), planning and budgeting are no doubt the areas in public finance management that attract most attention from scholars and practitioners. Many developing countries developed a wide range of planning and budgeting instruments especially in the 1970s and 80s (Foster, Fozzard, Naschold & Conway, 2002). In the latter half of the 1990s plans in developing countries were often conceived in line with Poverty Reduction Strategies (PRSs) which bears different names in different countries. For example it is termed the Poverty Eradication Action Plan (PEAP) in Uganda and conversely the Ghana's Poverty Reduction Strategy (GPRS) (Roberts, 2003). Holmes and Evans (2003) argued that the idea behind the model of the PRSs was to achieve close links between these strategies and the multi-year budget documents – the Medium Term Expenditure Frameworks (MTEF).

Revenue Mobilisation Practices

In terms of the systems theory, and in line with this study, revenue mobilization is classified as one of the sub-systems of public financial management, and which has a link to service delivery in decentralized government units. There are several descriptions of what constitute revenue. Akpa (2008) observes that revenue is a necessary tool for the effective functioning of any government machinery which guarantees survival of government agencies. Bhatia (2009) also posit that tax is a compulsory levy and that those who are taxed have to pay the sums irrespective of any corresponding return of services or goods. Similar to Akpa's contention, Thies (2010) and Salami (2011) indicate that

taxation is the primary mechanism of revenue mobilisation for governments. Portillo and Block (2012) clarifies that taxes are coercive in nature and are an involuntary trade of a taxpayer's resources, for public goods or services.

Oates (1998) while emphasizing importance of revenue mobilization in decentralized units argues that apart from raising revenues, localized revenue mobilization has the potential to foster political and administrative accountability by empowering communities. In turn Baumann (2000) notes that successful decentralisation needs to give scope and resources for the contribution to development by all actors. Oyugi (2000) points out that in many countries, the decentralized governments act as a tier of government requiring adequate finances to enable them cope with numerous developmental activities within their jurisdiction.

Nevertheless, decentralization contends with limited internal revenue generation, remaining overwhelmingly dependent on central government for its financial resources (Rakner, 2001). With limited internal revenue raising ability, Bird and Slack (2010) thus argue that sound revenue mobilisation practices for decentralised government units are an essential pre-condition for the success of fiscal decentralisation. The decentralized units need to carefully implement practical and revenue generation mechanisms which are acceptable to the local residents (Finch, 2015).

In general, there are two main categories of revenue for decentralized government units in Africa – internally generated revenues and external transfers. Own revenue or internally generated revenue includes taxes, user fees, property

rates and various licences. However, such local taxation is limited, according to Nkrumah (2000) who argues that the lucrative tax fields for example, income tax, sales tax, import and export duties, all belong to the central government while local governments have access only to low yielding taxes such as basic rates and market tolls. According to Brosio (2000) many localized revenue mobilisation activities and systems in Africa are characterised by high levels of complexities, arbitrariness, coercion and corruption thus resistance and low levels of compliance. This in turn affects the amount of revenue generated from these sources for use by decentralised government units (McCluskey & Bevc, 2007).

A widely found feature in decentralized internal revenue mobilisation practices is the huge number of revenue instruments used by local authorities (Devas & Kelly 2001; Fjeldstad & Semboja, 2000). Local governments seem to raise whatever taxes, fees, and charges they can, often without worrying about the economic distortions and distribution effects that these instruments may create. Bardhan and Mookherjee (2002) argue that a complicated local government revenue system is costly to administer and can lead to corruption and mismanagement. Moreover, many local taxes distort resource allocation decisions, and inhibit the start-up of new enterprises and the achievement of economic growth (Sander, 2003; Fjeldstad & Therkildsen, 2008; Misch Koh & Paustian, 2011; Pimhidzai & Fox, 2011; Prichard, 2010).

Decentralized units also get revenue through external transfers from the central or regional levels, usually in the form of grants and revenue sharing (Bahl, 1999). African governments have established formula revenue sharing systems to

signal that central resource allocation decisions are unaffected by political considerations (Bahl & Smoke 2003). Ghana is a pioneer in its formula-based system of financial transfers for local development from the central government through the District Assemblies Common Fund established in 1994 whereas South Africa's Local Government Equitable Share was established in 1997 (Chitiga-Mabugu & Monkam, 2013).

In Kenya, the Local Authority Transfer Fund (LATF) was established in 1999 and later reviewed in 2013 in line with devolved governments established under the 2010 constitution (Finch, 2015). Chapter 12 of the Kenyan Constitution on finances provides for funding of the devolved units which is currently pegged at 15 percent of total national expenditure plus an amount equivalent to one half percent as an equalization fund for devolved units marked as marginalized counties (Chitere & Ngundo, 2015). Nigeria's Federation Account created in 1999 is another prominent formula-based system of intergovernmental transfers (Ojide, 2015).

There are other revenue sources which are available at sub national level including external financial contributions which provide considerable funding to the constituencies at village and local level in some countries. These sources are dominated by aid projects or programmes funded by a mix of international non-governmental organisations, bilateral and multilateral donors (Fjeldstad 2001; Yatta & Vaillancourt 2010). In many rural areas, various forms of self-help activities also contribute to the maintenance of public services such as village roads, primary schools and health facilities thus count as a resource for

decentralized units. In addition, Yatta and Vaillancourt (2010) observe that in some countries decentralized government units are given the right to borrow to finance investments in local capital infrastructure.

Ghana's DAs have three sources of revenue - the District Assemblies' Common Fund, ceded revenue and their own revenue-raising powers through local taxation (Nkrumah, 2000). Ceded revenue from a number of lesser tax fields is collected by the Ghanaian Internal Revenue Service (IRS), but then transferred to DAs via the Ministry of Local Government and Rural Development (Botchie, 2000). There is mixed evidence of its workings with Nkrumah (2000) suggesting that ceded revenue has contributed quite substantial sums to local governments, yet Ayee (2000) cites evidence from his three case-study districts that none had actually received such disbursements from central government. Additionally, Mogue and Benin (2012) find that intergovernmental grants, the flow of all grants taken together discourage, rather than encourage the collection of internally generated revenues.

Given the extensive responsibilities allocated to district authorities, multilateral organisations, scholars and practitioners have consistently observed that their financial position is vulnerable. Local governments have little fiscal independence, remaining overwhelmingly dependent on central government for its financial resources, with limited revenue raising ability. Further, Oyugi (2000) suggests that the dependence of local authorities on central government funding leads to a loss of operational autonomy, with local initiatives undermined which in turn affects development projects and service delivery to the citizens. However,

Finch (2015) observes that the entrenchment of the revenue sharing formulas in the constitution of the countries which have adopted decentralisation is an advance in this respect, providing a constitutionally guaranteed minimum.

Despite, turning to decentralisation, many African governments have been faced with a governance crisis and poor service delivery capability. Ola and Tonwe (2005) suggest that lack of finance remains a major challenge to the success of devolution in many African countries. The devolution of revenue mobilization and spending powers to lower levels of government in turn has had its share of challenges (Fjeldstad & Heggstad, 2012). Fosu and Ashiagbor (2012) posit that many of the devolved units are financially weak and rely on financial transfers and assistance from the central government. Many of the devolved units are faced by the challenges of mobilizing appropriate levels of revenue to enable effective service provision and address poverty and inequality issues at the local level (Latema, 2013).

Public Expenditure and Payment Practices

Public expenditure and payment practices are intertwined with budgeting and resource mobilisation practices. The budget spells out the planned expenditures which are considered in lieu of the resources mobilised. States act as determining basic players of the performance in economy by forming the main frame of the market economy with the mobilisation of the revenues and expenditures accomplished (Rajaram & Krishnamurthy, 2001). Shah (2007) argues that the core of public finance depends on spending someone else's money by some people. In democracies, this process has been constructed by the voters

to whom they have given the public force elected by themselves (Đorđević & Đurović-Todorović, 2009). As already identified in this study, public expenditure and payment practice is one of the six sub-systems of the public financial management, which have been identified as the independent variables.

Several authors (Campos & Pradhan, 1996; Diamond, 2000; Lienert, 2003; Premchand, 1993) have used public expenditure management interchangeably with public expenditure and payment practices. Tommasi, (2001) provide that, public expenditure management are basic means of government policy distributing and utilizing sources productively, effectively and sensitively, and this could be linked to Woods (2002) contention that public expenditure and payment practices reflect all functions related to government spending.

Describing public expenditure, Bhatia (2009) indicates that public expenditure are those expenses which government incurs for its own maintenance and also for the society and the economy as a whole. Bhatia however adds that with the expanding activities of the state and the growing complications of modern government functions, it is becoming increasingly difficult to make a clear distinction between expenditure ascribed to maintenance of the government itself and those incurred to benefit society and the economy. Similar to Bhatia's contention, Akrani (2011) also posits that public expenditure is spending made by the government of a country on collective needs and wants such as pension, provision, and infrastructure. Since the 20th century, according to Akrani, public expenditure has shown an increasing trend.

In line with the transaction cost theory, North (1990) poses that, transaction cost is involved in defining expenditure policy because policy is essentially an expenditure contract between elected officials who the body is charged with the mandate to guide budgeting process, and the spending agencies. Similar to the framework of the transaction cost, Premchand (1993) identifies public expenditure management as a three stage administrative process entailing; determination of policies, objectives and resources needed, the allocation of resources needed for those objectives, and the assurance that specific tasks are carried out economically, efficiently and effectively. Despite the seemingly common values of public expenditure management, Campos and Pradhan (1997) argue that the practices of public expenditure management vary from one country to another,

Based on the new public management and allocative efficiency perspectives, Schick (1998) has noted that the basic goals of public expenditure management are to accomplish macro financial discipline, strategic priorities in source allocation, and functional application of resources. Allen and Tomassi (2001) argue that mere fiscal discipline in the presence of arbitrary resource allocation and inefficient operations is inherently unsustainable for effective public expenditure management. In contrast, Heimans (2002) holds that without fiscal discipline, it is impossible to achieve effective prioritisation and implementation of policies and programs. Heimans reiterates again the need to improve the internal expenditure management systems in order to sustain

efficiency. Lienert (2003) supports Schick, and argues that all the three goals are in strong interaction and are complementary and interdependent.

The literature reveals some peculiar features about public expenditures in decentralised authorities. Osei-Akoto, Osie, Quarmin and Adia (2007) tries to compare public expenditure trends in urban as against rural districts and observe that the more rural the district, the higher the levels of average capital expenditures due to size of bureaucracies, number of employees, and size of government at that level relative to the level of spending for infrastructural projects. In line with Osei-Akoto et al arguments, Herrala and Haapasalo (2012) contended that local governments often lack good public expenditure management systems to assist their tax and budget choices due to the general belief that firms can deliver goods and services more efficiently and at lower cost than the public sector when operating in competitive markets.

Accounting and Financial Reporting Practices

This sub-section of the literature discusses financial reporting practices as one of the sub- components of public financial management. In line with this study, accounting and financial reporting practices is therefore one of the independent variables of the study. According to Turner (1999), quality financial reporting covers legal compliance, adherence to accounting standards and conventions, adequate disclosure of funds acquired and disbursed and timely preparation of financial statements for scrutiny by users. Pauw et al. (2002) define financial reporting as the process of identifying, measuring and recording financial transactions and events regarding an entity, and communicating the

economic information obtained in this way in order to make informed judgments by users of the information.

From another angle, Mouck (2004) likens financial reporting to the rules of a game, which, once set in place, become the framework by which the game is governed. Similar to Mouck propositions, Abraham, Deo and Irvine (2008) indicates that financial reports are often presented as objectively constructed images of reality, but in many cases, these images are shown to have been flawed. Further, Jordan (2013) notes that the essential purposes of financial reporting practices is demonstrating how the government manages its financial resources in terms of revenues, expenditures as well as keeping track of assets and liabilities.

An effective financial reporting is essential as the management should receive a timely, reliable flow of information about its financial status. Allen and Tommasi (2001) provide a list of the principles of good reporting as completeness, legitimacy, user-friendliness, reliability, relevance, consistency, timeliness, comparability and usefulness. Completeness means the information in aggregate should cover all aspects of government's relationships. Legitimacy relates to the form and content of financial reports being appropriate for the intended users while complying with accepted standards. User friendliness implies ease to understand the reports by well informed and interested users while allowing information to be gathered and disseminated easily (International Accounting Standards Board-IASB, 2008).

In addition, Pretorius and Pretorius (2009) note that reliability require information presented in the reports be verifiable and unbiased while relevance

refers to capability of making a difference in the decisions made by users. Timeliness means having information available to decision makers before it loses its capacity to influence decisions. Comparability relates to ability by users to compare the financial reports of an entity through time in order to identify trends in its financial position and performance. The main focus of usefulness is the provision of useful information in a timely manner for decision-making (Jordaan, 2013)

The importance of accounting and reporting system is emphasized by PEFA (2005) which states that consolidated end of year financial reports are critical for transparency in the public financial management system. Additionally, Mack and Ryan (2006) indicate that one of the main aims of financial reporting is to ensure accountability by public officials in the discharge of their mandate and delivery of services. As a result, government financial management systems have tended to be primarily concerned with line-item expenditure within tightly controlled cash budgets. However, Ryan and Walsh (2004) explain that, with the introduction of the new public management approach, agencies are now required to specify their outputs and link these to the delivery of broader government policy outcomes.

Supplementing on the issue of financial reporting and accountability, Laswad, Fisher and Oyelere (2005) indicate that new forms of accountability have become necessarily ambiguous, elusive, and subjective, moving from external to internal accountabilities, focusing on accountability to the customer as opposed to parliament. Dubnick (2005) also notes that this form of accountability has

expanded beyond fiscal compliance to include performance accountability on the efficient and effective delivery of services to a broad group of stakeholders. On the issue of who is accountable, Kluvers and Tippett (2010) add that the issue of who is accountable has expanded beyond the political realm to include bureaucrats.

Detailing out the issue of the processes for financial reporting, Pauw et al (2002) cites that such processes entail obtaining financial data, recording, processing and reporting the transaction using accounting conventions. At each stage of the process, it is required that certain vital details should be provided. For example, the financial data obtained should comprise the date and nature of transaction, quantities and amount involved. These reporting should be put into classification. Financial statements on the other hand, should show the financial performance for a specified period. Similar to Pauw's assertion, Lee (2012) also identifies some organisational arrangements which are of paramount interest in accounting and reporting. It is identified that in an organisation, duties should be segregated so that one individual may have only limited authority over monies. Further, employees should be sufficiently trained in the handling public finances.

Financial reporting practices have implications for the transaction cost theory. Reed and Swain (1997) for example confirm such applicability and identify three types of costs namely, ordering cost, holding cost, and outage costs. It is identified that in some instances holding sufficient cash at hand enables local government to reduce transaction costs. Rose (2007) also reveals that in financial reporting trust is an important variable emphasizing that when dealing with

complex financial information, managers need to decide whom they can trust. Macher and Richman (2008) add that many of the values of the normative best practices in accounting and reporting practices are manifestations of transaction cost theory.

Literature reveals some ongoing reforms in the area of accounting and reporting. Broback and Sjolander (2002) for example indicate that government accounting in many developing countries is undergoing reforms in order to enhance efficiency especially to improve on the value of the information that the system provides, from a poverty perspective. Modern accounting models, such as the concepts of double entry booking, the principles of depreciation, and models in computer systems have also become relevant to operational reporting (Damant, 2003). Zakaria (2015) argues that Integrated Financial Management Information System (IFMIS) have become an integral component in reforming the accounting and financial reporting systems in national and decentralized government units.

Reed and Swain (1997) as cited by Khan and Hildreth (2004) emphasize the need to formalize the transaction cost theory in the processes of accounting, especially in the area of cash management. In addition, Bartle and Ma (2004) indicate the integration of modern models such as the Generally Accepted Accounting Principles (GAAP) into public accounting and financial reporting based on the needs of various institutions for detailed and specialized information at different levels. Zakaria (2015) notes that in Ghana, the controller and accountant general is mandated by law to prepare and present public accounts

(consolidated financial reports) in line with the Financial Administration Act, 654, 2003, Financial Administration Regulation, L.I 1802, 2004 of Ghana and GAAP.

Auditing Practices

This sub-section discusses audit, otherwise termed control by Bartle and Ma (2004) in their discussions on the transaction cost theory. Auditing practices is one of the six sub-components of public financial management identified in this study, and which is one of the six independent variables of this study. Siswana (2007) define an audit as an independent, objective assurance activity designed to add value and improve an organisation's operations. On the other hand, McKenna (2011) posits that auditing could be defined as a systematic and independent examination of data, statements, records, operations and performances, financial or otherwise of an enterprise for a stated purpose.

Jordaan (2013) clarify that, in any auditing, the auditor perceives and recognizes the propositions before him or her for examination, collects evidence, evaluates the same and on this basis formulates his/her judgment which is communicated through an audit report. Explanations by Morin (2014) are that, quality auditing should not only report non-conformance and corrective actions but should also highlight areas of good practice and evidence of conformance. In this way, other departments may share the information and amend their working practices. As a result, Goddard and Malagila (2015) argue that continuous improvement should be enhanced as it helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to assess and improve the effectiveness of risk management, control and governance processes.

Emphasizing the relevance and importance of auditing, Lee and Johnson (1998) provide that auditing has a role to ensure that public finances are not subject to fraud, waste and abuse or subject to error in reporting. Opportunities for dishonesty and waste or poor management of funds may occur when financial reports cannot be verified (Salem, 2012). Based on the NPM perspective, the Institute of Internal Audit, IIA (2012) indicates that auditing is a cornerstone of good public sector governance. By providing unbiased, objective assessments of how public resources are being managed, auditing helps public sector organisations achieve accountability, integrity, improve operations and instil confidence among citizens and stakeholders (IIA, 2012). Enofe Mgbame, Osa-Erabor and Ehiorobo (2013) revealed that audit effectiveness ensures effective management in the public sector.

From the IIA explanations of the role of auditing, Paudel (2013) links the perspectives of auditing to the new public management theory. Paudel (2013) indicates that, as an essential element which is required for a strong public sector governance, auditing supports the governance roles of oversight, insight, and foresight. In view of the fact that the public sector's success is measured by its ability to deliver services successfully, and carry out programs in an equitable and appropriate manner, Ferry and Eckersley (2015) argue that public sector audit activities should have the authority and the competency to evaluate financial and program compliance, effectiveness, economy and efficiency. Further, auditors must also protect the core values of the public sector, as it serves all citizens.

From the point of view of the transaction cost theory, Van Thiel and Leeuw (2002) contend that auditing practices have implication for contractual design noting that issues of control and motivation are costly in terms of its transaction costs. Additionally, Bartle and Ma (2004) explain the relevance of controls in transaction cost and cite that spending agencies may not spend finances economically or spend for the purposes approved, and corruption may occur in the process. From revenue point of view, revenue collectors may collude with tax payers to cheat the revenue authority. In contrast, Hoecht (2006) observe that appropriate incentives, motivation and autonomy have also been noted to be necessary for audit or control. Similarly, Lessmann and Markwardt (2010) observe the importance of audit and controls for revenue collectors in order to behave efficiently and effectively.

Lee and Johnson (1998) identify the various types of audit such as pre-audit, post audit, internal audit and external audit. IIA (2012) reveals good audit principles include setting directions, instilling ethics, overseeing results, accountability reporting and correcting course of action. Moreover, Paudel's (2013) explanations reveal the complex web of the systems theory and the transaction cost theory, emphasizing that auditing has evolved as systems, transactions and operations. Over time, auditing has shifted from a detailed focus on validating individual transactions to evaluating the effectiveness of systems that control transactions (IIA, 2012). In terms of service delivery, auditors have been called upon to validate the effectiveness of the government services and

evaluate mechanisms established to measure and report on its effectiveness (Enofe et al., 2013; Khan & Chowdhury, 2012).

Athmay (2008) using NPM approach notes that auditing has brought some significant changes in the meaning of public sector accountability. Athamy observes prevalence of traditional regularity and financial audits forms of auditing which focus on compliance with laid down procedures. According to Asare (2009) public auditing is still grappling with the questions of financial control and compliance with rules and regulations. Likewise, Unegbu and Kida (2011), note that compliance auditing has remained the dominant form, despite the statutory provision for performance auditing. However, Grönlund, Svärdesten and Öhman (2011) observe that there are indications of the potential for change, particularly arising from the re-establishment of the legislature, which may strengthen the demand for a greater concern with performance on government.

Public Financial Management Regulatory Framework Practices

This sub-section on public financial regulatory framework practices is one of the six sub components of PFM which has been identified as the independent variables of this study. Like the other five components of public financial management discussed earlier, this sixth component can also be seen from the point of view of the systems approach as posited by Easton (1965) and supported by Morgaine (2001) family systems theory. PFM regulatory framework is therefore presumed to have an interactive and influence role on the entire system of service delivery in decentralized structures. Pretorious and Pretorious (2009)

see regulatory framework as a crosscutting issue which regulate the management of public finances, and cite legislation and automated systems as examples.

Longman and Pearson (2011) describe regulatory framework as the due process of regulation surrounding a single topic that entails all of the relevant legislative documents (acts, regulations, annexes). Ohman (2012) also indicates that regulatory framework refers to the laws and regulations that outline the legal requirements to be met which are complemented by policies, standards directives, guidelines and sanctions. It is evident from the varied definition that legislations, guidelines, rules, regulations, policies, standards and sanctions are key pillars of regulatory frameworks.

Davies (2000) indicates that the interactions between the PFM components themselves in addition to service delivery require regulations and oversight. Lynn, Heinrich and Hill (2001) support this argument and mentions issues such the regime of laws, rules, judicial decisions, and administrative practices that determine PFM practices as well as constrain, prescribe, and or enable the delivery of public services. Khalil and Adelabu (2012) argue that PFM regulatory framework enable critical analysis of PFM practices and helps to facilitate efficient and effective service delivery. Khalil and Adelabu (2012) note further that there is the need for resources management to be handled with discipline, openness, fairness, equity, transparency, accountability, honesty, integrity and credibility.

In the specific case of the legislature, Lee and Johnson (1998) contend that it is a basic control principle that those who spend the money should not also

exercise oversight and audit functions. Since it is the executive, consisting of the administrative authorities that spend, the control functions should fall to the legislature. Pierre (2003) argues that parliament should provide all relevant legislation and regulations ranging from internal control to planning, budgeting, assets and liability management, banking, cash management, accounting and reporting among others. Santiso (2004) point out that the role of the legislature is most visible as a regulatory framework, particularly its engagement in the budget process and in its auditing process of development projects and service delivery by national and decentralized governments units.

Still on legislation, Diamond and Khemani (2005) indicate that automated system could be used to promote the core functions of budget execution, accounting, payment processing, commitment control and financial reporting. Peterson (2006) also accepts that, automated systems, such as IFMIS, are often being considered as the answer to the problems of lack of reliable and timely data and poor financial controls. According to Hendriks (2013) IFMIS can improve public sector management by providing real-time financial information to managers in order to enhance their decision-making capabilities.

Another PFM check and balance enhancement approach mentioned in the literature is capacity building. OECD (2006) indicates the importance of building capacity for better PFM and emphasizes the need to do so at the individual, organisational and institutional levels. Zafarullah (2006) notes that at one end when those involved in PFM have adequate skills they will undertake their functions efficiently, while on the other end once the public is well informed they

will provide proper oversight over those responsible to manage public resources. In line with NPM perspective, Olander (2007) provides that in capacity building efforts elements such as the resources, management, and institutional framework and support services should be recognized both in quality and quantity. The elements for which capacity should be built entail among others the quality and quantity of staff, equipment, and leadership, political will and change management.

Various discussions on best practices are also relevant for the regulatory or crosscutting issues in public financial management. Aspects of the discussion incidentally have bearing on the perspectives of the new public management theory, the principal/agent theory and the allocative efficiency theory. Anderson and Isaksen (2002) for example espouse many of such issues and posit that, it is essential that good regulatory and governance structures of public financial management should be applied to ensure economic growth and long term programme of poverty alleviation. In line with Isaksen arguments, Beutz (2003) holds that governments should make efforts to construct necessary legal frameworks, and establish necessary constitutional rules that allow citizens to hold accountable those who are responsible for implementing policies and who handle public finances.

There is also need for necessary supervising bodies such as the ombudsman and state bodies capable of implementing sanctions imposed by courts, parliament and auditing bodies, aimed at those who abuse power or misuse public finances (Pollitt, 2003). Moreover, Rondinelli (2007) holds that budgeting

should be presented publicly while at the same time government should be seen to improve the structures for payment, accounting and auditing systems. Further, Kopits (2011) insists there should be an active supervision by parliament, and the independent auditor's position should be protected by the constitution. In addition, Gornitzka and Sverdrup (2011) posit that the government should ensure that the public administration processes, and workings of the civil service are transparent and include citizens' dialogue and participation in decision making.

Shah and Chaudhry (2004) emphasize that there should be a visible desire on the part of government to devolve power to decentralized and autonomous structures at lower levels of public administration and government to enhance effectiveness of PFM regulations. Elements affecting the effectiveness of regulatory framework according to Santiso (2004) include the political system, the constitutional power to amend the budget, the party political dynamics, the legislative budget, research capacity, and access to relevant information. Lienert (2003) and Peterson (2006) however put the issue of regulatory framework into context and explain that regulatory framework itself is not always the problem, but rather compliance with it. Ramlogan (2010) therefore clarifies that introduction of new legislation alone is unlikely to achieve the desired changes.

Empirical Review

This section presents empirical studies which provide evidence in relation to the study variables. The empirical studies were important for several reasons. First, they demonstrate the researcher understands the subject of PFM and service

delivery. Second, the empirical studies show that there existed knowledge gaps which the study sought to fill. The first study is by Welham, Krause and Hedger (2013), who conducted a research commissioned by ODI's Budget Strengthening Initiative (BSI) and the World Bank which sought the link between PFM and four development priorities (macroeconomic stability, efficient resource allocation, service delivery and state-building).

Welham and colleagues reviewed extensive theoretical and empirical evidence from developing nations using desk review. One of the findings by the study was that PFM systems that support effective fiscal management and a debt strategy aimed at sustainability can contribute to an improved macroeconomic situation by avoiding unsustainable deficits. Secondly the study found that effective PFM practices ensure allocative efficiency and equity of the budgeting and expenditure strategy. The study also found that well-functioning PFM provide the tools to support more efficient resource-allocation decisions through information provision and process guidance. This finding complemented results by Brumby (2007) that provision of accurate and timely information in addition to providing structured framework for identification, analysis and negotiation of competing options of resource allocation process is aided by good PFM practices.

The study found mixed relationships between service delivery and PFM functions which depend on the nature of service sector being considered. For example, based on the World Bank (2012) good payment systems and better cash management were found important in ensuring payments for wages and operational expenditure are made on time, leading to an indirect influence on

service delivery. However, based on McLoughlin and Batley (2012), the study found that functional PFM was not a guarantee of satisfactory service delivery as there are other political and social considerations in developing countries. The study concluded by emphasizing on the need to strengthen the PFM in developing nations.

Rao (2013) conducted a critical review through desk review intended to identify ways in which to measure the impact of PFM reforms on service delivery performance. The study found the World Bank's Public Expenditure and Financial Accountability Assessments (PEFA) and Country Policy and Institutional Assessments (CPIA) as the main tools to measure PFM. The study also unearthed thirty seven assessment tools and information sources from the UNDP (2009) users' guide for measuring public administration performance which were grouped into seven categories. These categories included Public Expenditure Tracking Surveys (PETS), Country Assessment in Accountability and Transparency (CONTACT), PEFA, Engendering Budgets, Open Budget Initiative and Diagnostic Framework for Revenue Administration.

The study recommended PEFA, arguing that the framework of six dimensions and 31 high level indicators is comprehensive, reflecting the problems commonly found in developing country systems, and also many developed countries. With regard to measuring service delivery Rao (2013) relied on UNDP (2009) to design the assessment tools and information sources. These were Quantitative Service Delivery Surveys, Citizen Report Cards and Self-Assessment

Tool for Customer Service Excellence. The study noted that these tools measure three different aspects of service delivery namely quantitative dimensions, user perspective and processes. Rao concluded that in a context where a clear causal link has been established between a set of PFM reforms and performance improvements in a specific sector, it may be possible to construct a type of assessment that illustrates the impact of PFM reforms on service delivery.

Cuadrado-Ballesteros, García-Sánchez and Prado-Lorenzo (2012) investigated whether the use of participatory budgeting in Brazilian municipalities during 1990–2004 affected the pattern of municipal expenditures and had any impact on living conditions. The study was premised on the argument that public expenditures are a powerful tool to guarantee access to essential goods and services for all strata of society. The study conducted econometric analysis based on panel data regression using data set for the period 1990 to 2004 which includes municipal level information on adoption of participatory budgeting, public expenditures and health outcomes.

The study found that adoption of participatory budgeting at the municipal level is associated with increased expenditure on basic sanitation and health services (such as water and sewage connections, waste removal), an early and urgent demand in the participatory forums. The study show that participatory budgeting ensured reallocation of funds which led to significant reduction in the infant mortality rates among the municipalities studied. The study concluded that

budgeting is more effective in determining quality of services delivered when the citizens are more actively engaged and participate in the process.

Otieno, Odundo and Rambo (2014) provide empirical evidence on influence of Local Authority Transfer Fund on service delivery by local government authorities in Kenya. The study applied cross-sectional survey design where household heads and market traders in Siaya County in Kenya were the target population. The study applied cluster random and purposive sampling procedures to select 188 household heads and 202 market traders who were administered with survey questionnaires. A three category scale (improved, no change and deteriorated) was used to rate quality of essential services including water, garbage collection and sanitation. Quantitative data were analysed through frequency distributions while qualitative data were analysed using thematic technique. The study found no change in water supply consistency as indicated by 63.2 percent of the respondents with 32.8 percent indicating it had deteriorated.

Further, 69 percent indicated that there was no change regarding the adequacy of water while 19.3 percent reported it had deteriorated. In addition, 55.6 percent and 63.8 percent of the participants indicated that garbage collection and sewerage services respectively had deteriorated. These findings suggest that the disbursement of LATF resources to Siaya Municipal Council for over ten years had not contributed to improved delivery of essential services. Further, it emerged that service delivery is constrained by political leaders' interference, non-adherence to public procurement regulations and understaffing. The findings concur with Fosu and Ashiagbor (2012) as well as Akorsu (2015) who found that

decentralised units in Africa primarily rely on financial transfers from the central government given weak internal revenue generation capacities thus poor service delivery as resources are inadequate.

With regard to empirical evidence on the link between public expenditure management and service delivery, the research paper by Leruth and Elisabeth (2006) is reviewed. In this paper, Leruth and Elisabeth (2006) used a well researched principal-agent theoretical model to clarify the issues arising in PEM systems and which help prioritize the PEM reform agenda for better services. In Leruth and Elisabeth model, the ministry of finance (MoF) acts as the principal, providing public finances to line ministries (the LMs which are, for example, the ministry of education, the health ministry, or some other public body) to implement a set of actions. The study was based on the premise that relationship between the MoF and the LMs is an agency problem subject to asymmetric information both on some external parameters and on the actions performed.

The authors analysed the benefits derived from the use by the ministry of finance of ex post audits and ex ante controls, and assessed their value in terms of their ability to deter cheating. The authors derived a set of possible control regimes which can be used by the ministry of finance to mitigate on the agency problem. One of the controls identified was that of clearly spelt out contracts with specific levels of output as well as sanction parameters. Leruth and Paul also interpreted corruption and the lack of governance as rents captured by the LMs at the expense of their principal as a result of the informational advantage. The model shows that several regimes can exist and their optimality depends on the

country specific parameters, hence the importance of basing the choice of a PEM system on a detailed analysis.

Another study which provides empirical evidence relevant to link between PFM and service delivery is the one by Uchimura (2012). The study investigated the impact of local health expenditures on health service in Philipines municipalities. The study employed a fixed effects linear regression model where immunization rate and infant mortality rate per thousand were the dependent variables. The independent variables were average per capita municipal health expenditure and disparity in per capita health expenditure between municipalities. The total local tax revenues on a per capita basis were used as a proxy for the provincial economic level as data on per capita provincial Gross Domestic Product (GDP) was not available. Provincial panel data covering five year period (2002-2006) was used for empirical analyses.

The study found that the effects of municipal health expenditure level at provincial average on health output and health outcomes were not evident. The study concluded that higher health expenditure do not necessarily translate into provision of more service and in turn does not necessarily lead to better health outcomes such as lower infant mortality rate. These findings reinforce Otieno, et al. (2014) deduction that the disbursement and utilization of resources to local authorities in Kenya for over ten years had not contributed to improved delivery of essential services.

Empirical evidence on the link between auditing and service delivery is presented by Morin (2014) who studied the impact of Auditor General on administration of six federal and provincial agencies in Canada from 2001 up to 2011. The study was grounded on NPM and observed that the approach was instrumental in entrenching auditing in the public sector. A survey questionnaire was administered electronically to 125 respondents identified by the authorities of the targeted organizations out of whom 87 usable questionnaires were completed. The study used seven category Likert scale on statements relating to auditors work where weighted mean scores were used on sub variables and aggregate variables.

To examine whether there were differences between the six administrations regarding the means of variables and sub-variables measured, analysis of variance (ANOVA) combined with multivariate analysis of variance (MANOVA) were used. Auditors' influence was found to be far from pronounced as indicated by a mean of 4.2/7, although there were notable repercussions that marginally contributed to improving the management of the entities (mean of 3.5/7). Although the auditees recognize the added value of audit (score of 3.9/7) and the usefulness of reports produced by auditors (score of 3.7/7), the study found that auditors were powerless when it came to encouraging auditees to adopt new management practices or integrate their recommendations into concrete actions that the entities can adopt following the audits.

The foregoing findings are in agreement with an earlier study by Morin (2008) which found that audited entity service delivery capacity improved as the

audit reports drew attention to problems and resources leakages areas not only to the entity but also to the public in addition to oversight bodies such as parliament. Morin (2014) contributes to a better understanding of auditors' powers to punish and reward entities being audited and the limits inevitably imposed on their capacities to become real catalysts for change and improvement of service delivery capacities. This is in line with findings by GACC (2014) that the office of the auditor general is restricted by factors including lack of financial independence and lack of enforcement capacity.

Another study by Akhidime (2012) offers empirical evidence on the link between financial reporting and service delivery. The study is premised on the argument that financial reporting is the best index of accountability and that accounting remains the undisputable index of stewardship. Akhidime (2012) undertook a quantitative study which gathered primary data through personal interview and administration of Accountability Evaluation Questionnaire. The respondents included users of government financial statements, the staff of the office of the Accountant-General and Auditor-General of Edo State and Local Government. Systematic random sampling was used to select a sample of 40 from target population which was 55 staff. Weighted mean scores were used to analyse data obtained from the five point likert-scale measures.

Akidhime's study found that accounting and financial reporting practices had loopholes which allowed public servants to produce receipts and supporting documents even where there was little or no actual spending on service as indicated by a mean score of 43.8 on reality and legitimacy of transactions

reported. The study further found that financial reports do not provide information showing the relationship between services rendered and operating outlays, to enable stakeholders obtain information useful for evaluating the performance of government officials. The study also finds that cash basis of accounting in practice in Nigeria is inappropriate in attainment of budgetary objectives. The findings are in line with Manning and Watkins (2013) who argue that financial reporting systems should reflect the budget structure and show credible classification to enable users obtain information on services to enhance oversight.

In Zimbabwe, Zhou (2012) conducted a study that was aimed at establishing the role of legal and institutional framework in improving efficiency of public administration. This study was conducted using document analysis and interviews with senior legal experts from the office of the Ombudsman. The documents analyzed included the constitution of Zimbabwe, Acts of parliament and other legal and regulatory policies from the different ministries. The study established that though Zimbabwe has extensive legal and institutional framework, however, the major factor is not the existence but compliance with the various regulations. The study also revealed that most of the institutions that had the mandate of regulating central and other devolved units of governments were poorly structured and had resource constraints. This made most of the institutions ineffective in enhancing service provision to the people.

Zhou (2012) further observed from the study that public financial administration in Zimbabwe was under severely stressed constitutional and legal frameworks. Worsening political environments had visible erosive effects on the

operations of the executive, legislature and the judiciary. This is in line with Moyo (2011) who notes that administrative enforcement is also compromised by fiscal constraints. Further, the study established that the Office of the Comptroller and Auditor General has over the decades been generally faced with serious resource constraints. The Office also lacked the requisite power to enforce executive compliance with its recommendations. Moreover, the study revealed that poor enforcement hindered improved service delivery to the people due to mismanagement of resources.

In further pursuit of the link between regulatory framework and service delivery, Prakash (2015) investigated the influence of regulatory framework and policy in steering healthcare service delivery. The purpose of this study was to investigate regulation in India's devolved healthcare sector and make recommendations needed for enhancing the healthcare services. Qualitative data were collected from state-level officials in public hospital staff. Further, survey of patients was conducted to assess service quality. Existing regulation were indicated to refer to legitimate institutional frameworks that set permissible activities for participating stakeholders. Statutory regulations were the legally enforceable rules that govern expected behaviours or outcomes. Such regulations also included standards that serve as benchmarks for compliance, sanctions for non-compliance and a regulatory body for enforcing rules and administering sanctions.

Prakash (2015) established that statutory regulation is formulated by the national parliament and state legislatures and implemented through various ministries, departments, statutory bodies and government administrative machinery. Additionally, the study established that interest groups, such as the media, community groups, general public and civil society organisations aid in bridging the gap between the government and citizens by providing an interface for collective action. However, in India, civil society plays a limited role in regulating service provision in the health sector by the devolved government.

The study by Prakash (2015) revealed that there were few relevant regulations to guide investment and delivery of services in the healthcare sector. Further, there existed weak enforcement of the regulations. Social regulation is at best feeble and economic regulation is non-existent. Self-regulation among healthcare administrators in the district level was fragile and services were consequently inefficient. Prakash linked the weak regulatory framework in district's healthcare sector to the long waiting times and lack of basic healthcare services in most of the healthcare institutions.

Lessons Learnt from the Review of Related Literature

As observed by Hewitt (2009), review of related literature is undoubtedly a very essential exercise for a research project. The researcher learnt several critical lessons from the reviewed literature. The literature review was used to elucidate the theoretical, conceptual and empirical grounding of the study. The theoretical framework for the study was built on the systems theory, NPM approach, transaction cost theory, principal agent theory and allocative efficiency

model. The literature has provided authoritative arguments on the relevance and appropriateness of the selected theoretical framework and its components. The literature has provided enough justification for the application of the selected theoretical framework.

The studies also offered vital experiences on the methodological approaches with regard to choice of study designs, sampling procedures, data collection and analytical procedures. The studies had applied quantitative, qualitative and mixed methods in different context offering a chance to the researcher to understand application of these designs. The studies undertaken in Ghana's DAs offered basis for population and sample selection. The studies also provided grounding for adopted measurement and analytical frameworks for the study. Some of the measurement scales used in other studies were adopted in the context of the current study in a bid to obtain findings which can be used comparatively in other conceptual and contextual settings.

Additionally, it emerged that the reviewed studies had different findings depending on their different contexts. Studies with contrary findings were observed in relation to the PFM practices effect on service delivery. The existence of studies with contrasting findings gave the motivation to the current study to establish how PFM practices influence service delivery in Ghana. From the foregoing literature discussions, it emerged that the current state of the literature and empirical review on the relationships between public funds management practices in decentralised government units on service delivery was in its infancy and that the findings were inconclusive. The evidence obtained from the studies

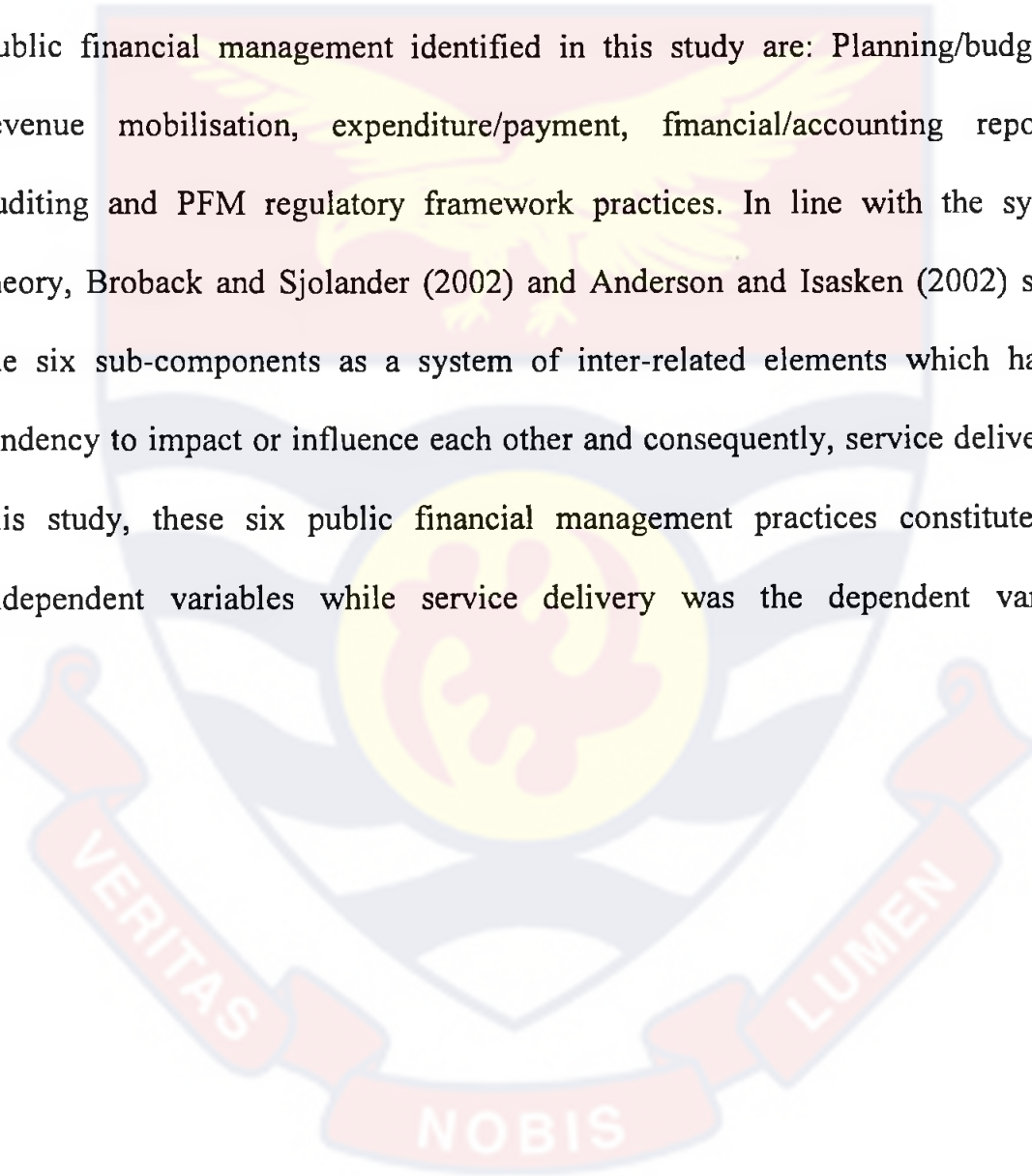
suggested that in the past twenty years, there was no consistent positive or negative relationship between public financial management practices and service delivery and thus the need for robust studies especially in the context of decentralized units in Africa.

Despite the resourcefulness of the reviewed studies, they were found to have theoretical, conceptual as well as methodological shortcomings, some of which the respective authors pointed out. For example, Welham et al. (2013) and Rao (2013) acknowledged that their studies were limited in scope and methodology as they only relied on qualitative thematic analysis. Another methodological limitation of the studies reviewed was the use of a single method of data collection. For example, the study by Rao was constrained by overreliance on Welham et al. (2013) and UNDP (2009) arguments.

Based on the lessons learnt from the extensive literature review, the researcher was able to build on the strengths of these studies and mitigate on the observed weaknesses. The literature offered appropriate indicators and measures of the study variables which were used in designing the research instruments. This aided in expanding the knowledge base of the subject under study. This study improved on the contextual and methodological weaknesses of the available literature and therefore came up with a well justified methodology. Despite the extensive literature reviewed there were notable theoretical, conceptual, contextual (time and place) and methodology gaps which this study addressed.

Public Financial Management and Service Delivery Conceptual Framework

The conceptual framework of this study is presented in Figure 1. In this framework, the six sub-components of public financial management identified in this study are as adapted from Broback and Sjolander (2002), Anderson (2002) and McKinney (2004). In the context of Ghana's DAs the six sub-components of public financial management identified in this study are: Planning/budgeting, revenue mobilisation, expenditure/payment, financial/accounting reporting, auditing and PFM regulatory framework practices. In line with the systems theory, Broback and Sjolander (2002) and Anderson and Isasken (2002) see all the six sub-components as a system of inter-related elements which has the tendency to impact or influence each other and consequently, service delivery. In this study, these six public financial management practices constituted the independent variables while service delivery was the dependent variable.



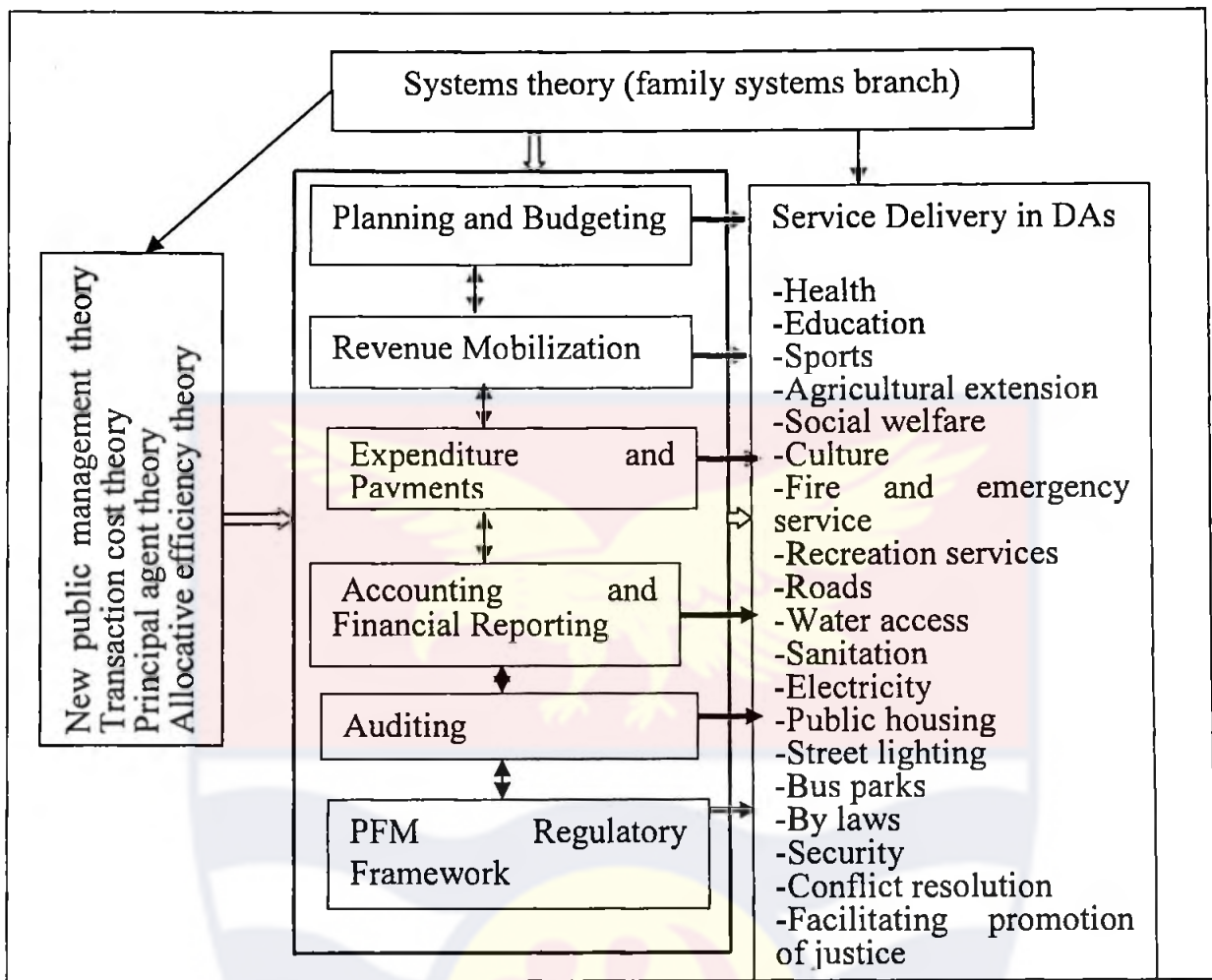


Figure 1: Conceptual Framework for PFM Practices and Service Delivery

Source: Author (2015) based on various views from literature.

The key theories guiding the study were the systems theory, the new public management theory, the transaction cost theory, the principal/agent theory, and the allocative efficiency theory. The systems theory helped in understanding the interactions and relationships between public financial management practices and service delivery in DAs. These interactions are indicated by arrows from the systems theory to the other theories (new public management theory, transaction cost, principal agency and allocative efficiency). Key arrows are directed from each of the six sub components (practices) to service delivery to show influence.

The systems theory as posited by Easton (1965) and its emerging family systems theory as explained by Morgaine (2001) were critical to this study.

The systems theory explains the interrelatedness among elements within a group on the basis of certain identifiable processes. In terms of influence, the systems theory indicates that each whole influences the other. Explaining the family systems theory, Morgaine indicates that families are considered as systems because they are made up of interrelated elements and objects which exhibit coherent behaviours, regular interactions and are interdependent on each other. Each subsystem according to Morgaine has its own rules, boundaries and unique characteristics. These particular rules, boundaries, and characteristics of the respective subcomponent of PFM is what this study has termed practices. The unique messages, rule boundaries and characteristics of each of the six PFM sub components have already been identified in the literature review of this study.

Perceived from the perspectives of the family systems theory and the explanations of Broback and Sjolander (2002); Anderson (2002) and McKinney (2004) this study took the position that each of the six public funds management practices identified has the potential to influence service delivery at the District Assemblies. The study therefore focused on the interactions and influence of each of these six public financial management practices on service delivery, in order to achieve their positive influence on the service delivery system of decentralised structures such as the District assemblies of Ghana.

Hammar skjöld (2009) argues that improving service delivery is without doubt a cardinal pillar in governance and that managerial and governance models have thus been revolving around how to engender efficient and effective service delivery. Pollitt and Bouckaert, (2011) support this position and contend that public financial management models have a crucial role in changing the way the public sector operates in terms of service delivery. Several authors (Lee, 2012; Herrala & Haapasalo, 2012; Hwang & Choi, 2012; Klievink & Janssen, 2009; Osborne, 2009) further note that the numerous models being used in explaining and understanding public financial management and service delivery are dynamic and call for innovations for improving public service delivery to the citizens. The conceptual framework of this study is a contribution towards this end.

Chapter Summary

The chapter discusses the theoretical framework and the study concepts. Systems Theory, New public Management, Transactions Cost Theory, Principal Agent Theory and allocative efficiency perspective were considered as the foundation for the study. The concepts discussed were service delivery, fiscal decentralization, public financial management, budgeting, revenue mobilization, public expenditure management, financial reporting, auditing and PFM regulatory framework. The chapter also presented empirical studies relevant to the study and then discussed the lessons learnt from the review of related literature. The chapter ends by presenting and discussing the study's conceptual framework. The subsequent chapter discusses the methodological approach adopted to achieve the objectives of the study.

CHAPTER THREE

METHODOLOGY

Introduction

A research methodology enables a researcher and subsequently the reader to identify and understand methods or techniques which are relevant and which are not, what they would mean and why (Kumar & Phrommathed, 2005). In similar vein, Creswell (2009) indicates that research methodology is a way to systematically solve the research problem. Researchers need to understand the assumptions underlying various techniques, the criteria by which certain techniques and procedures will be applicable to some problems and why they will not to others. A suitable methodology thus suits the research problem (Kothari, 2011).

Given the noted importance of clearly spelling out the research methodology, this chapter is devoted to presenting and justifying the methodology which was adopted by the study so as to ensure that the objectives were optimally achieved. The chapter outlines how the study was carried out and present details such as the research site, research design, the population, sampling design and the sample size. The chapter also presents the data collection methods, instruments used in data collection and ethical considerations in the conduct of the study. Lastly, the chapter presents the analytical methods applied in the analysis of the data.

Study Area

The study was conducted within the political and socio-economic context of Ghana. Ghana is located on the west coast of Africa, about 750 km north of the Equator between the latitudes of 4° and 11.5° north and longitude 3.11° west and 1.11° east. It is bordered to the north by Burkina Faso, to the west by Côte d'Ivoire, to the east by Togo and to the south by the Gulf of Guinea (Atlantic Ocean) (Appendix I). Ghana has a total land area of 239,540 square kilometres - 92,486 square miles (The Republic of Ghana, 2014). Ghana has rich mineral resources such as gold, diamonds, manganese, limestone, bauxite, iron ore as well as various clays and granite deposits. It is the second largest producer of gold in Africa and the second largest producer of cocoa in the world. It is also the third largest producer of timber and the second largest exporter of wood and wood products in Africa (Fosu, 2013).

The Districts of Ghana are second-level administrative subdivisions of Ghana, below the level of the region. The districts of Ghana were re-organized in 1988/1989 in an attempt to decentralize the government and to enhance fairness in distribution of resources and access to services (Betley, Bird & Ghartey, 2012). The reform of the late 1980s subdivided the regions of Ghana into 110 districts, where local district assemblies deal with the local administration. By 2006, an additional 28 districts were created by splitting some of the original 110, bringing their number up to 138. In February 2008, additional districts were created and some upgraded to municipal status.

In effect, at the time that this research was initiated, there were a total of 170 District Assemblies made up of six (6) metropolises, thirty four (34) municipalities and one hundred and thirty (130) districts and these formed the study area. The 170 District Assemblies were deemed suitable for this study because these were the assemblies that had adopted PFM practices which could be measured and studied in relation to service delivery. Other studies (including Fiankor & Akussah, 2012; Nyendu, 2012) have also used the 170 District Assemblies as their study area for similar reasons. The study was conducted in assemblies with varied characteristics to enhance representativeness of the findings across diverse district assemblies. Characteristics including size, geographical location (urban or rural) and demographics were considered.

Research Design

In order to understand the research design of a study, it is important to clarify the research philosophy upon which the study is grounded. Levin (1988) reveals that a research philosophy is a belief about the way in which data on a phenomenon should be gathered, analysed and used. Johnson and Onwuegbuzie (2004) support this assertion and indicates that, research philosophy is the logical starting point because philosophy, be it implicit or explicit, has a fundamental influence on the purpose of research and, subsequently, the approach taken in the management of the research. Adcroft and Willis (2008) posit that to truly understand the facts and why things are as they are, one needs to examine the philosophical and ideological discourses which underpin them.

There are three research philosophies; positivism, interpretivism and pragmatism. Positivism philosophy contends that reality is stable and can be observed and described from an objective viewpoint without interfering with the phenomena being studied. Further, Levin (1988) explains that, positivism entails that the phenomena being studied should be isolated and that the observations should be replicable. This often involves manipulation of reality with variations in only a single independent variable so as to identify regularities in, and to form relationships between, some of the constituent elements of the social world. However, some critics such as Hirschheim (1985) suggest that the idea that reality is not subject to interpretation has no basis in social sciences.

Interpretivism on the other hand, contends that reality can only be fully understood through the subjective interpretation of, and interaction with such reality (Galliers, 1991). According to Walsham (1995) the study of phenomena in their natural environment is central to interpretivism, together with the acknowledgement that researchers cannot avoid affecting those phenomena they study. Further, Vreede (1995) clarify that, under interpretivism there may be many interpretations of reality, but maintain that these interpretations are in themselves a part of the scientific knowledge that is being pursued. Interpretivism according to Myers (2008) also involves researchers interpreting elements of the study, thus integrating human interest into the study. Development of interpretivist philosophy is based on the critique of positivism in social sciences.

In the case of pragmatism, Webb (1989) contends that this involves combining both the positivist and interpretivist research philosophies. Knox (2004) observes that it is important for researchers to note that the positivist philosophy applies quantitative tools and the interpretivist philosophy uses qualitative methods, with the research tools of these two philosophies often being seen as opposing and polarised. Despite this assertion, Mackenzie and Knipe (2006) argue that the two philosophies are frequently used in conjunction. Onwuegbuzie, Johnson and Collins (2009), note that, the distinction between these two philosophies is overstated and triangulation of methods from the different philosophies in current day research is common and justifiable.

Triangulation combines the advantages of each method and diffuses the weaknesses of the positivist and interpretivist methods as various tools are used to gather data for the research (Hussein, 2009). This study used both quantitative and qualitative tools and hence applied the pragmatic philosophy. This was because the study sought to test research hypotheses and also provide deeper explanations into PFM practices and their influence of service delivery. The study utilized research questionnaire to gather quantitative data while qualitative data were gathered using interviews and focus group discussions. The quantitative items in the research questionnaires were probed further through the interviews with key informants and canvassed in the focus group discussions.

After selection and justification of the philosophy upon which the research was grounded on, the design that guided the study was considered. Explaining the meaning and implications of a research design, Yin (1994) observed that a research design is a strategy on how the research study is conducted based on the research situation. Each research design, according to Yin, has its own specific approaches to collect and analyse data. Although each design has its own characteristics, there are overlapping areas, which bring complexity to the process of design selection (Robson, 2002). In order to avoid gross misfits between the desired outcome and the chosen design, Creswell (2013) stresses that the type of design selected should fit the general philosophical ideas behind the inquiry, the data collection methods to be applied and also the data analysis procedures.

Research has been categorised into three distinct types: qualitative, quantitative and mixed methods. Yin (2006) notes that research involves emerging questions and procedures, data typically collected in the participant's setting, data analysis inductively building from particulars to general themes, and the researcher making interpretations of the meaning of the data. Creswell (2007) delineates qualitative research explaining that it concentrates on words, observations and opinions to express reality and attempts to describe people in their natural situations. According to Eriksson and Kovalainen (2008) engaging in qualitative research implies an inductive style, a focus on individual meaning, and the importance of rendering the complexity of a situation.

This study tested hypotheses on PFM practices and their effect on service delivery which required quantitative data. The study had constructed hypotheses that had been derived from theoretical and empirical literature on how PFM practices were expected to affect service delivery. To accomplish this, quantitative data was collected using structured questionnaires. The study additionally, sought to provide deeper insights into nature of service delivery and the PFM practices that were prominent in the DAs. This was aimed at providing deeper insight into the focused PFM practices and the nature of service delivery. This aspect of the study required qualitative data that was collected using key informant interviews and focus group discussions.

Qualitative research has several merits. Qualitative approaches, it is said, are especially responsive to local situations, conditions, and stakeholders' needs and are also flexible (Crotty, 1998). It also provides understanding and description of people's personal experiences of phenomena (Mangan, Lalwani and Gardner, 2004). Further, Creswell (2007) posits that qualitative studies can enable a researcher conduct cross-case comparisons and analysis. Further, Neuman (2008) expresses that the data collected in qualitative research is based on the participants' own categories of meaning. This study utilized these merits and engaged in key informant interviews and focus group discussions which enabled the researcher to get participants' own views of PFM practices and service delivery in the DAs.

Nonetheless, qualitative research has some demerits. These include the difficulties in generalizing knowledge produced by qualitative research (Myers, 2000). Creswell (2007) adds that, qualitative research makes it difficult to test hypotheses and theories with large participant pools, and might have lower credibility. Further, Neuman (2008) notes that data derived from qualitative research cannot be used to make quantitative predictions. Again, data on qualitative research takes more time to collect compared to quantitative research (Gill, Stewart, Treasure, & Chadwick, 2008). On the issue of data analysis, Boeije (2009) observes that analyzing qualitative data is often more time consuming and the results may be influenced by the researcher's personal biases.

These demerits weighed against the current study using qualitative approaches alone. First, the current study included huge participant pools covering 34 DAs distributed across all parts of Ghana. If qualitative methods were used to cover the whole study sample of 34 DAs, the process could have been very expensive, time consuming and could have generated voluminous data. Secondly, the study sought to make quantitative predictions on the expected effect of PFM practices on service delivery. This could not have been possible with qualitative data alone.

Unlike qualitative research, engaging in quantitative research assumes a deductive approach where theories or hypotheses are tested (Yin, 1991). The researcher when using quantitative design engages in building protections against bias, controlling for alternative explanations, and hence making it possible for the findings to be generalized and replicated (Horna, 1994). Moreover, Creswell

(2013) notes that quantitative research, is applied for testing objective theories by examining the relationship among variables. These variables, in turn, can be measured, typically using instruments, so that numerical data can be analyzed using statistical procedures. This was appropriate in this study as there were hypotheses that had been constructed which required testing to determine the effect of PFM practices on service delivery. Quantitative data was collected from the 34 DAs across Ghana through a questionnaire survey.

The merits of quantitative research include its ability to enable the testing and validating of already constructed theories and testing of pre-constructed hypotheses (Mugenda & Mugenda, 2003). According to Mackenzie and Knipe (2006) quantitative research also enables generalization of research findings when the data are based on random samples of satisfactory size. Moreover, Polit and Beck (2010) explain that the design is useful for obtaining data that allows quantitative predictions. This allows the researcher to credibly establish cause-and-effect relationships. Quantitative data analysis is also relatively less time consuming, and the results are relatively independent of the researcher which increases credibility of the research outcomes (Creswell, 2013). Quantitative data were appropriate in this study as the study sought to test hypotheses on the influence of PFM practices on service delivery.

Quantitative research has various demerits. First, knowledge produced by quantitative research might be too abstract and general for direct application to specific local situations, contexts, and individuals (Johnson & Onwuegbuzie, 2004). Secondly, there are possibilities of missing out on some research outcomes

because of the focus on theory or hypothesis testing rather than on theory or hypothesis generation. This can be due to confirmation bias (Maxwell, 2012). This therefore can produce results, conclusions or recommendations that may be detached from the local circumstances, hence reducing applicability of research results (Venkatesh, Brown & Bala, 2013). Additionally, Asif (2014) identifies potential of having researcher's categories or theories that might not reflect local constituencies' understandings.

The third category of research is the mixed methods approach. Mixed methods research according to Creswell, Clark, Gutmann and Hanson (2003) is the type of research in which a researcher or team of researchers combine elements of qualitative and quantitative research approaches (for instance, use of qualitative and quantitative viewpoints, data collection, analysis, and inference techniques) for the broad purpose of breadth and depth of understanding and corroboration. Johnson, Onwuegbuzie and Turner (2007) support this assertion and indicate that mixed methods research has become a popular approach for combining qualitative and quantitative data in a single study.

The development of the mixed method research approach began in the 1980s, when scholars began expressing concerns about the mixing of quantitative and qualitative data without articulating defensible reasons for doing so (Creswell, 1999; Greene, Caracelli & Graham, 1989). Subsequently, scholars began identifying several rationales for combining data-collection methods particular to different mixed method research designs. It is from this perspective that Creswell et al. (2003), argued that mixed method research with its pragmatic

approach does not align itself with a single system or philosophy. Instead mixed methods research is most often driven by the research question, rather than being restrained by paradigmatic assumptions (Johnson & Onwuegbuzie, 2004).

The advantages of using a mixed method research design include the ability to strengthen the weaknesses of both quantitative and qualitative research by combining them. By combining the two approaches, it creates a stronger theory (Johnson & Onwuegbuzie, 2004). Further, Greene (2006) argues that mixed methods provide more evidence when studying a research problem than either quantitative or qualitative research by themselves. Additionally, Maxwell (2012) submits that the mixed method approach allows the use of all the tools of data collection available, rather than being restricted to the types of data for each research type. Mixed methods also allow collaboration across quantitative and qualitative researchers and hence come up with a richer design to solve research problems in a study which cannot be solved by either the quantitative or qualitative design alone (Creswell, 2013).

However, mixed methods design has its challenges. First, mixed methods could be time consuming because it calls for the application of both qualitative and quantitative tools of research (Morgan, 2007). Secondly, collection and analysis of both quantitative and qualitative data can also be confusing because of the amount of data that is collected (Hussein, 2009). This therefore requires the researcher to apply different data analysis tools to extract meaning from all the data collected. Mixed methods research design also requires clear presentation of the data and its analyses in order to get maximum benefit out of study.

Oftentimes, researchers only are familiar with only one type of research and can only explain that one. Mixed form of design hence requires the researcher to be conversant with both forms of data collection (Creswell, 2013).

The mixed methods were deemed appropriate for this research due to various reasons. First, the crosscutting and diverse nature of this study required that the researcher adopts the mixed methods research as it fits use of pragmatism philosophy (Creswell, 2013; Morgan, 2007). This is because the study had hypotheses that linked PFM practices and service delivery that required to be tested through quantitative data. The study moreover, sought to find explanations to PFM practices and service delivery in Ghana's DAs which required qualitative data. For instance, the study sought to establish the participants' views on budgeting practices and seek key informants' opinions on what needs to be done. This study hence entailed the use of both quantitative (questionnaires) and qualitative (interviews and focus group discussions) tools.

As explained, the mixed methods research design, which falls in line with the pragmatist philosophy was favoured by this study as it enabled the researcher to obtain a more complete and less biased picture of PFM practices and service delivery in DAs than is possible when either the quantitative or qualitative approaches are applied separately. The design was also useful in confirming that all respondents in key informant interviews and focus group discussions understood the concepts and measures uniformly. The mixed methods design also allowed triangulation in the study's data collection process which was important in ensuring reliability (Creswell, 2013).

According to Mangan et al. (2004), methodological triangulation and using mixed methodologies increasingly provides multidimensional insights into diverse research problems. Triangulation in its various forms has also been considered useful in improving the reliability of a study (Lillis, 2006). This study collected data from DA officials, citizens, regional and national officials dealing with DAs. The study adopted the mixed methods approach because it enhances results credibility, participant enrichment, instrument fidelity and treatment integrity (Collins Onwuegbuzie & Jiao, 2007). Further, Bekhet and Zauszniewski (2012) emphasize that methodological triangulation has been found to be beneficial in providing confirmation of findings, more comprehensive data, increased validity and enhanced understanding of the studied phenomena.

Study Design

The study was aimed at establishing public financial management practices and how they influenced service delivery in DAs in Ghana. The study hence sought to give an account of PFM practices in a cross section of DAs in Ghana and relate this to service delivery in those DAs. The study therefore was a correlational study. According to Babbie (2011) and Williams (2011), correlational study design is a specific type of non-experimental design used to describe the relationship between or among variables.

In this study, the researcher described the profile of PFM practices in the sampled DAs in Ghana and also correlated those PFM practices with service delivery in the sampled DAs. The correlational design enabled the study to test the relationship between PFM practices (budgeting, expenditure/payment revenue

mobilization, financial reporting, auditing, and regulatory practices) and service delivery by the DAs. According to Robson (2002), this design allows an exploration of a phenomenon by researchers through seeking answers to research questions thus providing means to test hypotheses. Yin (2006) further notes that the design allows the use of both quantitative and qualitative data collection methods. The descriptive correlational study design enabled the study not just to test hypothesis but to provide explanations as to the nature of PFM practices and service delivery.

Correlational studies also allow the collection of a large amount of data from a sizable population in a highly economical way. It allowed the researcher in the current study to collect quantitative data which was analyzed quantitatively using descriptive and inferential statistics (Saunders, Saunders, Lewis & Thornhill, 2011). Further, it also allowed the use of qualitative data collection tools thus providing an in-depth analysis of PFM practices and their link to service delivery in Ghana's DAs through interviews and focus group discussions. Therefore, the correlational was considered the best study design to fulfil the objectives of this study and enable testing of the study hypotheses.

Study Population

A population for a survey is any group of individuals or institutions which have one or more characteristics in common that are of interest to the researcher. Mugenda and Mugenda (2003) define a population as an entire group of individuals, events or objects having common characteristics that conform to a given specification. Saunders et al. (2011) also define population as the full set of

cases from which a sample was taken. The study population for this study was the 170 DAs that were in existence in Ghana as at 2008 with a population of 23.11 million people.

The respondents in these DAs were officials in the District Assemblies, the selected citizen groups, and selected officials from the regional and national levels. The employees of the Assemblies included administrators, budget officers, technical officers – accountants, engineers, planning officers and revenue officers. The citizens included teachers, traders and civil society representatives. The officials from the national and regional levels were regional coordinating council members, technical directors, budget officers, head of audit, legal and policy director, finance officer, and auditors. The DAs were however the units of analysis.

The DA officials were selected to provide an objective account of the PFM practices in the DAs and also the service delivery levels in the DAs. These DA officials responded to questionnaires. The citizens in the DAs were selected to provide an unbiased view of service delivery in the DAs and also appraise on the state of PFM practices. The citizens were also expected to provide an objective view. Regional and national level officials were selected to provide key information in interviews. Further, other informed citizens including teachers and civil society representatives were expected to provide deeper insight in focus group discussions and that is why they were selected as part of the study population from the 170 DAs. Litosseliti (2003) note that focus group discussion participants need to have deeper insight or knowledge in the subject area.

Sampling Design and Procedure

At the time the research process was initiated, there were a total of 170 District Assemblies. The District Assemblies of Ghana have varied characteristics such as classification, size, geographical location (urban or rural) and demographics. Dealing with all of them, even for a smaller accessible population is difficult due to the amount of time and resources needed. According to Sekaran (2003), a sample is a subgroup of the population that the researcher is interested in. In addition, Cooper, Schindler and Sun (2006) define sampling as a selection of a few items (a sample) from a bigger group (population) to become the basis for estimating or predicting the prevalence of an unknown piece of information, situation or outcome regarding the bigger group.

There are a number of different methods that might be used to select a sample which are grouped into one of two categories: probability samples or non-probability samples (Teddlie & Yu, 2007). Probability sampling uses randomization where every respondent in the population has a chance of being selected. However, in non-probability sampling, selection of the sample depends on judgment from the researcher. This study applied multi stage sampling design to select participants in the study. According to Onwuegbuzie and Leech (2007), multi-stage random sampling involves selecting a sample in two or more stages when either the population is relatively large with diverse characteristics. First, the study applied a principle of twenty percent (20%) to select the districts at the national level calculated as follows;

$$n = 20\% (N)$$

$$n = 20\% \times 170$$

$$= 34 \text{ DAs.}$$

At the second stage simple random sampling was used to select twenty percent (20%) of the DAs in each region as shown in Table 1. According to Sekaran (2003) the selection of one element is independent of the selection of another element. To select the specific districts in each region random sampling was used by assigning numbers from 01 for each district in each region. Sampling was done in each region until the number of districts in that region was exhausted. A random number table with five digits was used where only the last two digits were considered. Several authors (including Gay Airasian, 2000; Mugenda & Mugenda, 2003; Rea & Parker, 2014) contend that a twenty percent (20%) sample is appropriate for social sciences research undertakings when properly justified in line with the study's objectives and features of the population. Thirty four DAs were therefore selected as the sample size.

The distribution of the 34 DAs selected from each region is provided in Table 1. For instance, for Ashanti Region with 27 districts, 20 percent (5) were selected. To establish the specific districts to be included in the sample, all the districts were given numbers from 01 to 27. Random number tables were utilized. A starting point in the numbers was selected randomly in the random number table. Each number in the random number table led to selection of corresponding district with a similar number. This continued until all five desired districts were

selected. The same process was applied for all the other regions until the 34 DAs were selected. See Appendix K for list of DAs selected.

Table 1: District Assemblies Sampled for the Study

| Region | No. of DAs in the region | No. of DAs selected |
|---------------|--------------------------|---------------------|
| Ashanti | 27 | 5 |
| Brong Ahafo | 22 | 4 |
| Central | 18 | 4 |
| Eastern | 21 | 4 |
| Greater Accra | 10 | 2 |
| Northern | 20 | 4 |
| Upper East | 9 | 2 |
| Upper West | 9 | 2 |
| Volta | 18 | 4 |
| Western | 18 | 3 |
| Total | 170 | 34 |

Source: Field Survey, Scott (2013)

From each DA sampled, two employees (one with the responsibility for planning and budgeting and one in finance and administration) from nine categories in each DA whose functions relate directly to PFM issues and service delivery were selected. In effect, two officials from each of the nine categories were selected from each of the 34 DAs making the total number of respondents 612 in this category. This meant that for each of the nine categories listed, two officers were selected in each of the 34 Districts, making a total of 68 for each category. This was the number of respondents who provided information about PFM practices and service delivery in the DAs. The list of the nine departments is indicated in Table 2.

Table 2: Sample for District Assemblies Officials

| Officials | Sample Size |
|---------------------------------------|-------------|
| Senior Administrators | 68 |
| Planning/Budget | 68 |
| Revenue Department | 68 |
| Accounting/Finance | 68 |
| Auditing | 68 |
| Infrastructure/Buildings/Construction | 68 |
| Health | 68 |
| Education | 68 |
| Water and Sanitation | 68 |
| Total | 612 |

Source: Field Survey, Scott (2013)

Convenience sampling was applied to select 30 citizen respondents from each of the 34 sampled DAs. A convenience sample is a non-probability sampling methods which is made up of units or people who are easy to reach (Cooper & Schindler, 2003). In this study, these were the citizens who included teachers, traders and civil society representatives. In each of the District Assemblies, thirty (30) members of the public were selected and were administered with the questionnaires until the quota was reached. The selection of the thirty citizens in each district was based on the central limit theorem.

As noted by Samuels, Witmer and Schaffner (2012), under the central limit theorem, if a sample consists of at least 30 independent observations, then, the distribution of the sample is well approximated by a normal model. The sample of 30 respondents for each of the district for the 34 districts under study

therefore brought the total number of citizen respondents to 1,020. Moreover, purposive sampling was applied to select the key informants and two focus group discussions. Twenty eight (28) national officials and eighteen (18) focus group participants were selected. The key informants were the officials who dealt with PFM in the regional and national governments. The basis of this selection was subjective and focused on those respondents who were capable of providing adequate and informed views on PFM practices in the DAs and service delivery. The study thus had a total of 1,678 participants.

Data Collection

The study was guided by six research objectives which were the basis of six corresponding alternative hypotheses. Data were needed to achieve the objectives of the study and test the hypotheses. The objectives and hypotheses were designed to get insights on the link between the six components of public funds management practices and service delivery in the District Assemblies in Ghana. The six components were budgeting/planning, revenue mobilisation, expenditure and payments, accounting and financial reporting, auditing and public funds management regulatory framework practices. Data were sought to shed light on features, systems, procedures and tasks performed with regard to the six components and how they influence service delivery in the District Assemblies.

The study utilized primary and secondary data which were quantitative as well as qualitative. Secondary data both qualitative and quantitative were sought from books, journal articles, government/organisational publications, District

Assemblies official documents and from online sources using key word searches. Primary quantitative data were gathered using questionnaires administered to DA officials and citizens. Primary qualitative data were obtained through interviews and focus group discussions conducted using interview/probe guides and note taking.

Instrument Design

The instruments used to collect data were questionnaires, key informant interviews, focus group discussions and document analyses. Questionnaires were applied because according to Neuman (2008) they are suitable in gathering quantitative data. The questionnaires were also preferred by the researcher because they espoused clarity and could be filled at the convenience of the respondents. There were two sets of questionnaires which were used to gather quantitative data. One set gathered data from the randomly selected DA officials while the other gathered data from the conveniently selected members of the public. These two sets of questionnaires were designed in line with the literature review and in conformity with the research questions to be able to meet the objectives of the study. They were used to gather demographic information, information on nature of service delivery and information on PFM practices.

The research questionnaire for DA officials was divided into eight sections. Section I sought general information on the DAs and the official who filled the questionnaire. These questions were meant to prepare the respondents psychologically before they proceeded to the main issues which were under study.

Section II sought information on the nature of service delivery by the district assemblies which helped to get insight on service delivery which was the dependent variable. Measurement of service delivery was on a five point rating scale (1-Very bad, 2-Bad, 3-satisfactory, 4-Good and 5-Very Good).

Section III sought information on the link between budgeting and planning practices and service delivery. The measurement was on a five point likert scale (1-Strongly disagree, 2-Disagree, 3-Neutral, 4-Agree and 5-Strongly agree) where respondents were required to indicate their level of agreement or disagreement to the issues raised. Additionally, Section IV of the questionnaire sought information on the link between revenue mobilisation practices and service delivery. Section V sought information on the link between expenditure and payments practices and service delivery. Section VI sought information on the link between accounting and financial reporting practices and service delivery. Section VII sought information on the link between auditing practices and service delivery while Section VIII sought information on the link between regulatory framework and service delivery.

Measurement of the PFM practices (budgeting and planning, revenue mobilization, public expenditure and payment, accounting and financial reporting, auditing and regulatory framework) was on a four point rating scale (1-Very Inefficient, 2-Inefficient, 3-Efficient and 4-Very Efficient). Each of the sections also had questions that measured the extent to which each of the PFM practices influenced service delivery on a five point scale (1-Very little extent, 2-Little extent, 3-Moderate extent, 4-High extent and 5-Very high extent).

The second data collection instrument used was a semi-structured interview guide utilized to get information from the key informants who were the regional coordinators and national officers. These interview guides had open questions that related to PFM practices and service delivery in DAs. The interview guides assisted in ensuring that all the factors that required probing were considered exhaustively. Semi-structured interview guide, according to Cooper and Schindler (2003) provides a clear set of instructions for interviewers and provide reliable, comparable qualitative data. The inclusion of open-ended questions provided the interviewer with the relevant topics on PFM practices and service delivery in Ghana's DAs.

The third data collection instrument applied was focus group discussion guide. This guide included a note reminding the moderator of each focus group discussion to thank the participants for their input. The guide, moreover, provided a summary of the issues that were to be discussed which included service delivery and all the PFM practices. This guide was aimed at ensuring that the moderator could not leave out any important aspect in the discussion. The fourth research instrument utilized was an observation checklist. This was used to list all the items that required observation in the study to be able to substantiate any remarks and opinions from the focus group discussions. Items listed in the checklist included financial policy, receipts, customer queues, service charter and service coverage maps. The checklist also had a space where the observer could indicate whether the item was present and any remarks during the observation.

Pre-testing of Instruments

Prior to the final data collection, the instruments to be used in this study were drafted, the draft instruments were pre-tested with ten (10) DA officials in Bosome Freho District in Ashanti region. This district was selected randomly and was not included in the final study. The pre-test was done to ensure that the data collection instruments were suitable for collection of data. The test was also to ensure that the data that was to be collected by the final instruments was usable. Further, the data collection instruments were tested for validity and reliability. Robson (2002) explains that validity refers to whether the test is measuring the variable that it is expected to measure. Two types of validity were important in the instruments used in data collection. These are content and face validity.

Content validity assesses the level and extent to which the test relates to the variables under study. It is a test that sought to establish whether the instruments in this study were measuring public funds management practices and service delivery by the DAs. In order to ensure this type of validity, some expert reviewers were consulted for their input. The experts assisted to assess the questionnaires and interview guides and made their recommendations which were used to make amendments to the instruments. The pre-test was also used to assess whether the respondents clearly understood the questions. To ensure that they understood the items, participants in the pre-test were required to comment on the suitability, clarity and design of the questions.

Similar to the content validity, the face validity according to Robson (2002), is a test regarding whether the data collection instruments serves the

purpose at hand. This is a common sense approach where issues such as the possible time to be spent on a questionnaire, its design and size of the questionnaires came into play. The experts were able to advise on face validity of the questionnaires. For example, following the recommendations of the experts, the researcher was able to shorten and also redesign some of the questionnaires. Key recommendations of the experts assisted in the preparation of the final questionnaire that was administered to the respondents. These measures assisted to make the questionnaires suitable for collecting data.

Reliability, according to Coolican (2004), is the ability of a test to have similar results from repeated administration. Cronbach alpha was used to test the reliability of the questionnaire. The test was performed on all the respondents from the pre-test. This alpha tests the internal consistency of the various responses in a single questionnaire. It is computed using the average inter-item covariance among the items in relation to the average variance. Since the questionnaire was about public funds management practices and service delivery in Bosome Freho District, the responses were expected to have high internal consistency. Cronbach alpha of 0.7 is required for the scales to be indicated as reliable (Kurpius & Stafford, 2006). The study items had alpha of 0.781 and above and hence were considered reliable.

Ethical Considerations

The study adhered to ethical research requirements in the data collection and processing. Permission to carry out the study was obtained from the Institute for Development Studies, Faculty of Social Sciences, University of Cape Coast (Appendix B). Permission was also sought from the authorities of each of the selected district assemblies. The study also ensured confidentiality of the data collected through such measures as keeping data in a safe place and also ensuring that no unauthorized person handled the data. Confidentiality was also enhanced as the names of the participants were not sought in the questionnaire.

The study further assured the participants that the findings of this study on PFM practices on DAs of Ghana would be used purely for academic purposes and for aiding in policy decisions. In the write up, anonymity was guaranteed and no reference was made to individual responses. The study ensured that confidentiality was enhanced so that no participant was unduly exposed. Ethical standards were also observed in relation to analysis and discussion of results. Professionalism was observed in analysis where the results reported were as received from the various data collection instruments. After the study was conducted, the findings were shared with the community through feedback sessions and publication. Part of the study has since been published in the Commonwealth Local Government Research Colloquium webpage.

Fieldwork

The process of data collection started after drafting of the final data collection instruments and receipt of permission from all the relevant authorities. The first activity was to sample the 34 DAs that participated in the study. This was followed by training of the 9 research assistants who were involved in the data collection exercise. The 9 research assistants were given the responsibility of going to the sampled DAs and pinpointing the relevant officers in the DAs who responded to the questionnaires. Each research assistant was assigned DAs that were geographically close together to ensure that logistical challenges were minimized. The research assistants were advised to drop the questionnaires and agree on the date of collection with the respondents.

In the process of dropping the questionnaires, the research assistants through liaising with the local persons identified 30 citizens in each DA who participated in filling the questionnaires aimed at the citizens. The drop-and-pick-later method of administration was also applied in administering questionnaires to the selected citizens. Convenience sampling was employed in selecting citizens who responded to the questionnaires. Research assistants had been briefed and instructed to target those citizens that were easily accessible near the DA offices and also those who demonstrated interest and participation in public or community affairs. The identification of the citizen respondents was done through speaking to the citizens seeking services at the selected 34 DA offices.

The researcher assisted by the lead and two other research assistants conducted the interviews on the 28 national and regional officials who had

intimate knowledge on public funds management practices and service delivery. The key informants were regional coordinating council members, directors, head of units, technical directors, administrators and senior finance/budget/schedule officers. The key informants were from regional coordinating council, Ministry of Local Government and Rural Development, Ministry of Finance, Controller and Accountant General's Department, Auditor General's Department, District Assemblies Common Fund and Local Government Service among others. The distribution of these respondents is presented in Table 3.

Table 3: Key Informants

| Officials | Number |
|---|-----------|
| Regional Coordinating Council members | 10 |
| Directors (Min. of local government and rural development) | 2 |
| Budget officer and technical director (Ministry of finance) | 2 |
| Head of audit (Controller and accountant general's dept) | 1 |
| Technical director (auditors general's department) | 1 |
| Technical director (District Assemblies Common Fund) | 1 |
| Schedule Officer (Local government office) | 1 |
| Budget and Finance Officer (Head of civil service office) | 2 |
| Legal and policy and Director of public affairs, Parliament | 2 |
| Technical Director (Public works department) | 1 |
| Technical director, Budget officer, Finance officer and Auditor (Community water and sanitation department) | 4 |
| Technical Director (UNDP) | 1 |
| Total | 28 |

Source: Field Survey, Scott (2013)

Information which was sought from the key informants clarified key emerging issues on the relationship between financial management practices and service delivery in District Assemblies. This included expounding further on nature of service delivery in the Assemblies. The interviews were conducted with

an emphasis on the key informant area of specialisation. This was in relation to service delivery and the six PFM practices that were under review in the study. The key informant interviews were conducted after a preliminary analysis of the questionnaire survey of the DAs. This was aimed at informing the study on the major areas that required further in-depth analysis.

As the interviews were being conducted, research assistants who were not involved in interviews were engaged in questionnaire collection and recruiting people into focus group discussions. The criteria of recruitment into the focus group discussions were participation and interest in community and local public affairs. Two focus group discussions, one in Tema Metropolitan Assembly headquarters in Tema (in the south of Ghana) and the other in Tamale Metropolitan District assembly headquarters (in the northern part of Ghana). The researcher led the one in Tema while the lead research assistant led the one in Tamale. To record information from the focus group discussions notes were taken.

Morgan (1988) indicates that a focus group discussion is a good way to gather together people from similar background or experiences to discuss a specific topic of interest. The group provides a deeper and common insight into a phenomenon of interest. In the current study, two focus group discussions (one with 8 and the other with 10 participants) were conducted to provide a deeper insight into how the members of the public felt about PFM practices and service delivery by the DAs. Participants in these focus group discussions were recruited through a referral process where participants in the questionnaire surveys were

asked for references of citizens who were active in social or community matters. The referred persons were afterwards contacted and asked to participate in the discussions.

One of the discussions was held in the southern part of Ghana at the offices of the Tema Metropolitan Assembly headquarters at Tema. The second discussion was held in the northern part of Ghana at the Tamale Municipal Assembly headquarters at Tamale. The discussions allowed probing of issues which arose during the data collection which required in depth insights. The study further conducted document analysis at the district assemblies as well as relevant documents that were available in print and online sources that concerned PFM generally, decentralized units and district assemblies in Ghana. These documents included policy and procedure manuals, DAs' budgets and auditor general reports. The document analysis allowed for verification of the primary data obtained from questionnaires, key informant interviews and the focus group discussions.

Field Challenges

In the process of data collection through questionnaires, interviews and focus group discussion, observations and document analyses, there were some challenges that were encountered. First, it was challenging to cover all the 34 selected DAs. Since some of the DAs were rural, logistical challenges were encountered. Secondly, arranging for interviews with the key informants was also a challenge as some kept on postponing the stipulated interview days. However, the persistence of the researcher and the three research assistants prevailed and the

interviews were successfully conducted. Further, the potential respondents were reluctant in accepting to be involved in the study as they were skeptical of the study purpose. However, the researcher was able to convince them to participate by indicating that the research was for academic purposes and the researcher produced supporting documents.

In some of the DAs, record keeping was not up to date and many records were in tattered shape and dumped in some old store rooms. Some Assemblies did not have sufficient computers to store information. There were also frequent staff turn-over of schedule officers making identification of previous and current records difficult to retrieve. The researcher was able to go round this by crosschecking information at the Ministries of Local Government, the office of Head of Civil service, Auditors General and Accountant - General's office for verification.

Data Analysis Procedure

Data analysis was started after the questionnaires had been collected from the field, interviews conducted and focus group discussions concluded. Data analysis is a process that involves inspecting, cleaning, coding and transforming data to change it into information that can be useful (Babbie, 2011). The data collected were both qualitative and quantitative. Throughout the period of collection, the data was checked for consistency and completeness and cleaned. A total of 963 out of 1020 questionnaires from citizens and 443 out of 612 from DA officials were retrieved. Before processing the responses, the completed

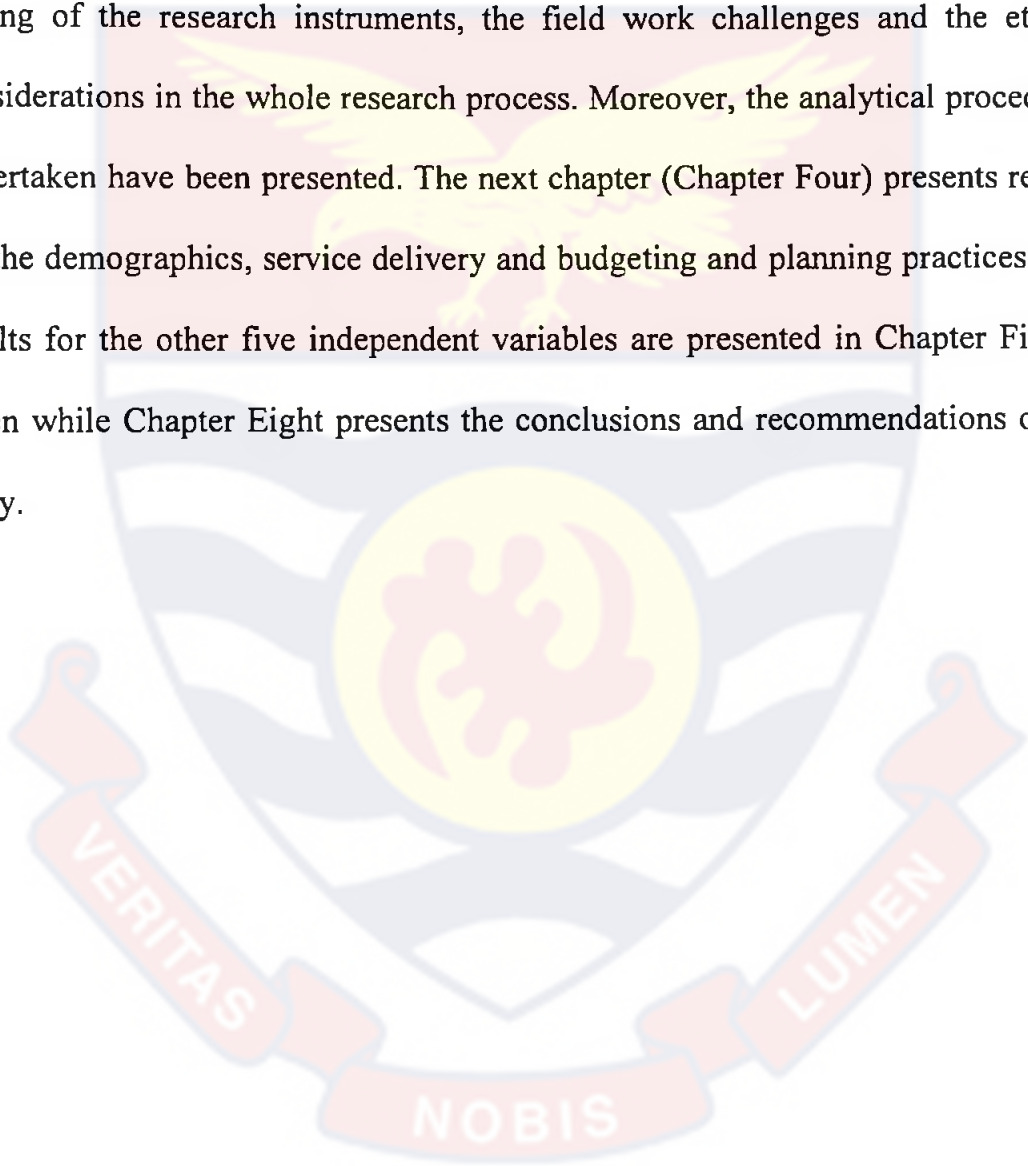
questionnaires from respondents were edited for consistency. The cleaned data were coded and entered into Statistical Product and Service Solutions (SPSS).

The analysis of quantitative data was done in terms of descriptive statistics including frequencies and percentages (Mugenda & Mugenda, 2003). Mean and standard deviations were used to describe the distribution of the various responses. Correlation analysis was conducted to ascertain the nature of relationship among the six independent variables and the dependent variable. Hypotheses were tested using multiple regression analysis. Regression was conducted to establish the influence of the six independent variables on the dependent variable. Only questionnaires from DA officials were used in regression analysis. Analysis of results from the quantitative data was presented by use of graphs, charts and tables. The presentation derived from the data was enhanced by narrative explanation of the tables, charts and graphs.

Qualitative data collected from the 28 key informant interviews and the 18 participants in the two focus group discussions were analyzed using thematic summary analysis approach and presented. Babbie (2011) indicates that thematic summary analysis is a qualitative analytic method for identifying, analyzing and reporting key emerging patterns or themes within data. It minimally organizes but describes the data set in rich detail, enabling the interpretation of the various aspects of the research topic. The emerging salient patterns were presented in narrative form in line with the specific objectives and discussed.

Chapter Summary

This chapter discussed the methodology that was applied to conduct the study. The areas discussed include the research design, the study area, population of the study, sampling procedures and sample size and also the data collection instruments. The chapter has also provided the data collection procedures, the pre-testing of the research instruments, the field work challenges and the ethical considerations in the whole research process. Moreover, the analytical procedures undertaken have been presented. The next chapter (Chapter Four) presents results for the demographics, service delivery and budgeting and planning practices. The results for the other five independent variables are presented in Chapter Five to seven while Chapter Eight presents the conclusions and recommendations of the study.



CHAPTER FOUR

BUDGETING PRACTICES AND SERVICE DELIVERY

Introduction

This chapter comprises four main sections. The first section presents demographic data of the District Assembly official and citizens who participated in the study. The second part presents result on service delivery which is the independent variable for the study. The third segment of the chapter discusses results on budgeting and planning practices and their link to service delivery in the District Assemblies. The fourth part gives the analytical framework used in assessing budgeting practices and discusses the first hypothesis of the study which is about the influence of budgeting practices on service delivery in the District Assemblies.

Demographic Data Analysis

This section presents the results relating to demographic data collected from the respondents. This was necessitated by the fact that information on the demographics did not relate to any objective of this study but was important in presenting the distribution statistics of the respondents in relation to the different demographic characteristics. The information relating to the response rate, gender, age, level of education and occupation of the citizens is presented in this section. Tables, bar graphs and pie charts are used to depict diagrammatically the distribution of the respondents in the different categories.

The research report used questionnaires which were returned and deemed satisfactorily and consistently filled by 963 citizens (out of 1020 questionnaires distributed) and 443 District Assembly officials (out of 612 questionnaires distributed). This represented a response rate of 94 percent for the citizens and 72 percent for District Assemblies officials. The response rate was adjudged to be satisfactory and thus the study proceeded to data cleaning, coding, entry and analysis. The study also relied upon information obtained from 28 key informants and 18 participants in the focus group discussions.

The researcher found it important to establish the general demographic information of the respondents since it forms the basis of establishing whether the respondents were representative of the different demographic categories. The general information of the respondents including gender, age, marital status and level of education were captured in the first section. The study first assessed the age distribution of the respondents. This was aimed at determining whether the study had captured respondents from the different age distributions. As noted by Ouru (2008), the age of the respondents determines their vigour and perceptions on issues. The results are presented in Table 4.

Table 4: Age of the Respondents

| Age in Years | Citizens | | DA Officials | |
|--------------|-----------|---------|--------------|---------|
| | Frequency | Percent | Frequency | Percent |
| 20-30 | 474 | 49.2 | 99 | 22.3 |
| 31-40 | 295 | 30.6 | 167 | 37.7 |
| 41-50 | 123 | 12.8 | 108 | 24.4 |
| 51-60 | 52 | 5.4 | 51 | 11.5 |
| 60 and above | 19 | 2.0 | 18 | 4.1 |
| Total | 963 | 100.0 | 443 | 100.0 |

Source: Field Survey, Scott (2014)

Table 4 shows that 49.2 percent of the citizens who took part in the study were between 20 and 30 years of age while 79.8 percent of the citizens who responded were 40 years or below (N=963). This shows that most of the citizen respondents were relatively young or middle aged. On the part of DAs, 60 percent of the responding DA officials were aged 40 years and below while 37.7 percent were aged between 31 and 40 years (N=443).

The study then sought to find out the gender representation of respondents. This was aimed at establishing whether the study had fairly represented both male and female respondents. Beins (2009) posited that it is critical to report gender of respondents in a study involving men and women such that research outcomes can be compared and contrasted with other studies on the gender distribution dimension. The results indicated that for citizen respondents (N=963), males were 69.3 percent while female were 30.7 percent. On the part of DA official respondents (N = 443), 77.9 percent were male while 22.1 percent were female.

Additionally, the study sought information about the highest levels of education attained by the respective respondents and results are presented in Table 5. The results show that 66.8 percent of the citizens had reached tertiary level of education while 23.3 percent had reached secondary school level. This shows that majority of the citizens were educated and literate and thus were able to articulate the issues raised during the data collection process properly. The results are explained by the fact that the study used convenience sampling where teachers and civil society members who represent a population segment which has relatively higher levels of education.

Table 5: Educational Level of the Citizen Respondents

| Level | Frequency | Percent |
|---------------|-----------|---------|
| M.S.L.C/J.H.S | 61 | 6.3 |
| Secondary | 221 | 23.3 |
| Tertiary | 643 | 66.8 |
| Others | 38 | 3.9 |
| Total | 963 | 100.0 |

Source: Field Survey, Scott (2014)

Similarly, the highest education qualifications of the responding DA officials were investigated. This was designed to establish whether DA officials held levels of education that was commensurate to their responsibilities. The study results are presented in Figure 2. The results indicated that most of the DA officials had bachelors' degree (54.14%) while 13.95 percent had masters' degree. These results indicate that the DA officials were generally highly educated which

implied that they could have the required capacity to handle their responsibilities competently. According to Boadu, Dwomo-Fokuo, Boakye and Kwaning (2014), in terms of educational background, the employees of the assemblies tended to be well educated as evidenced in the job advertisements for various positions especially those dealing with PFM matters.

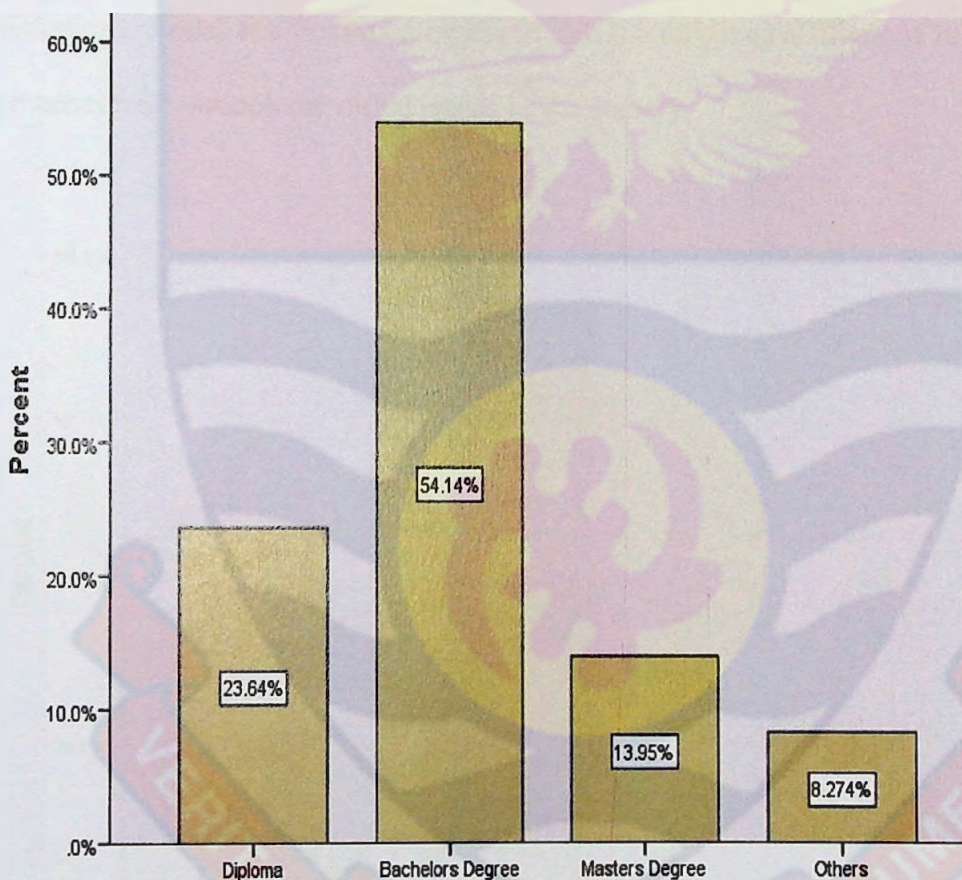


Figure 2: Academic Qualifications of Districts Officials

Source: Field data, 2014

The study also sought to find the religious persuasions of the respondents which aimed at establishing whether the respondents fairly represented the different religious groups of Ghana. The results are presented in Figure 3. These

results indicated that Christians were the majority (74.095%) while those with no religious belief constituted 1.4 percent. The findings indicated that the major religions were represented in the study indicating that the respondents may fairly be representative of the population. The findings reflect results by Addai and Pokimica (2014) who found that the Ghanaian society had diverse religious affiliations. Addai and Pokimica observed that the religious affiliations influenced the adherents' outlook on varied issues in the society.

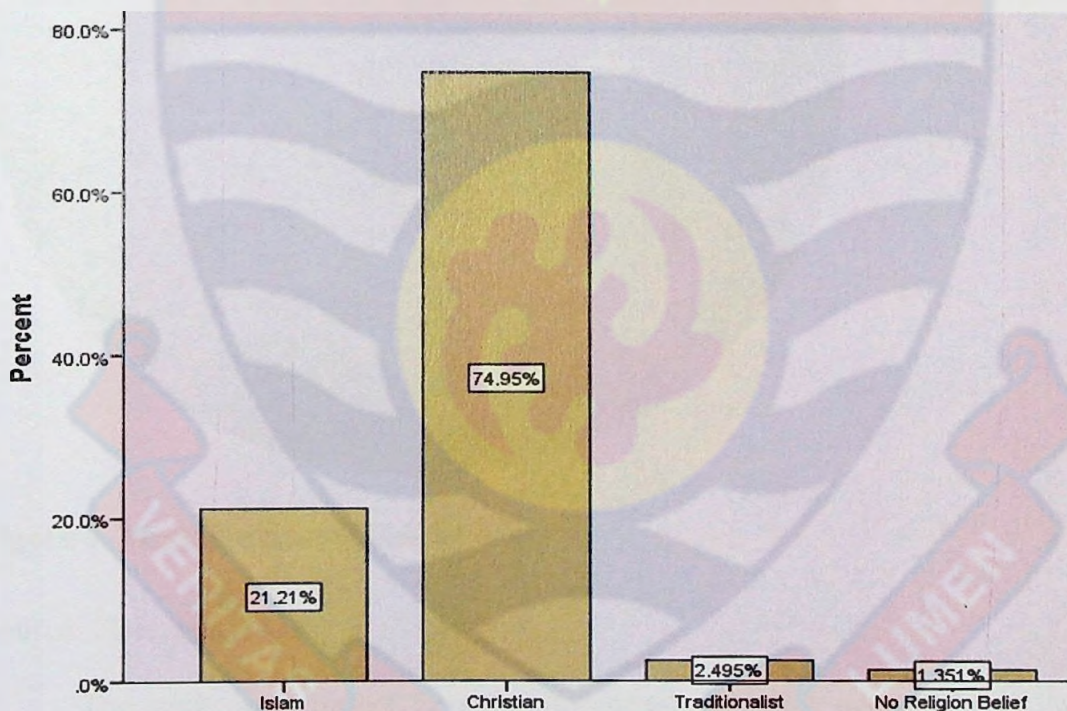


Figure 3: Religion of the Citizens

Source: Field data, 2014

The study then sought to find the marital status of the respondents with the results presented in Figure 4. The results show that, 48.38 percent of the

respondents were single while 44.84 percent reported that they were married. The citizen respondents who were divorced were 2.92 percent.

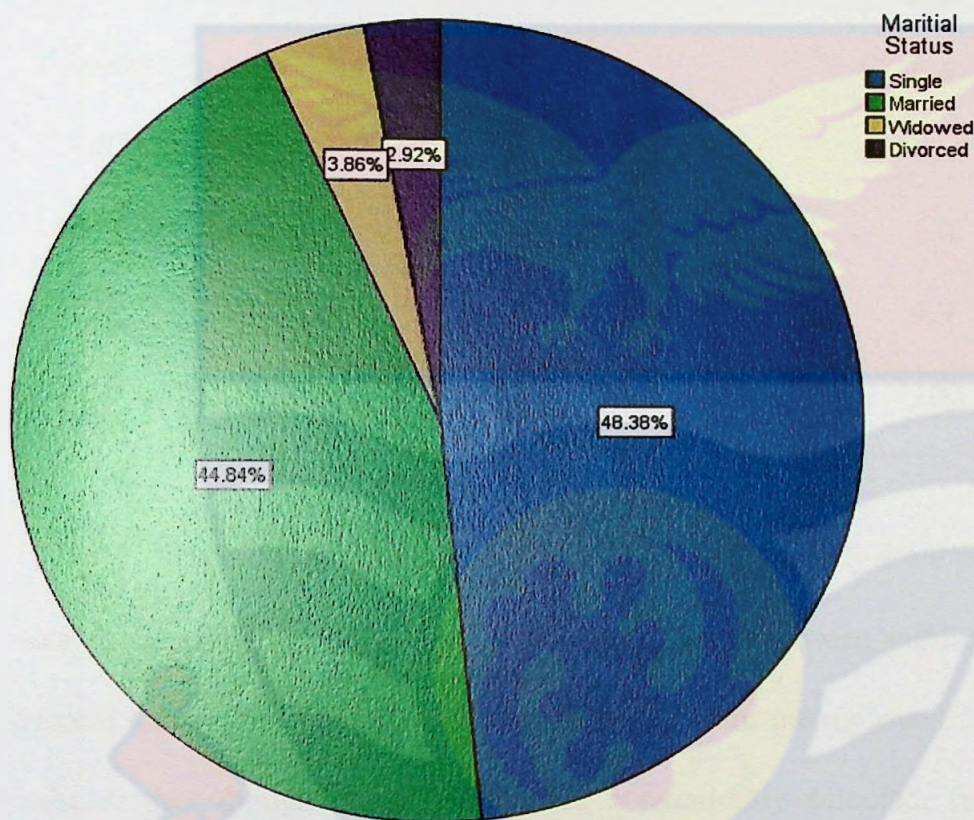


Figure 4: Marital Status of Respondents

Source: Field data, 2014

The study went further to seek information regarding occupation of the citizen respondents and results are presented in Table 6.

Table 6: Occupation of the Citizens

| Occupation | Frequency | Percent |
|----------------------|-----------|---------|
| Professionals | 367 | 38.1 |
| Artisan | 61 | 6.3 |
| Businessman | 82 | 8.5 |
| Farmers | 62 | 6.4 |
| Civil/Public Servant | 286 | 29.7 |
| Unemployed | 58 | 6.0 |
| Other | 47 | 4.9 |
| Total | 963 | 100.0 |

Source: Field Survey, Scott (2014)

The results show that 38.1 percent revealed that they were professionals in various fields while 29.7 percent revealed that they were public servants. Six percent of the respondents indicated that they were unemployed. These findings indicate that though the citizens were conveniently selected, the respondents comprised people from various fields and hence gave diverse perspectives of public funds management and service delivery. The study also sought duration of service or work experience which the district assemblies' officials had in their respective DAs. The results obtained are shown in Figure 5.

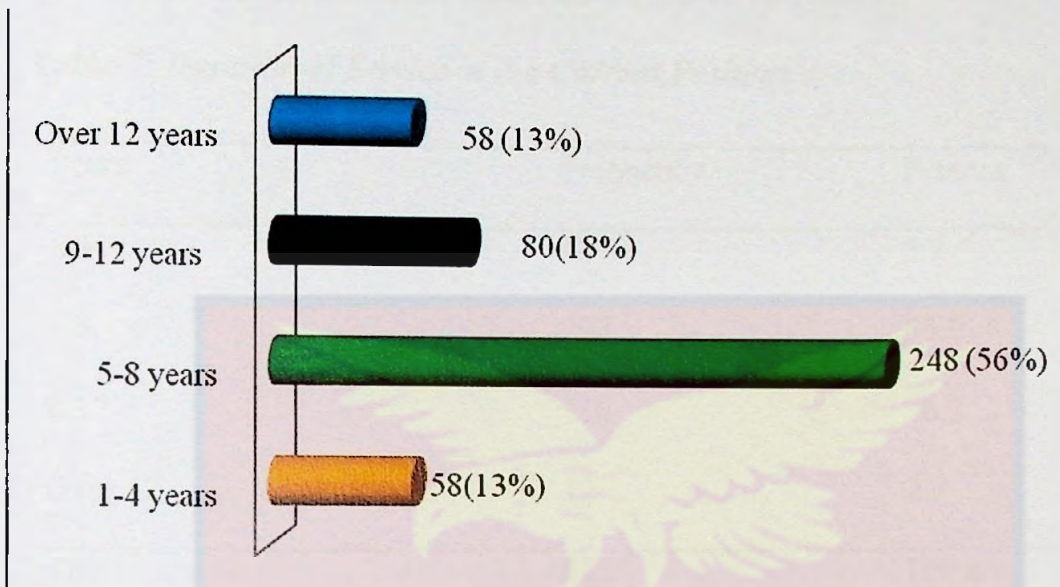


Figure 5: Duration of Service in the District Assembly

Source: Field data, 2014

The results shows that majority (56%) of the district assembly officers had been in service for between five to eight years while 18 percent indicated that they had been in service for a period of nine to 12 years. Thirteen percent indicated that they had been in the district assembly for duration of between one and four years while a further 13 percent had been in service for more than 12 years. The findings show that the respondents had spent considerable number of years in the DAs and thus were appropriate and credible sources of information for this study as they understood the issues and were well versed with the matters within the scope of this study.

The study went on to find out the duration of service or work experience which the district assemblies' officials had in their current positions. Most of the Assemblies staff selected were officials currently with duties and schedules related to PFM management and service delivery. This was to ensure that such

respondents had current and proficient knowledge on the subject matter which was being studied. The results obtained are shown in Table 7.

Table 7: Duration of Service in the Current Position

| Years | Frequency | Percent |
|---------|-----------|---------|
| 1-4 | 23 | 5.2 |
| 5-8 | 292 | 65.9 |
| 8-12 | 116 | 26.2 |
| Over 12 | 12 | 2.7 |
| Total | 443 | 100.0 |

Source: Field Survey, Scott (2014)

The results show that 65.9 percent of the district assembly officers had been in service in the current position for between five and eight years while 26.2 percent had been in that position for a period of eight to twelve years. This shows that the district assembly officials selected were well versed with issues which related to the DAs and PFM and thus contributed to credible information and results.

Hodgson (1998) reveals the relevance of learning in the allocative efficiency theory as a supplement to the transaction cost theory and emphasizes the need for the transmission of information and the generation of appropriate practical knowledge. The extent to which DA officials have gathered practical knowledge in the organisation is therefore relevant for the transaction cost theory and its implications for financial management. The results imply that most of the

DA officials had an in-depth knowledge of their DAs and thus provided relevant information on how public financial management influence service delivery.

Service Delivery in the District Assemblies

This section presents the findings on service delivery as it was the dependent variable. This section was deemed important as the concept of service delivery is continuously referred to in the subsequent chapters dealing with distinct study objectives. The conceptual framework indicates that service delivery as the dependent variable is or can be influenced by the six components of public funds management practices - budgeting, revenue mobilization, expenditure and payments, auditing, accounting and financial reporting and PFM regulatory framework. Service delivery in this study was grounded on the allocative efficiency perspective which calls for optimal resource allocation to activities which go to better the lives of citizens. Service delivery is also appropriately explained by the NPM which emphasizes private sector management approach in public affairs to ensure quality services to citizens.

The analytical framework for assessing service delivery in the DAs involved rating the service delivery on a five point rating scale. Both the DA officials and citizens rated service delivery in social services, public works, and justice and security. The rating was from very bad (which was the worst rating) to very good (which was the best rating). A number of issues were listed for the citizens to indicate the extent to which they perceived those issues affected service delivery. Five point rating scale (from very little extent to very high

extent) were used to measure how these issues affected service delivery. The study relied on both the citizens and the DA officials to have an unbiased view of service delivery. The issues assessed included information sources for citizens on DA matters, ratings of services delivery in various sectors and the explanation of those ratings. The results are presented in the following sub sections.

Information Dissemination in the District Assemblies

Citizen respondents were requested to indicate the sources and frequency of information regarding their district assemblies. The results presented in Table 8 reveal that 37.6 percent indicated that they received the information through the radio, 23.3 percent indicated that it was through observations while 14 percent received through political rallies. On the other hand, 11.5 percent of the respondents revealed that they got the information through District Assembly newsletters and newspapers respectively. These findings concur with the results from a study by Kahkonen and Lanyi (2001) which emphasized importance of information about government policies and activities reaching citizens.

Table 8: Information Sources

| Information Source | Frequency | Percent |
|------------------------------|-----------|---------|
| District Assembly Newsletter | 111 | 11.5 |
| Radio | 362 | 37.6 |
| Newspaper | 111 | 11.5 |
| Political Rallies | 135 | 14.0 |
| Observation | 224 | 23.3 |
| Others | 20 | 2.1 |
| Total | 963 | 100.0 |

Source: Field Survey, Scott (2014)

Frequency of information provided on district assembly matters relating to service delivery was also enquired from the citizen respondents. The results are illustrated in Figure 6. Results revealed that 30.7 percent of the respondents indicated that they rarely received information on service delivery. However, 21.5 percent indicated that they received the information annually, 17.2 percent received quarterly, 15.9 percent monthly while 12.5 percent indicated that they received the information weekly. These study results support earlier findings by Khan and Hildreth (2004) who indicated that all relevant information is not released to the public in a timely and regular manner and hence the public are not enabled to make informed decisions.

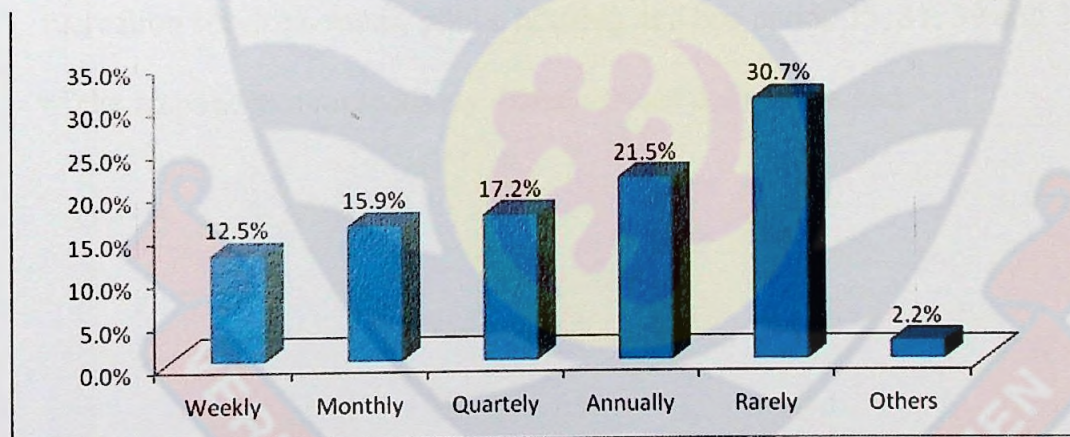


Figure 6: Frequency of Information

Source: Field data, 2014

District Assemblies' Service Delivery Ratings

The study proceeded to pose a set of questions to get insights on the nature of service delivery. Percentages were used to analyze the responses in each category. Service delivery ratings by citizens are presented in Table 9. Measurement was on a five point rating scale where one represented very bad, two represented bad, three represented satisfactory, four represented good and five represented very good. The results revealed that 49 percent of the citizens indicated that service delivery on conflict resolution was satisfactory whereas 47 percent indicated that service delivery in both health and facilitating justice promotion was satisfactory. Additionally, 45 percent of the citizens indicated that service delivery in education was satisfactory. In the service delivery areas for recreation services, roads, public housing and bus parks, 35, 31, 39 and 35 percent of the respondents respectively, listed service delivery as bad.

Table 9: Service Delivery Rating by Citizens in Percentages

| Services | 1 | 2 | 3 | 4 | 5 |
|-----------------------------------|----|----|----|----|---|
| Health | 8 | 15 | 47 | 25 | 6 |
| Education | 6 | 16 | 45 | 26 | 7 |
| Sports | 11 | 29 | 39 | 17 | 5 |
| Agricultural Extension services | 6 | 27 | 38 | 21 | 7 |
| Social welfare | 7 | 28 | 41 | 17 | 7 |
| Culture | 10 | 26 | 36 | 19 | 9 |
| Fire and emergency service | 13 | 25 | 36 | 19 | 7 |
| Recreation services | 19 | 35 | 31 | 11 | 5 |
| Roads | 21 | 31 | 26 | 16 | 5 |
| Water access | 11 | 28 | 34 | 20 | 6 |
| Sanitation(sewerage and garbage) | 15 | 29 | 35 | 16 | 5 |
| Electricity | 16 | 28 | 34 | 18 | 4 |
| Public housing | 20 | 39 | 27 | 11 | 4 |
| Street lighting | 17 | 31 | 32 | 14 | 5 |
| Bus parks | 19 | 35 | 29 | 13 | 4 |
| By laws | 12 | 26 | 42 | 15 | 5 |
| Security | 8 | 22 | 43 | 22 | 6 |
| Conflict resolution | 5 | 16 | 49 | 22 | 8 |
| Facilitating promotion of justice | 8 | 19 | 47 | 20 | 6 |

Source: Field Survey, Scott (2014)

These results on ratings on health services are in agreement with the findings by Prakash (2015) that devolved health care facilities in India provided poor service. The study also agrees with results by Otieno et al. (2014) in Kenya who established that public service delivery was poor in decentralized governments. However, the findings disagree with results from Tshandua and Kariuki (2010) and Nayak and Samanta (2014) whose studies indicated that decentralized management of public services had led to improved quality of services.

To provide further analysis of the data on service delivery, mean scores and standard deviation for service delivery level ratings for citizens were also computed and results are as indicated in Table 10. Measurement was on a five point rating scale where one represented very bad, two represented bad, three represented satisfactory, four represented good and five represented very good.

Table 10 shows that the provision of services such as public housing, street lighting, bus parks, recreation services and roads were rated as poor as shown by mean scores: 2.34, 2.55, 2.44, 2.41 and 2.51 respectively. However, provision of services such as health, education and conflict resolution were rated as satisfactory as shown by mean scores of 3.03, 3.10 and 3.07 respectively. Since most of the services were rated as poor by the citizens, the study also agrees with results by Prakash (2015) in India who established that health sector services in were poor as indicated by long waiting lines and lack of drugs in the health facilities.

Table 10: Service Delivery Rating by Citizens – Means and Standard Deviations

| Rating of service delivery in | Mean | Std. Deviation |
|-----------------------------------|------|----------------|
| Social Services: Health | 3.03 | .94488 |
| Education | 3.10 | .95018 |
| Sports | 2.72 | .98399 |
| Agricultural Extension services | 2.90 | .96994 |
| Social welfare | 2.84 | .95417 |
| Culture | 2.86 | 1.06070 |
| Fire and emergency service | 2.77 | 1.06423 |
| Recreation services | 2.41 | 1.00043 |
| Public Works: Roads | 2.51 | 1.12889 |
| Water access | 2.81 | 1.06691 |
| Sanitation(sewerage and garbage) | 2.66 | 1.05148 |
| Electricity | 2.64 | 1.05294 |
| Public housing | 2.34 | .98261 |
| Street lighting | 2.55 | 1.05962 |
| Bus parks | 2.44 | 1.01445 |
| Justice and Security: By laws | 2.72 | .96477 |
| Security | 2.94 | .96218 |
| Conflict resolution | 3.07 | .90673 |
| Facilitating promotion of justice | 2.94 | .95278 |

Source: Field Survey, Scott (2014)

Rating of service delivery by the responding DA officials is presented in Table 11. Measurement was on a five point rating scale (1-Very bad, 2-Bad, 3-

Satisfactory, 4-Good and 5-Very good). The results were analyzed using percentages.

Table 11: Rating of service delivery by Districts Officials in Percentages

| Services | 1 | 2 | 3 | 4 | 5 |
|-----------------------------------|-----|------|------|------|------|
| Health | 1.6 | 2.5 | 40.2 | 49.4 | 6.3 |
| Education | 0.7 | 4.1 | 40.0 | 43.6 | 11.8 |
| Sports | 2.9 | 19.6 | 52.4 | 20.8 | 4.3 |
| Social welfare | 1.1 | 11.7 | 49.2 | 30.5 | 7.5 |
| Culture | 1.1 | 10.6 | 56.2 | 25.1 | 7.0 |
| Roads | 9.5 | 21.4 | 33.9 | 28.2 | 6.9 |
| Water access | 3.6 | 12.0 | 38.1 | 34.5 | 11.8 |
| Sanitation (sewerage and garbage) | 4.3 | 16.0 | 43.6 | 29.3 | 6.8 |
| Electricity | 2.5 | 12.6 | 42.9 | 30.7 | 11.3 |
| Other Infrastructure | 2.5 | 13.1 | 52.1 | 23.9 | 8.3 |
| By laws | 1.8 | 16.3 | 49.2 | 24.2 | 8.6 |
| Conflict resolution | 1.1 | 7.0 | 47.2 | 33.6 | 10.9 |
| Facilitating Justice | 0.9 | 5.4 | 51.2 | 33.2 | 9.3 |

Source: Field Survey, Scott (2014)

Study findings (Table 11) reveal that 56.2 and 52.4 percent of DA official respondents rated service delivery in culture and sports respectively as satisfactory. Further results indicate that 52.1 percent of DA officials who responded rated service delivery in other DA infrastructure as satisfactory while

51.2 percent rated service delivery in facilitating justice as satisfactory. Further findings reveal that 49.2 percent of DA officials who responded rated service delivery in social welfare as satisfactory. However, results revealed that service delivery was rated as good by most DA official respondents in health (49.4%) and education (43.6%). The findings agree with a study by Tshandua and Kariuki (2010) and Nayak and Samanta (2014) which were based on views of government officials who noted that decentralized services were good.

The study by Enofe et al. (2013) concluded that citizens are usually biased when rating some services since they usually apply a very high standard and have very high expectations from the government and local authorities. However, Enofe et al. noted that the community is the one that is better placed to rate the service they receive since they are the recipients and target for any reforms. This can be deduced in this study as most of the citizens rated service delivery as satisfactory with a few areas getting a bad rating. However, the DA officials who responded rated most of the listed areas as providing satisfactory services. There was no area that received a bad rating whereas a few areas received a 'good' rating.

The ratings from DA officials surveyed were also analyzed using mean scores and standard deviations. Table 12 shows the results obtained from the district assembly official respondents with regard to rating of the service delivery. Measurement was on a five point rating scale (1-Very bad, 2-Bad, 3-Satisfactory, 4-Good and 5-Very good). This table provides the mean scores and standard deviations of the ratings by DA officials.

Table 12: Rating of Service Delivery by DA Officials - Means and Standard Deviations

| Services | Mean | Std. Deviation |
|----------------------------------|------|----------------|
| Social Services: | | |
| Health | 3.55 | .70710 |
| Education | 3.61 | .76510 |
| Sports | 3.01 | .80558 |
| Social welfare | 3.30 | .80827 |
| Culture | 3.23 | .75442 |
| Public Works: | | |
| Road | 2.96 | 1.03812 |
| Water access | 3.34 | .93437 |
| Sanitation(sewerage and garbage) | 3.12 | .88034 |
| Electricity | 3.27 | .86586 |
| Other Infrastructure | 3.11 | .76033 |
| Justice and Security: | | |
| By laws | 3.15 | .82466 |
| Conflict resolution | 3.41 | .78288 |
| Facilitating Justice | 3.39 | .72725 |

Source: Field Survey, Scott (2014)

The results in Table 12 show that, on social services, the DA officials rated the provision of health, sports, social welfare and culture as satisfactory as shown by mean scores of 3.45, 3.01, 3.30 and 3.23 respectively. However, the provision of education was rated as good as shown by a mean score of 3.61 on the Likert scale. On public works, provision of roads, water access, sanitation (sewerage and garbage), electricity and other infrastructure, the DAs rated the service as satisfactory as shown by mean scores 2.96, 3.34, 3.12, 3.27 and 3.11

respectively. Moreover, the DA officials rated the provision of by-laws, conflict resolution and facilitating justice as satisfactory as shown by mean scores of 3.15, 3.41 and 3.39 respectively.

These findings were contrary to the observation of Denhardt and Denhardt (2002) that under evolving forms of governance, government is playing a pivotal role in delivering services to society. Denhardt and Denhardt (2002) had noted that to have equitable distribution of services in a country, many jurisdictions have adopted new public service paradigms which have improved service delivery to the people. However, in the current study, though Ghana has adopted devolved system of government, the results imply that the decentralization agenda has not resulted in equity and improvement in service delivery as was envisaged under the decentralized units.

Results from the focus group discussions with regard to service delivery were also analyzed through thematic summary analysis. The results from focus group discussions held in Tema indicated that delivery of services such as roads, sanitation and many others, were not satisfactory in the districts. It was emphasized that in the urban areas, roads and sanitation were in deplorable state. This situation was blamed partly on the fact that land plots were not serviced before being sold to people as compared to the situation in neighbouring countries such as Togo and Cote D'ivoire. These results indicated an agency problem where the public officials given the mandate to manage public funds do not provide the services to the citizens. These findings are supported by earlier findings by Leruth

and Paul (2006) that poor service provision in developing countries was an indication of poor financial management.

The study further sought to establish the factors influencing service delivery as it was the dependent variable. Mathews and Shulman (2005) argued that the public sector is inherently inefficient in service delivery because of the relative absence of incentives that exist in the private sector, especially those that operate in a more open market and often has a decentralized model of decision-making. The purpose of the public sector can be viewed as a paradox in the pursuit of public good and a sustainable competitive advantage. Mathews and Shulman (2005) further intimated that there are various challenges to efficient delivery of service.

Issues Indicated by Citizens to Influence Service Delivery

The study sought to establish the extent to which various factors influenced service delivery in social services. The ratings of the influence was on a scale of one to five (Very Little - Very High). Percentages were used to analyze the responses and results are presented in Table 13. The study results (Table 13) reveal that corruption was the most rampant challenge affecting service delivery. This was indicated by 51.7 percent of the citizen respondents to have a very high influence on service delivery. Other issues that most of citizen respondents perceived to have high influence on service delivery included inadequate capacity (27.4%), lack of clear cooperation (30%) and duplication of services.

Table 13: Extent to which Issues Influence Service Delivery in Percentages

| Issues | 1 | 2 | 3 | 4 | 5 |
|---|------|------|------|------|------|
| Uneven Distribution of Funds | 18.8 | 21.6 | 16.9 | 22.9 | 19.7 |
| Reduced Own Sources of Revenue | 8.7 | 23.9 | 22.8 | 25.4 | 19.1 |
| Poor Harmonization | 11.2 | 19.3 | 23.6 | 26.0 | 20.0 |
| Insufficient Support | 10.6 | 20.1 | 24.1 | 24.6 | 20.5 |
| Unpredictable Transfers | 10.3 | 20.4 | 20.3 | 27.0 | 22.1 |
| Little control over recruitment, transfers and staffing | 8.1 | 18.9 | 25.3 | 23.6 | 24.0 |
| Duplication of Services | 9.3 | 18.2 | 22.1 | 25.1 | 25.3 |
| Inadequate Capacity | 8.6 | 19.3 | 20.9 | 23.9 | 27.4 |
| Lack of Clear Cooperation | 7.5 | 15.5 | 24.7 | 30.0 | 22.3 |
| Lack of Clear Participation | 7.9 | 15.6 | 23.1 | 29.1 | 24.4 |
| Lack of Clear Responsibilities | 6.6 | 15.2 | 22.4 | 33.3 | 22.4 |
| Lack of Clear Policy | 6.1 | 14.5 | 20.1 | 32.6 | 26.6 |
| Poor Monitoring and Evaluation | 7.9 | 13.3 | 16.5 | 24.3 | 37.9 |
| Corruption | 5.3 | 8.0 | 14.2 | 20.8 | 51.7 |

Source: Field Survey, Scott (2014)

Additional findings revealed that 33.3 percent indicated that lack of clear responsibilities influenced service delivery highly, with 32.6 percent indicating that lack of clear policy had a high influence on service delivery. These findings are consistent with those of a study by Khan and Chowdhury (2012). Khan and Chowdhury had established that regardless of how well budgeted and technically

equipped PFM institutions are, devolved units on their own and without the enabling governance environment of full political rights and civil liberties, will have little or no capacity to produce the desired outcomes of quality service delivery in any country.

Further analysis using mean scores and standard deviation was conducted on the factors that influence service delivery. According to the results presented in Table 14, citizens reported that factors such as uneven distribution of funds (2.96), poor harmonization (3.16), insufficient support (3.18), little control over recruitment (3.30), duplication of services (3.31), inadequate capacity (3.35) and lack of clear cooperation (3.39), influenced service delivery to a moderate extent. However, factors such as poor monitoring and evaluation, and corruption were reported to have a high influence on service delivery.

These findings support the observation by Jordaan (2013) that developing countries are enveloped with poor service delivery due to poor public funds management involving corruption, diversion of funds and poor prioritization of projects. Moreover, the poor service delivery by DAs negates the equity and justice philosophy which was the basis for the decentralization in Ghana. The study results further indicate that the goal of decentralization in Ghana which was to equitably distribute national and regional income among the DAs for commensurate service provision to the citizens (Panford, 2001) has not been achieved.

Table 14: *Extent to which Issues Influence Service Delivery – Means and Standard Deviations*

| Factor | Mean | Std. Deviation |
|---|------|----------------|
| Uneven distribution of funds | 2.96 | 1.38495 |
| Reduced own sources of revenue | 3.15 | 1.22034 |
| Poor harmonization | 3.16 | 1.25213 |
| Insufficient support | 3.18 | 1.25569 |
| Unpredictable transfers | 3.22 | 1.27155 |
| Little control over recruitment, transfers and staffing | 3.30 | 1.23648 |
| Duplication of services | 3.31 | 1.27276 |
| Inadequate capacity | 3.35 | 1.28617 |
| Lack of clear cooperation | 3.39 | 1.18905 |
| Lack of clear participation | 3.41 | 1.22150 |
| Lack of clear responsibilities | 3.44 | 1.16946 |
| Lack of clear policy | 3.53 | 1.18524 |
| Poor monitoring and evaluation | 3.66 | 1.30599 |
| Corruption | 4.02 | 1.21326 |

Source: Field Survey, Scott (2014)

Budgeting Practices and Service Delivery

This section presents the results on budgeting practices and service delivery. The first objective of the study was to determine the influence of the budgeting practices on service delivery. The conceptual framework adopted in the study infers that budgeting practices can have an influence on service delivery through prioritizing projects, ensuring that the people participate in the budgets and also ensuring that the laid down budgets are followed when allocating funds. Budgeting is grounded on systems theory, transaction cost theory as well as allocative efficiency perspective where it follows systematic processes in order to make it efficient and effective for quality service delivery (Flamholtz, 1983).

Analysis in this section focused on procedures and policies guiding budgeting and planning process in the districts and efficiency of the existing budgeting and planning practices. These were rated on a four point rating scale (1-Very Inefficient, 2-Inefficient, 3-Efficient and 4-Very Efficient). The link of budgeting and planning to service delivery was also assessed on a five point likert scale (1-Strongly Disagree, 2-Slightly Disagree, 3-Neutral, 4-Slightly Agree and 5-Strongly Agree). The extent that budgeting and planning practices influenced service delivery was assessed on a five point likert scale (1-Very Low Extent, 2-Low Extent, 3-Moderate Extent, 4-High Extent and 5-Very High Extent). Analysis was conducted through percentages, mean scores, standard deviations, regression and thematic analysis.

Budgeting and Planning Policies

To establish the influence of budgeting practices on service delivery in Ghana's DAs, several questions regarding budgeting and planning practices were posed to the citizens, DA officials, interviewees and participants in focus group discussions. Various documents such as budget and strategic plans as well public meetings notice were verified. The results presented in this chapter relate to the analysis through percentages, mean scores, standard deviations, correlation matrix, multiple regression and thematic summary analysis. First, a question was posed on whether there was laid down procedures which guide the budgeting practices of the assemblies studied.

The study results revealed that majority (95.5%) of the DA officials indicated that there were laid down procedures/policies to guide the budgeting and planning process in the District Assemblies. The results imply that all the DAs had guidelines but only very few DA officials were not aware of them. However, since most DA officials were aware of the policies and procedures, this indicated that the devolved systems in Ghana attach much importance to policies and procedures. These findings relate with the explanation by Ma and Yu (2012) that policies are important in setting limits and giving guidelines to stakeholders involved in the budget process and thus the need for all players to be aware of such policies.

The study also enquired as to whether the policies were uniform across the DAs. The results show that, to the majority (84.7%) of the District Assembly officials, the policies were uniform. This implies that the DAs have been sharing the best practices. This finding agrees with the observation by Bhatia (2009), who noted that many best practices which are useful in making budget efficient are generic. However, Bhatia advises that a budget should follow systematic processes in order to make it efficient. The findings are also in line with findings by Bartle and Ma (2004) who indicated that many of the values of the normative best practices framework of public funds management, such as budgeting, are manifestations of the transaction cost theory.

To establish the influence of budgeting on service delivery, the study enquired about the budgeting procedures and policies adopted by DA. The DA officials stated that budget committees are formed by the assemblies for the designing of the budget. Further, the responding DA officials indicated that action plan for the year are prepared and a fee fixing resolution passed before the budget is prepared. Budgeting and planning of the assemblies start from sub-committees to executive committee level. To facilitate the participation in the budgeting process, the responding DA officials indicated that information gathered from stakeholders forms the basis of preparing the budget. These results concurred with DfID's (2001) position that in public agencies, certain laid down procedures in budgeting must be followed to standardize the process and ensure that personal discretion in the process does not occur.

According to the DA officials, all departmental budgets are brought together and a composite budget prepared out of them. Further, the officials indicated that all districts develop their plans to conform to National Development Planning Commission (NDPC) guidelines - out of which the DA budget is drawn. Medium Term Development Plans (MTDP) of the DAs are harmonized with national policies which serve as a guide to budgeting and planning. These findings indicate that the procedure for budget making is seen to follow the bottom-up approach advocated by DfID (2001). This ensures that budgets of lower units are scrutinized and sanctioned by higher authorities and unnecessary spending thwarted.

Budgeting Processes in the District Assemblies

The study enquired about the actors involved in the budgeting and planning processes in the DAs. This item was directed to the DAs officials since they were deemed sufficiently informed in relation to who participated in budgeting and planning process in the assemblies. The results are presented in Table 15. The study established that subcommittee members were the most involved in the budgeting and planning as revealed by 42 percent of the DA officials. A further 18.5 percent of the respondents indicated that D.A Senior administrators were involved as well as the Central Government Representatives as reported by 17.2 percent of the respondents. The local community was involved to a very little extent as revealed by 6.1 percent of the respondents.

Table 15: *Persons Involved in Budgeting and Planning*

| Persons in budgeting and planning | Frequency | Percent |
|-----------------------------------|-----------|---------|
| Central Government Representative | 76 | 17.2 |
| D.A Senior Administrators | 82 | 18.5 |
| Subcommittees Members | 186 | 42.0 |
| Regional Coordinators | 19 | 4.3 |
| Middle Level Administrators | 40 | 9.0 |
| Local Community | 27 | 6.1 |
| Others | 13 | 2.9 |
| Total | 443 | 100 |

Source: Field Survey, Scott (2014)

The study investigated about existence of a district assembly strategic plan. The results indicated that majority (92.8%) of the District Assembly officials indicated that the District Assemblies had a strategic plan. Only 7.2 percent indicated that there was no strategic plan in place. The results show that majority of the DAs have adopted strategic planning in their operations. These findings imply that the DAs had strategic plans but a few officials were not aware of its existence. The researcher also checked and confirmed existence of DAs strategic plans. This indicates that the DAs were observing a critical step in budgeting as indicated by Lee (2012) who noted that strategic planning is the second important stage in budgeting which entails setting expenditure patterns and targets on the basis of macro-economic projections, ideally over 3 to 5 years.

The study then required the respondents to indicate the frequency with which the DAs reviewed their plans. The results obtained are shown in Figure 7. According to 49.2 percent of the District Assembly officials, the DAs review their plans annually while 40.4 percent review their plans quarterly. On the other hand, 10.4 percent of the respondents revealed that their DAs reviewed their plans semi-annually. These findings further indicate adherence to best practices in budgeting which indicates the need to regularly review budgets to align them with changing conditions and circumstances as noted by Latema (2013). Moreover, the study findings on budget review in the DAs concur with Wildavsky et al.'s (2013) observation that reviews are important due to enactment of new laws, adjustments in macroeconomic indices and mostly change in line with resources availability.

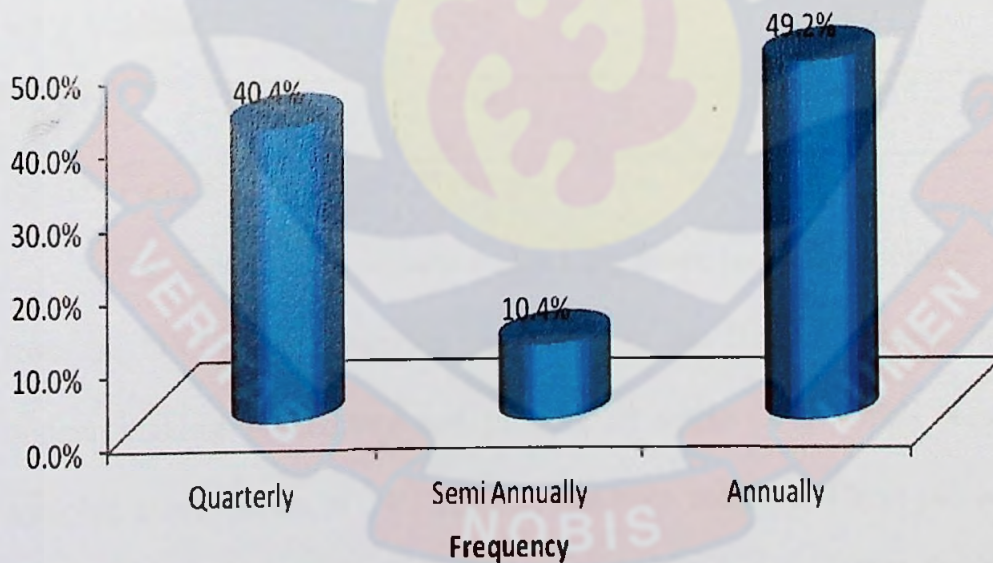


Figure 7: Frequency at which DAs Review their Plans

Source: Field data, 2014

The study required the respondents to rate the efficiency of the budgeting process. This was achieved in three steps. The first step involved asking the responding DA officials to rate the efficiency of the budgets prepared by the district assemblies. The results presented in Table 16 show that majority of the DA officials (75.2%) rated the existing budgeting and planning practices at the District Assemblies as efficient while 3.4 percent revealed that they were very inefficient.

Table 16: Ratings of Budgeting and Planning Practices by DA officials

| Ratings | Frequency | Percent |
|------------------|-----------|---------|
| Very Inefficient | 15 | 3.4 |
| Inefficient | 59 | 13.3 |
| Efficient | 333 | 75.2 |
| Very Efficient | 36 | 8.1 |
| Total | 443 | 100.0 |

Source: Field Survey, Scott (2014)

The second step involved checking from secondary sources and reports from the DAs about budgeting procedures of the DAs. The researcher analyzed budget making procedures and process of some DAs which were randomly sampled from the list of 34 DAs that had been selected. These included Afigya-Kwabre District, Tano North District, Atiwa District and Accra Metropolitan District. The third step involved checking for secondary data that covered the subject area. The secondary materials used included the composite budget manual for district assemblies by the Ministry of Finance (2012). This analysis

established that most DAs had medium term plans covering five years which were reviewed by the DA annually. It emerged that the DAs had budget committees which monitor preparation, implementation and post implementation.

Additionally, the budget committee in the DAs requested for proposals from all heads of departments. These proposals are then discussed, reviewed and approved. In the process, departmental managers attended budget committee meetings to defend their proposals. The analysis by the researcher and the comparison with secondary materials on budget making procedures tallied with the observation of the DAs about the budget making process being efficient. The study results agree with findings by Broback and Sjolander (2002) that efficiency in budget making is important to ensure that unnecessary processes and procedures are done away with. However, the study findings on uniformity of budget preparation in the DAs differed with Khan and Hildreth (2002) who observed that it is difficult to find standardized approach or technique in public budgeting.

Further, participants in the focus group discussions in Tema agreed that the processes for the preparation of the budget and plans for the districts were efficient. Documentation and planning processes for the budgets were said to be very good. The participants indicated that the difficulties lay with the implementation of the plans and budget and politicization of the budget making process. This was because the political bosses often brought contingencies that are not catered for in the budget. Though, Khan and Hildreth (2003) explain that budgeting is partly political, partly economic, partly accounting and partly

administrative, there should be a formal way of coordinating these different aspects of budgeting. Political interference in the technical and administrative aspect of budget making would lead to defeating the core importance of budget preparation (Wang, 2002).

Findings from the focus group discussion in Tamale revealed that some of the challenges identified in budget implementation included inflation, delays in releasing of funds to DAs and lack of provisions for contingencies. The participants also perceived politicians' interferences in the budgeting process as a challenge. The participants cited the politicians' tendency of making promises to the electorate despite those issues not being considered in the budgets. These findings reinforce the observation by Khan and Hildreth (2002) as well as Wang (2002) that political interference is a key challenge in budget making process. Political influence in turn weakens the role played by budgets in public funds management.

Link between Budgeting and Service Delivery

In this sub section, the study sought to establish the link between budgeting and planning practices and service delivery in Ghana's District Assemblies. Statements on inclusiveness of budgeting, allocation of adequate resources and key concerns in the budgeting process were provided. Respondents were required to indicate their level of agreement on a five point rating scale (1-Strongly disagree, 2-Slightly disagree, 3-Neutral, 4-Slightly agree and 5-Strongly agree). Percentages were used to analyze the responses. Presentation of the findings is provided in Table 17.

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The study results indicate that 57.6 percent of the responding DAs (N=443) strongly agreed that budgeting and planning process involves setting targets upon which performance is measured against while 49 percent strongly agreed that value for money is a key concern in budgeting and planning process. Additional, results revealed that 42.6 percent of the responding DAs indicated that the budgeting and planning process is realistic and practical. Thirty nine percent of the DA officials strongly agreed that the budgeting and planning processes enables conducting budget reviews and service reviews in parallel.

Table 17: Budgeting and Planning Practices and Service Delivery Link in Percentages

| Statements | 1 | 2 | 3 | 4 | 5 |
|--|-----|------|------|------|------|
| The budgeting and planning process is inclusive and wide consultations take place | 3.6 | 7.7 | 13.1 | 33.9 | 41.7 |
| Enough resources are allocated to various projects based on clear criteria understood by stakeholders | 7.0 | 15.6 | 14.0 | 35.7 | 27.7 |
| The budgeting and planning process is realistic and practical | 4.1 | 7.9 | 12.0 | 33.4 | 42.6 |
| Value for money is a key concern in budgeting/planning process | 3.4 | 7.0 | 13.5 | 27.1 | 49.0 |
| Addressing marginalization/inequalities is key concern in budgeting/planning | 2.7 | 7.4 | 23.0 | 35.7 | 31.1 |
| Budgeting/planning process involves setting targets upon which performance is measured against | 2.3 | 4.5 | 11.1 | 24.6 | 57.6 |
| The budgeting and planning processes enables conducting budget reviews and service reviews in parallel | 3.8 | 6.3 | 12.6 | 38.1 | 39.0 |

Source: Field Survey, Scott (2014)

The findings show that, as has been depicted in the conceptual framework, for budgeting practices to influence service delivery, it has to be a result of wide consultations, ensure value for money and be a standard upon which performance is measured. Moreover, the findings are in agreement with Bartle and Shields' (2008) view with regard to the values of budgeting which include accountability, efficiency and value for money. These values had been indicated by Bartle and Shields to be critical in making budgeting to be an effective tool for ensuring satisfactory public services.

Further analysis on the link between budgeting and service delivery was conducted using mean scores and standard deviation. The results are presented in Table 18. The results show that the respondents agreed that the budgeting and planning process was inclusive and wide consultations take place (3.99) and that the budgeting and planning processes enabled conducting budget reviews and service reviews in parallel (3.98). The respondents further agreed that addressing marginalization and inequalities were key concerns in budgeting/ planning as indicated by a mean score of 3.79. The concern for value for money was also emphasized having posted a mean score of 4.08 respectively. These findings indicate that best practices in budgeting were observed in the DAs. This agrees with the findings by Lu and Willoughby (2015) that best practices in budgeting such as efficiency, participation, review and value for money need to be observed.

Table 18: *Budgeting/Planning Practices and Service Delivery Link –Means and Standard Deviations*

| Statements on budgeting and planning | Mean | Std. Deviation |
|--|------|----------------|
| The budgeting and planning process is inclusive and wide consultations take place | 3.99 | 1.09105 |
| Enough resources are allocated to various projects based on clear criteria understood by stakeholders | 3.56 | 1.22747 |
| The budgeting and planning process is realistic and practical | 3.98 | 1.11437 |
| Budgeting/planning process involves setting targets upon which performance is measured against | 4.28 | .99910 |
| The budgeting and planning processes enables conducting budget reviews and service reviews in parallel | 3.98 | 1.05956 |
| Addressing marginalization/inequalities key concern in budgeting/planning | 3.79 | 1.02209 |

Source: Field Survey, Scott (2014)

The study queried the extent to which budgeting practices influence (hindered or facilitated) service. The results are presented in Table 19. The findings reveal that 33 percent of DA officials indicated that budgeting and planning practices facilitated service delivery to a moderate extent while 3.6 percent indicated that budgeting and planning practices facilitated service delivery to a very low extent (N=443). These results can be traced to the study's conceptual framework which shows that budgeting practices have an effect on the service delivery. Similarly, the study results support the NPM theory (Savoie, 2003) contention that when practices such as budgeting are made more efficient and responsive to citizen needs, they enhance service delivery.

Table 19: Extent to which Budgeting Practices Facilitate Service Delivery

| Ratings | Frequency | Percent |
|------------------|-----------|---------|
| Very Low Extent | 16 | 3.6 |
| Low Extent | 37 | 8.4 |
| Moderate Extent | 149 | 33.6 |
| High Extent | 140 | 31.6 |
| Very High Extent | 91 | 22.8 |
| Total | 443 | 100.0 |

Source: Field Survey, Scott (2014)

Results from the key informant interviews indicated that the budget structure and input by stakeholders into the budget and planning process plays a critical role and influence service delivery in the districts. Interviewees also indicated that having unrealistic budgets in the assemblies impacted negatively on service delivery. These findings seem to agree with Bhatia's (2009) argument that the budget framework should be accompanied by an account or plan of the performance of the fiscal policies and programmes of the government during the previous year. It is assumed that this account would provide a basis for ascertaining what has been accomplished, what should be aimed at, and the appropriate future direction. However, Bhatia (2009) noted that having unrealistic budgets with objectives which are unachievable can lead to implementation challenges and hence affect delivery of public service negatively.

The study also sought to establish the practices involved in the budgeting process. One practice that was assessed was on whether the DAs' budgets were made public. The results reveal that 94.9 percent of the respondents indicated that the districts budgets were made public. Only 5.1 percent of the respondents indicated that budgets were not made public. This finding imply that the budget proposals are made public which are in line with the observation by Bhatia (2009) that budgets should be widely discussed to assess their impact, and the public should participate in budget deliberations in a more constructive manner. As noted by Bhatia (2009), the secrecy surrounding budget proposals is undesirable. This finding is in line with the transaction cost theory arguments (Bartle & Ma, 2002) that information sharing on public funds appropriation reduces information asymmetry thus reducing conflicts between the government and the people.

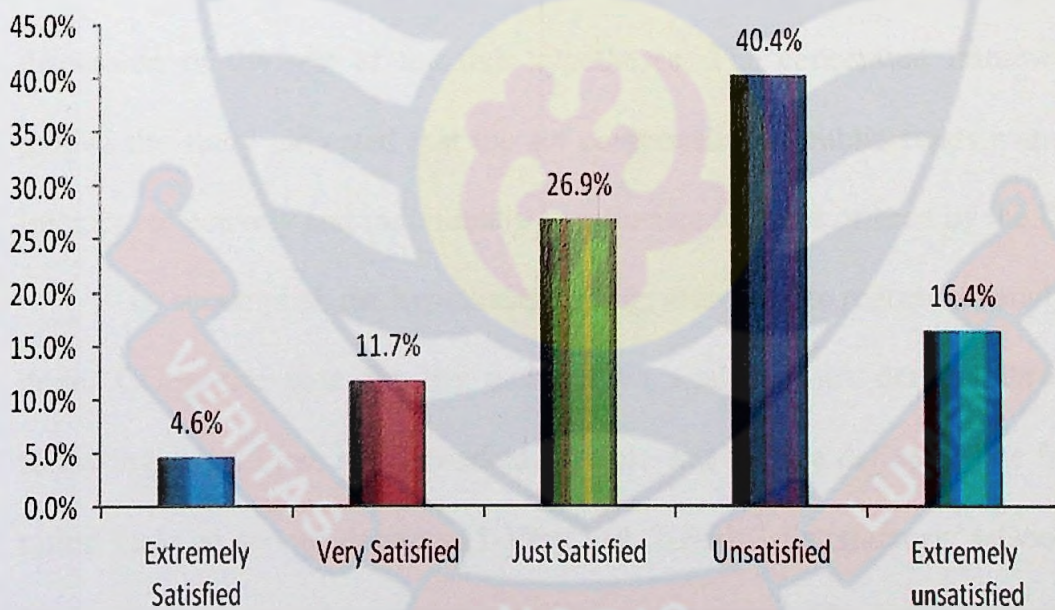
The study then sought to find out how the DA budgets are publicized and the results are presented in Table 20. The results show that 38.4 percent of the respondents indicated that public forums are mostly applied while 33.9 percent indicated the use of local FM radios. On the other hand, 17.2 percent of the respondents reported the use of newspapers while 10.5 percent indicated that the budgets were made public through local chiefs. As observed by Cuadrado-Ballesteros et al. (2012) there is need for utilization of several channels to ensure inclusion of various stakeholders in the budgeting and planning activities. The Local Government Act, 1993 (Act 462), requires DAs to encourage and initiate public participation to ensure pro poor budgets /plans and enhance accountability.

Table 20: Modes Used to Make DAs Budgets Public

| Modes | Frequency | Percent |
|--------------------|-----------|---------|
| Newspapers | 166 | 17.2 |
| Public Forums | 370 | 38.4 |
| Through the Chiefs | 101 | 10.5 |
| Local FM Radios | 326 | 33.9 |
| Total | 963 | 100.0 |

Source: Field Survey, Scott (2014)

Figure 8 shows responses on how satisfied the citizens were with regard to assemblies' management of the budgets.

**Figure 8: Satisfaction with DAs Management of the Budget**

Source: Field data, 2014

The results show that 40.4 percent of the citizens were unsatisfied while 16.4 percent were extremely dissatisfied with how the assembly managed the

budget (N=963). Only 4.6 percent were extremely satisfied with how DAs managed the budgets. Budgeting practices that follow the stipulations of NPM theory are expected to have positive impact on service delivery while budgeting practices that do not follow the best practices are expected to affect service delivery negatively (Osborne, 2009).

Hypothesis Testing for Budgeting Practices and Service Delivery

This section presents results in relation to the testing of the first hypothesis. Being the first hypothesis, this section devotes space for a discussion on measurement issues and preliminary tests for all the six hypotheses. The chapter accommodates the correlation and regression model tables for all the six hypotheses. The findings in this section are referred in subsequent chapters in the discussion of the rest of the five hypotheses. The conceptual framework that guided the study indicated that the six components of public funds management interact collectively and individually to influence services offered by the DAs.

To accomplish the hypotheses testing, multivariate regression analysis was done. Composite data for the multivariate analysis was derived through the following steps. First, the dependent variable was service delivery. The five point rating scale on service delivery (1-Very bad, 2-Bad, 3-Satisfactory, 4-Good and 5-Very gGod) was used to derive quantitative measures. The individual ratings for each item for the different aspects of service delivery were aggregated and the scores derived were used as input in the regression analysis. The independent variables were budgeting/planning practices, revenue mobilization practices,

expenditure and payments practices, auditing practices, accounting and financial reporting practices and the regulatory framework governing PFM.

Rating on the efficiency of the existing budgeting and planning practices at the DA (item 12) were used as measures for inputs in the analysis (least efficient to most efficient). The ratings of all other independent variables were conducted in the same approach and the scores were used for input in regression and correlation analysis. Ratings on the questionnaires to the DA officials in item 19 were used for revenue mobilization practices, item 25 for expenditure and payments practices, item 32 for accounting and financial reporting practices, item 38 for auditing practices and item 43 for regulatory framework governing financial management in the DAs.

Multiple regression analysis was applied as the statistical analysis procedure to test the hypothesis. Field (2005) argues that regression analysis is an effective procedure that enables a researcher to test the effect of one or more independent variables on the dependent variable. To conduct the multiple regression analysis, a number of assumptions were tested as explained hereunder. The first assumption checked was normality of the data which was conducted using Kolmogorov-Smirnov test and Shapiro-Wilk test. The latter is good for small sample sizes of less than 50 though it is sometimes used for larger samples. The rule of thumb is that the p-value should exceed 0.05 for the data to be normally distributed (Field, 2005).

Looking at the p-values in Table 21 for both tests, all the variables are significant, except service delivery, as the p-values are less than 0.05. This therefore shows that all of the independent variables were not normally distributed hence there was a need for data transformation before Ordinary Least Square (OLS) regression could be run. However, before transformation, other tests had to be performed to establish the transformation that was necessary to correct the violations with regard to all other assumptions.

Table 21: Tests of Normality

| Response | Kolmogorov-Smirnov | | | Shapiro-Wilk | | |
|-------------|--------------------|-----|------|--------------|-----|------|
| | Statistic | df | Sig. | Statistic | df | Sig. |
| Service | .068 | 337 | .001 | .994 | 337 | .162 |
| Budget | .081 | 337 | .000 | .948 | 337 | .000 |
| Revenue | .078 | 337 | .000 | .982 | 337 | .000 |
| Expenditure | .058 | 337 | .008 | .984 | 337 | .001 |
| Accounting | .180 | 337 | .000 | .900 | 337 | .000 |
| Auditing | .202 | 337 | .000 | .844 | 337 | .000 |
| Regulations | .123 | 337 | .000 | .925 | 337 | .000 |

Note: a. Lilliefors Significance Correction

Source: Field Survey, Scott (2014)

The second test checked the existence of multicollinearity, and the results are presented in Table 22. There should be no multicollinearity (strong correlation) between two or more independent variables in a regression model (Field, 2005). Dancy and Reidy (2002) suggest that a correlational matrix be drawn up before multiple regression is carried out, to examine the correlations. Dancy and Reidy added that variables are highly correlated with each other if they have correlations of 0.8 and above. The results show low correlations of less than 0.6 between the independent variables thus, multicollinearity was not a serious problem in the data.

Table 22: Correlation Matrix
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| | | Service | Budget | Revenue | Expenditure | Accounting | Auditing | Regulations |
|-------------|-----------------|---------|--------|---------|-------------|------------|----------|-------------|
| Service | Pearson | 1 | .364** | .145** | .301** | .220** | .124* | .193** |
| | Correlation | | | | | | | |
| | Sig. (2-tailed) | | .000 | .003 | .000 | .000 | .018 | .000 |
| | N | 440 | 426 | 416 | 399 | 367 | 367 | 357 |
| Budget | Pearson | .364** | 1 | .145** | .453** | .451** | .431** | .472** |
| | Correlation | | | | | | | |
| | Sig. (2-tailed) | .000 | | .003 | .000 | .000 | .000 | .000 |
| | N | 426 | 428 | 408 | 394 | 363 | 362 | 352 |
| Revenue | Pearson | .145** | .145** | 1 | .187** | .145** | -.017 | .092 |
| | Correlation | | | | | | | |
| | Sig. (2-tailed) | .003 | .003 | | .000 | .006 | .753 | .084 |
| | N | 416 | 408 | 418 | 394 | 364 | 363 | 353 |
| Expenditure | Pearson | .301** | .453** | .187** | 1 | .361** | .311** | .411** |
| | Correlation | | | | | | | |
| | Sig. (2-tailed) | .000 | .000 | .000 | | .000 | .000 | .000 |
| | N | 399 | 394 | 394 | 400 | 366 | 362 | 352 |
| Accounting | Pearson | .220** | .451** | .145** | .361** | 1 | .583** | .534** |
| | Correlation | | | | | | | |
| | Sig. (2-tailed) | .000 | .000 | .006 | .000 | | .000 | .000 |
| | N | 367 | 363 | 364 | 366 | 368 | 356 | 346 |
| Auditing | Pearson | .124* | .431** | -.017 | .311** | .583** | 1 | .528** |
| | Correlation | | | | | | | |
| | Sig. (2-tailed) | .018 | .000 | .753 | .000 | .000 | | .000 |
| | N | 367 | 362 | 363 | 362 | 356 | 368 | 349 |
| Regulations | Pearson | .193** | .472** | .092 | .411** | .534** | .528** | 1 |
| | Correlation | | | | | | | |
| | Sig. (2-tailed) | .000 | .000 | .084 | .000 | .000 | .000 | |
| | N | 357 | 352 | 353 | 352 | 346 | 349 | 357 |

** . Correlation is significant at the 0.01 level (2-tailed).

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

Source: Field Survey, Scott (2014)

Another assumption that needed to be checked for is the homoscedasticity of variance. This refers to residuals at each level of the independent variable being similar (Field, 2005). Tabachnick and Fidell (2001) argued that homoscedasticity of variance is related to the assumption of normality. Therefore, if the assumption of normality is not met, the assumption of homoscedasticity will not be met either. Since the normality test showed that the distribution was not normal for all the variables, the assumption of homoscedasticity of variance was also not met. This therefore required transformation of the data but before transformation, the assumption of independence of errors was assessed.

The study also tested the assumption of independence of errors. Tabachnick and Fidell (2001) explained that the errors of prediction should be uncorrelated or independent. The Durbin-Watson test can be used to check the correlation between errors (Field, 2005). The test statistic varies between zero and four, and a value of two indicates that errors are not correlated. In the present study, the DW statistic was 2.076 which can be said to be closer to two. The conclusion was that the errors were independent. The analysis, however, established that the assumptions of multiple regression were not met and particularly the normality and homogeneity of variance assumptions.

There was also a problem of outliers and thus data transformation before performing the multiple regression was done. Cooke (1998) stated that data transformation is beneficial if problems of linearity, normality and homoscedasticity of variance exist. Transformation of data is useful if the assumptions of standard Ordinary Least Square (OLS) are not entirely fulfilled.

OLS is not preferable because of the non-normality of the distribution of most of the dependent and independent variables. Cooke (1998) added that a recent development in dealing with such problems is to perform regression using robust errors rather than conventional OLS. This method transforms data into ranks and then applies the regression technique. However, since the data was already in ranks, this method was not appropriate. The method applied to correct the violation of OLS assumptions on use of robust errors rather than standard errors in the regression.

According to Tabachnick and Fidell (2001), robust regression is an alternative to least squares regression when data is contaminated with non normal distribution of errors and heteroscedasticity. This method was therefore applied in this study. However, SPSS does not currently support robust regression so macros (user developed programs) for SPSS developed by Hayes (2014) were applied which enabled robust regression. There were six independent variables and one dependent variable. The forced entry method was used to include these variables in the SPSS. The regression was used to explain the effect of the six independent variables on service delivery. The results of the regression are shown in Table 23.

Table 23: Robust Multiple Regression Model

| R | R ² | Adjusted R ² | SE of Estimate | R ² Change | F Change | Sig. F |
|------|----------------|-------------------------|----------------|-----------------------|----------|--------|
| .400 | .160 | .145 | 117.1988 | .160 | 10.466 | .000 |

| Coefficients | B | Std. Error | Beta | T | Sig. | Tolerance | VIF |
|--------------|---------|------------|-------|--------|------|-----------|-------|
| Constant | 115.568 | 19.676 | | 5.874 | .000 | | |
| Budget | .230 | .064 | .219 | 3.575 | .000 | .676 | 1.479 |
| Revenues | .080 | .054 | .077 | 1.480 | .140 | .947 | 1.056 |
| Expenditure | .235 | .065 | .214 | 3.621 | .000 | .947 | 1.056 |
| Accounting | .103 | .079 | .084 | 1.300 | .194 | .612 | 1.635 |
| Auditing | -.122 | .078 | -.099 | -1.562 | .119 | .633 | 1.581 |
| Regulations | .000 | .080 | .000 | -.002 | .999 | .610 | 1.639 |

Source: Field Survey, Scott (2014)

The results show that the robust regression model explained 16 percent of the variance in service delivery as measured by the R² with an F ratio of 10.466, which is significant with a probability of less than 0.001. After transformation of the data, the findings indicate that all the considered independent variables (budgeting and planning practices, expenditure and payment practices, revenue mobilization practices, accounting and financial reporting practices, auditing practices and PFM regulatory framework) could explain 16 percent of the change in service delivery.

Regression results in Table 23 indicate that budgeting practices had a positive and significant effect on service delivery ($B = 0.230, p < 0.001$). Similarly, expenditure and payment practices had a positive and significant impact on the service delivery ($B = 0.235; p < 0.001$). However, the study established that the other four practices [revenue mobilization ($B = 0.080, p = 0.140$), accounting and financial reporting ($B = 0.103, p = 0.194$), auditing ($B = -0.122, p = 0.119$) and PFM regulatory framework ($B = .000, p = .999$)] did not significantly influence service delivery.

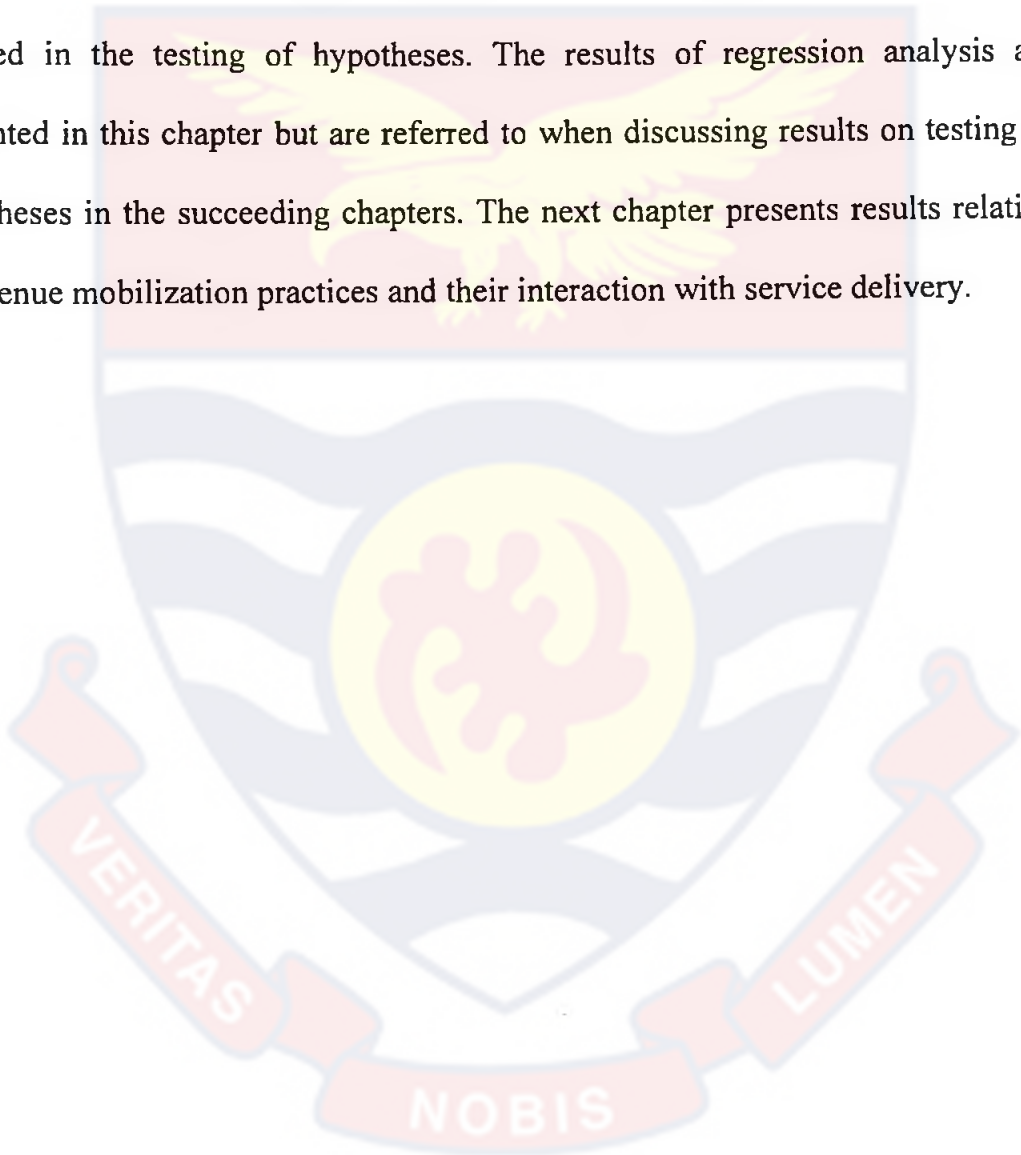
These findings were partly in line with the conceptual framework by indicating that budgeting practices together with expenditure and payments practices had significant influence on service delivery by Ghana's DAs. However, the results contrasted with what had been depicted in the conceptual framework by indicating that accounting and financial reporting, revenue mobilization, auditing and the regulatory framework governing public funds management did not have significant effect on service delivery by the DAs. These findings reveal that only two of the six practices of public funds management depicted in the conceptual framework had a significant effect on service delivery to the public by the districts.

The first hypothesis of the study was tested to establish the effect of budgeting practices adopted by District Assemblies in Ghana on service delivery. The results from the regression analysis showed that budgeting had a positive effect on service delivery. The null hypothesis, indicating that budgeting practices did not have a significant effect on service delivery, was therefore rejected in favour of the alternate hypothesis. This means that budgeting practices in District Assemblies in Ghana influence the level of service delivery by the DAs. The results are in line with the findings by He (2011) which revealed that participatory budgeting cultivated and empowered citizens and, in doing so, changed the relationship between the state and citizens. He further noted that participatory budgeting in China had improved efficiency in service delivery and prioritization of what the citizens needs. This had led to improvement in service delivery.

The study also concurs with the findings by Nayak and Samanta (2014) that people's participation in budgeting and planning had a strong effect on service delivery. Moreover, Nayak and Samanta established contributions by the participants had most notable influence on service delivery. Another study with similar findings with the current study is that by Tshandua and Kariuki (2010) conducted in South Africa. The study revealed that CDWs promoted the principle of community participation and disseminated government and other information to community members in a timely and equitable manner. This enabled the community to be in a position to access public services as a result of increased transparency and accountability by the government.

Chapter Summary

This chapter has presented the results from the study in relation to demographic statistics, budgeting practices and service delivery. The issues that have been covered in the chapter include citizen participation in budgeting, design of strategic plans, review of plans and the link between budgeting and service delivery. This chapter also presented results from the regression analysis which assisted in the testing of hypotheses. The results of regression analysis are presented in this chapter but are referred to when discussing results on testing of hypotheses in the succeeding chapters. The next chapter presents results relating to revenue mobilization practices and their interaction with service delivery.



REVENUE MOBILIZATION AND SERVICE DELIVERY

Introduction

This section presents results relating to revenue mobilization practices and their interaction with service delivery in the DAs. The conceptual framework adopted in the study indicated that revenue mobilization was one of the sub components of PFM that influenced service delivery. Revenue mobilization issues are canvassed under transaction cost theory as revenue collection practices have to be cost effective and well coordinated. As noted by Hyman (2013), issues that can be posed directly or indirectly as a contracting could be addressed in transaction management terms. Revenue mobilization was also studied under the New Public Management theory perspective in line with Osborne (2009) who contends that best practices from private sector should be adopted in the public sector to enhance efficiency and effectiveness of operations and consequently service delivery.

The issues covered in this section include presence of laid down procedures or policies guiding the revenue mobilization process and sources of DA revenues. In addition, this section presents and discusses findings on the efficiency of revenue mobilization practices at the district assemblies. The section also discusses the link between revenue mobilization practices and service delivery. The section then presents and discusses results on the hypothesis tests showing the influence of revenue mobilization practices at the DAs on service delivery.

responding DA officials on a four point rating scale (1-Very Inefficient, 2-Inefficient, 3-Efficient and 4-Very Efficient. There were also statements that linked revenue mobilization practices and service delivery in Ghana's DAs. The respondents were requested to indicate their level of agreement or disagreement with the statements. Measurement was on a five point rating scale (1-Strongly disagree, 2-Slightly disagree, 3-Neutral, 4-Slightly agree and 5-Strongly disagree). The responding DA officials were required to rate the statements based on their experience at the district assemblies. These ratings were analyzed using percentages, mean scores and multiple regression.

Revenue Sources for District Assemblies

First, the study sought the awareness levels with regard to the sources of revenue for DAs. The results revealed that a majority of the citizens (82.6%) stated that they were aware of source of revenue to the district assembly. Only 17.4 percent of the respondents indicated that they were not aware of the sources of revenue for DAs. The results show that more citizens are knowledgeable on matters related to financing of the DAs as payments of revenue touch on them directly. As noted by Oyugi (2000), there is the need for locals as taxpayers to understand public f management issues to be able to demand for accountability. Citizens were asked to list the sources of DAs revenues they were aware of and the results are presented in Table 24.

Table 24: [University of Cape Coast](https://ir.ucc.edu.gh/xmlui) <https://ir.ucc.edu.gh/xmlui>
Sources of District Assemblies Revenue -Citizens

| Sources of Revenue | Frequency | Percent |
|------------------------|-----------|---------|
| Property Rate | 236 | 28.8 |
| Basic Rate | 146 | 15.2 |
| Tolls | 209 | 21.7 |
| Assemblies Common Fund | 324 | 33.6 |
| Others | 7 | 0.7 |
| Total | 963 | 100.0 |

Source: Field Survey, Scott (2014)

The results in Table 24 show that 33.6 percent reported that they were aware of District Assemblies Common Fund while 28.8 percent were aware of the property rate. Twenty one percent were aware of tolls whereas 15.2 percent reported that they were aware of the basic rate as a source of revenue. The study established that the District Assemblies of Ghana have various sources of funding some of which are not known to the citizens. World Bank (2011a), cited in Betley et al. (2012) for example clarifies that District Assemblies could benefit from direct sources from the ministries, departments and agencies to finance deconcentrated and delegated functions such as Health and education. There are also other statutory funds such as the GetFund and the Road Fund. However, the most important fund is the DACF. Assemblies also generate internal funds through the mobilization of various tax and non tax revenues.

The study also asked the DA officials to list sources of revenues for the DAs. The results are shown in Table 25.

Table 25: [University of Cape Coast](https://ir.ucc.edu.gh/xmlui) - *Sources of DAs Revenues - DA Officials*

| Sources | Frequency | Percent |
|------------------------------------|-----------|---------|
| HIPC Funds | 95 | 21.4 |
| Internally Generated Revenue (IGR) | 229 | 51.7 |
| District Assemblies Common Fund | 111 | 25.1 |
| Others | 8 | 1.8 |
| Total | 443 | 100.0 |

Source: Field Survey, Scott (2014)

The study findings in Table 25 indicated that 51.7 percent of the responding DA officials revealed that internally generated revenue was one of the sources of funds. Further results established that 25.1 percent indicated that there was a District Assemblies Common Fund while 21.4 percent indicated that HIPC Funds was also a source of funds to the Assembly. Additionally, the study enquired from the DA officials the main generators of internal revenues. The results (Table 26) revealed that property rate was the major source of internally generated revenue. This was indicated by 43.6 percent of the DA officials. On the other hand, 33.2 percent of the responding DA officials indicated that tolls were the major source of internally generated revenues, while 20.7 percent indicated that basic rate was the major internally generated revenue.

Table 26: *Main Generators of Internal Revenues for District Assemblies*

| Generators | Frequency | Percent |
|---------------|-----------|---------|
| Property Rate | 193 | 43.6 |
| Basic Rate | 92 | 20.7 |
| Tolls | 147 | 33.2 |
| Others | 11 | 2.5 |
| Total | 443 | 100.0 |

Source: Field Survey, Scott (2014)

These findings concur with the observation of Akpa (2008) that revenue from different sources is a necessary tool for the effective functioning of any government machinery and that no government agency can survive without adequate revenue. This finding is also in sync with Bhatia's (2009) position that taxes from different sources should be levied by the government to enable it to serve the people and carry out its statutory obligations. However, allocative efficiency theory according to Badunenko et al (2008) posits that these revenues must be allocated efficiently among the competing needs for them to enhance community well-being. Collection of revenues from different sources does not in itself lead to equity in provision of public service. Authorities must ensure that these revenues are optimally and efficiently allocated to have an impact on service provision to the community.

The study proceeded to request the citizens to list their proposals with regard to DAs revenue mobilization. The results are shown in Table 27.

Table 27: Proposed Procedures for Revenue Mobilization

| Procedures | Frequency | Percent |
|------------------------------------|-----------|---------|
| Through their own Staff | 168 | 17.4 |
| Through Revenue Contractors/Agents | 301 | 31.3 |
| Both | 480 | 49.8 |
| Any Other | 14 | 1.5 |
| Total | 963 | 100.0 |

Source: Field Survey, Scott (2014)

According to 49.8 percent of the respondents, the assemblies should utilize an approach where both the DAs staff and agents are involved in revenue collection. On the other hand, 31.3 percent of the respondents were of the opinion that the assembly should use revenue contractors/agents only, while 17.4 percent indicated that they should use own staff. As observed by Bardhan and Mookherjee (2002) decentralized government units have to carefully consider which revenue mobilization mechanism to utilise to ensure efficiency. Fjeldstad and Therkildsen (2008) advise that the revenue mobilization should take into consideration the costs and the perception of the taxpayers to enhance compliance levels.

Evaluation of Revenue Mobilization Practices

The study asked the citizen respondents to rate the revenue mobilization practices in the DAs. The results are shown in Figure 9.

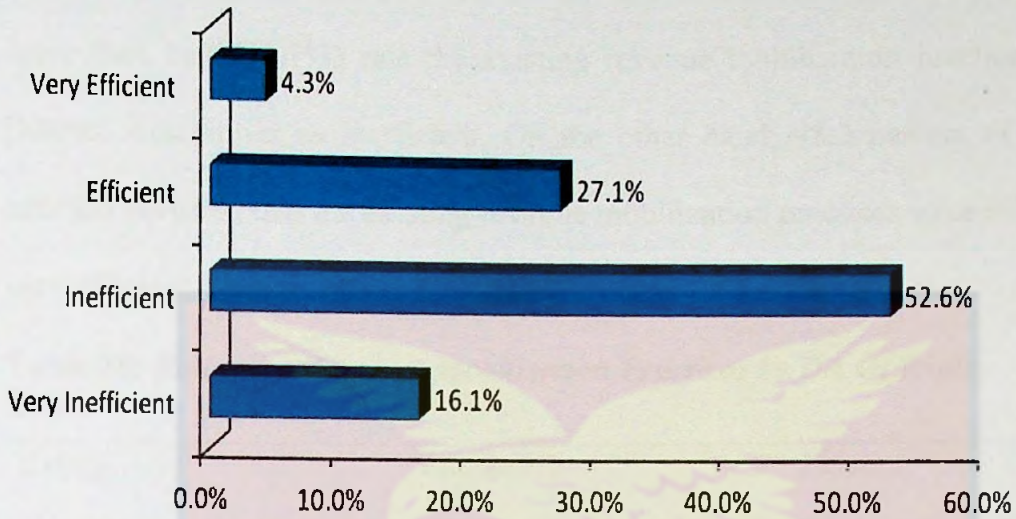


Figure 9: Rating of Revenue Mobilization Practices

Source: Field data, 2014

According to majority of the citizens (68.7%), the existing revenue mobilization practices were inefficient and very inefficient. On the other hand, 31.4 percent indicated that the existing revenue mobilization practices were efficient and very inefficient. These findings are in line with several scholars (including Bardhan & Mookherjee, 2002; Brosio, 2000) who found complexities and inefficiencies in revenue generation practices of decentralized government units. These authors had further observed that, for DAs to be able to serve citizens well, they need to have innovative sources of revenue and efficient revenue mobilization mechanisms. The conceptual framework had depicted that efficiency of revenue mobilization practices is crucial in enhancing its role in influencing service delivery. Revenue mobilization practices in the DAs surveyed lacked in the necessary efficiencies.

Table 28: Rating on Revenue Mobilization Practices by DA Officials

| Rating | Frequency | Percent |
|------------------|-----------|---------|
| Very Inefficient | 82 | 18.5 |
| Inefficient | 147 | 33.2 |
| Efficient | 202 | 45.6 |
| Very Efficient | 12 | 2.7 |
| Total | 443 | 100.0 |

Source: Field Survey, Scott (2014)

Comparatively it emerges that citizens rated revenue collection practices as inefficient while DA officials rated revenue collection practices as efficient. Andrews, Boyne, Law and Walker (2008) depict that in most cases the public officials and citizens usually disagree on the efficiency of practices and service delivery levels. Moreover, this can be viewed as a conflict as per the agency theory arguments by Leurth and Paul (2006), where the principal (citizens) have a conflict with the agents (DAs) with regard to perception of efficiency of their PFM practices. The conflicting findings can also be understood from the perspective that DAs collect levies and rates from the citizens. Rigorous and

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efficient revenue mobilization would mean the DAs are collecting a lot of money from the citizens and this will lead to an outcry from groups such as traders, civil societies and politicians (Rees & Hossain, 2010).

The study then enquired from the DA officials on procedures or policies which guide the revenue mobilization process in the DAs. The results indicate that majority of the DA officials (89.2%) revealed that there were laid down procedures to guide the revenue mobilization process in the District Assemblies. However, 10.8 percent of the respondents indicated that DAs did not have laid down procedures to guide the revenue mobilization process. These findings are aligned with Fosu and Ashiagbor's (2012) position that the most important aspect in revenue collection for devolved units is to have policies and procedures that guide the revenue collection process.

Enquiry on whether the policies guiding revenue mobilization were uniform across the DAs in Ghana, majority of the DA officials (68.8%) indicated that the policies were uniform. However, 31.2 percent indicated that the policies were not uniform to all District Assemblies. Uniformity of policies across similar decentralized units according to Fosu and Ashiagbor (2012) is an important starting point in ensuring that the revenue mobilization process is not marred with malpractices and illegalities. As noted by Siswana (2007), uniformity of policies also allows easy comparative auditing as well as accounting and financial reporting by the oversight bodies.

indicated that in many districts, revenue mobilization had improved tremendously, especially in the area of IGR due to effective mechanisms put in place by the assembly. For example, it was cited that in the Tamale Metropolitan Assembly, officers who collected revenue on daily basis were made to bank it immediately and submit the pay-in slips to the accountants at the assembly. Serial numbers of booklets were written against each collector's name to ensure effective monitoring. This system had improved revenue collection and the cost of collection has also been found to be effective.

These findings from the two focus group discussions correspond with the transaction cost theory as explained by Khan and Hildreth (2004), who indicate that, organizations should focus on developing their structures and processes with a view to improving institutional development and efficiency. The sentiments from the Tamale's focus group discussion indicate that DAs had put in place measures to improve revenue collection efficiency and reduce corruption by revenue collection officers. These measures are expected to lead to more equitable revenue collection and administration.

The participants in Tema focus group discussion however, argued that, to further improve the IGR, there is the need to periodically reshuffle revenue and accounts officers, undertake capacity building for the revenue collectors as well as institute effective monitoring systems. Community education and creating awareness on the importance of paying the property rate and other taxes promptly to the Assembly were other areas which were noted to be deficient. There were

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suggestions in the Tema focus group discussion, that, the Assemblies should continuously and aggressively diversify and look for other sources of revenue as the government transfers are inadequate. This is in line with various authors (Akorsu, 2015; Fosu & Ashiagbor, 2012; Mogues & Benin, 2012; Rao, 2013) who have pointed out the weaknesses in the revenue mobilization practices of decentralized units and the need for reforms.

These results from the two focus group discussion are also similar to the results by Ola and Tonwe (2005) who note that inadequate financing and revenue collection capabilities remains a major challenge to the success of decentralization in many African countries. Similarly, Latema (2013) notes that many of the devolved units face the challenge of mobilizing appropriate levels of revenue to enable effective service provision and address poverty and inequality issues at the local level. However, Latema notes that for the citizens to be compliant with devolved units' revenue collection practices, the devolved units must effectively show the capacity of applying the collected funds for the benefit of the people.

Link Between Revenue Mobilizations and Service Delivery

The study sought information on the link between revenue mobilizations and service delivery using a Likert scale containing statements measuring link between the two. The items were on a scale of one to five (strongly disagree – strongly agree). They were analyzed using percentages. The results are presented in Table 29.

Table 29: *Revenue Mobilization and Service Delivery Link in Percentages*

| Statements | 1 | 2 | 3 | 4 | 5 |
|--|------|------|------|------|------|
| Revenue collection by the DA from residents is cost effective | 10.4 | 21.3 | 17.6 | 33.0 | 17.6 |
| Residents in the DA do not complain of revenues obtained from them | 34.6 | 24.4 | 15.8 | 14.3 | 10.8 |
| There are specific revenues mobilized for specific service provision | 20.6 | 12.7 | 23.3 | 23.3 | 20.1 |
| There are conflicts between central government and the DAs in revenue mobilization | 31.7 | 18.6 | 21.7 | 14.9 | 13.2 |
| Revenues generated by DA are adequate for service provision | 53.2 | 15.4 | 6.8 | 11.5 | 13.2 |

Source: Field Survey, Scott (2014)

The study results indicate that 53.2 percent of the District Assembly officials strongly disagreed that revenues generated by District Assemblies were adequate for service provision. The study results also indicated that 34.6 percent of the DA respondents strongly disagreed that residents in the DA do not complain of revenues obtained from them. These findings indicate that respondents complained of the levies charged by the DAs. These findings are consistent with those of Misch et al. (2011) who found that levies by devolved units were perceived as exorbitant, unfair and unjust by the citizens.

mobilization to positively influence service delivery, there needed to be harmony in revenue mobilization, practices applied needed to be efficient and adequate revenue collected. However, the findings indicated that revenues generated by DAs were inadequate and there were inefficiencies and conflicts between central government and DAs in revenue collection. This may have adversely affected the role of revenue mobilization in enhancing service delivery.

Further analysis on the link between revenue mobilization and service delivery, using mean scores and standard deviation was conducted with findings presented in Table 30.

Table 30: Revenue mobilization and service delivery link – Means and Standard Deviations

| Statements | Mean | Std. Deviation |
|--|------|----------------|
| Revenue collection by the DA from residents is cost effective | 3.14 | 1.22059 |
| Residents in the DA do not complain of revenues obtained from them | 2.28 | 1.25746 |
| There are specific revenues mobilized for specific service provision | 2.97 | 1.36441 |
| There are conflicts between central government and the DAs in revenue mobilization | 2.45 | 1.30931 |
| Revenues generated by DA are adequate for service provision | 1.99 | 1.35693 |

Source: Field Survey, Scott (2014)

The results show that the District Assembly officials disagreed that revenues generated by District Assemblies were adequate for service provision; and that residents in the DA do not complain of revenues obtained from them. This is shown by mean scores of 1.99 and 2.28 respectively on the likert scale. The DA officials were however neutral on whether there were specific revenues mobilized for specific service provision and on whether revenue collection by the District Assemblies from residents was cost effective as shown by a mean of 2.97 and 3.14 respectively.

The study also sought to find from the DA officials the extent to which revenue mobilization influences service delivery. This was achieved using a scale developed to measure extent of the practices facilitating service delivery. The results (Table 31) revealed that most (32.1%) of the DA officials revealed that the revenue mobilization practices facilitate service delivery to a moderate extent. Those who indicated that revenue mobilization influenced service delivery to a very low extent were 7.7 percent.

Table 31: *Extent to which Revenue Mobilization Influence Services - DAOs*

| Rating | Frequency | Percent |
|------------------|-----------|---------|
| Very Low Extent | 34 | 7.7 |
| Low Extent | 79 | 17.9 |
| Moderate Extent | 142 | 32.1 |
| High Extent | 103 | 23.3 |
| Very High Extent | 84 | 19.0 |
| Total | 442 | 100.0 |

Source: Field Survey, Scott (2014)

The study tested the second hypothesis that revenue mobilization practices adopted by district assemblies in Ghana had a significant influence on service delivery. This was tested using the regression analysis results. Robust regression results found revenues to be positively but insignificantly related with service delivery ($B = .080$, $p = .140$). The regression analysis results showed that revenue mobilization practices were positively related with service delivery though the impact was insignificant. This shows that the revenue mobilization practices in the District Assemblies did not significantly affect the levels of service delivery. The null hypothesis of no effect is therefore accepted.

The conceptual framework had depicted that revenue mobilization practices can have an influence on service delivery. However, the conceptual framework had established certain prerequisites for revenue mobilization to play a role in influencing service delivery. These included efficiency, harmony among collecting agents and adequacy of the collected revenues. The study results had indicated that 68.6 percent of the DAs viewed revenues collected as inadequate. Moreover, the study established that 68.7 percent of citizens were of the opinion that revenue mobilization practices were inefficient while 51.7 percent of the DA officials indicated that revenue mobilization practices were inefficient. This inefficiency in revenue mobilization practices coupled with the inadequacy of the collected revenues may have diminished the role of revenue mobilization in influencing service delivery.

The finding of the study regarding insignificant effect of revenue mobilization on service delivery agrees with findings from a study by Fosu and Ashiagbor (2012) that many of the devolved units in Africa are financially weak and rely on financial transfers and assistance from the central government. This makes them incapable of providing the services that the citizens need from them. Fosu and Ashiagbor note that if the local governments were to be able to enhance their revenue collection, a lot of revenue could be generated to enable the DAs undertake development projects and service provision.

Chapter Summary

This chapter presented results relating to revenue mobilization practices and their effect on public service delivery. The issues presented in this chapter include presence of laid down procedures or policies guiding the revenue mobilization process and sources of DA revenues. Other issues addressed in this chapter include efficiency of revenue mobilization practices at the DAs, the link between revenue mobilization practices and service delivery and the influence of revenue mobilization practices at the DAs on service delivery. The next chapter presents results on expenditure and payments practices, accounting and financial reporting practices and their link to service delivery.

EXPENDITURE AND PAYMENTS PRACTICES, ACCOUNTING, FINANCIAL REPORTING PRACTICES AND SERVICE DELIVERY

Introduction

This chapter presents results on expenditure and payments practices as well as those on accounting and financial reporting practices and how they influence service delivery. These were the third and fourth specific objectives of the study and each of them was also linked in the conceptual framework to service delivery. The results for the two objectives were merged due to their relatively smaller sizes when presented as distinct chapters. Expenditure and payments issues were studied under transaction cost theory as well as agency theory which point out opportunism in the financial transactions. Financial reporting was studied in line with tenets of complexity of transactions and trust as advanced by transaction cost theory.

Expenditure and Payments Practices and Service Delivery

The third objective of the study was to find out the influence of expenditure and payments practices on service delivery, an interaction which was depicted in conceptual framework. Expenditure and payments issues were studied under transaction cost theory which points out opportunism in the financial transactions. As explained by Tiwana et al. (2007) actors in PFM exhibit bounded rationality, behave opportunistically and have variable risk preferences. The issues that are assessed in this section include policies guiding the expenditure and payments practices, efficiency of the DA's expenditure and payment system.

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Further issues discussed include components of the existing expenditure and payments practices at the DA and how they link to service delivery. The section also discusses the hypothesis test results of expenditure practices and service delivery.

Analysis of expenditure and payments practices was based on responses to questionnaire items by the DA officials and the citizens. First, rating of the existing expenditure and payments practices at the DAs was sought. The measurement was on a four point rating scale (1- Very Inefficient, 2-Inefficient, 3-Efficient and 4-Very Efficient). The link between expenditure and payments practices and service delivery in Ghana's District Assemblies was also sought. Respondents indicated their level of agreement or disagreement to the statements listed on a five point rating scale (1-Strongly Disagree, 2-Slightly Disagree, 3-Neutral, 4-Slightly Agree and 5-Strongly Agree). Analysis was conducted using percentages, mean scores, standard deviation and multiple regression.

Moreover, the extent to which expenditure and payment practices influenced service delivery at DAs was assessed. Five point rating scale was used to measure the extent (1-Very Low Extent, 2-Low Extent, 3-Moderate Extent, 4-High Extent and 5-Very High Extent). Information provided in key informant interviews and focus group discussions were also used to provide in-depth insights into expenditure and payments practices and how they are linked to service delivery in the DAs. The quantitative data were used to test hypothesis while the qualitative data from the interviews and focus group discussions gave diverse perspectives on expenditure and payments practices from the participants.

First, the study sought information on whether there were policies guiding the expenditure/payment processes within the DAs. The results revealed that majority (86%) of the DA officers indicated that there were laid down procedures and policies to guide the expenditure and payment processes in the District Assemblies. The results reflect the situation on the ground as there are several frameworks, policies and regulations to guide expenditure in the districts. As depicted in the conceptual framework, one important requirement for effectiveness in expenditure and payments practices was the presence of procedures and policies on these practices. These would be important in enhancing service delivery through efficient expenditure controls.

For example, Broback and Sjolander (2002) indicate that the state of expenditure should improve the financial situation of the poor and also generate economic growth in line with the equity proposition. DFID (2001) also advises that public expenditure decisions should be made in the context of the annual budget process, which is influenced by the wider policy process and also by the legal framework of government. Osei-Akoto et al. (2007) had noted that there are different laws and regulations pertaining to DAs in Ghana which include the Financial Administration Act, the Internal Audit Act and the Procurement Act which direct public expenditure. Other policies and regulations on public expenditure are received from the Ministry of Local Government, the CAGD and the MoF. These laws and regulations guide the expenditure of the districts.

expenditure/payment policies were uniform across the DAs. Study results indicated that out of those who reported that there were laid down procedures and policies to guide the expenditure and payment processes, 85 percent indicated that the policies were uniform to all District Assemblies. These findings are contrary to the results by Herrala and Haapasalo (2012) who established that local governments often lacked standardized public expenditure management policies that jeopardized their effectiveness in payments procedures. However, 15 percent of the respondents indicated that the policies were not uniform.

The key informants in describing the policies guiding the expenditure and payment process stated that the DA officials stated that a memo must be raised to the District Coordinating Director (DCD), and then forwarded to the District Finance Officer (DFO). The DFO confirms revenue availability and forwards the memo to District Budget Office (DBO) who prepares a warrant. The key informants further indicated that after approval of expenditure, a warrant is generated at the budget section. This warrant is then forwarded to the internal audit for checks and finally taken to the finance department for payment. The process involves approving of payment certificate and memos, raising of payment vouchers and pre-auditing the entire process before final payment can be effected. The key informants noted that these processes and procedures were cumbersome.

The study then asked the DA officials to rate the efficiency of expenditure and payments practices in the district assemblies. The results are presented in Table 32. Majority (65.3%) of the DA officials rated the existing expenditure and payments practices at the District Assemblies as efficient and very efficient. However, 34.7 percent indicated that the practices were inefficient and very inefficient.

Table 32: Rating the Expenditure and Payments Practices- DAOs

| Rating | Frequency | Percent |
|------------------|-----------|---------|
| Very Inefficient | 24 | 5.4 |
| Inefficient | 130 | 29.3 |
| Efficient | 244 | 55.1 |
| Very Efficient | 45 | 10.2 |
| Total | 443 | 100.0 |

Source: Field Survey, Scott (2014)

Information regarding expenditure and payments practices in the DAs was also sought from key informant interviews. The key informants noted that the recurrent expenditure of District Assemblies is almost always higher than that of development expenditure. This pattern makes it difficult for the Assemblies to effectively manage financial resources intended for projects aimed at delivering services to the public.

This observation by respondents goes to support the findings in the Osei-Akoto et al (2007) study, that the recurrent and capital expenditures are compared

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 across all districts. The results show that for most of the period (between 1994 and 1998, and also from 2001 to 2002); recurrent expenditures were higher than capital expenditures for all the districts if they are analyzed together. The key informants further indicated that release of funds from central government is also always delayed. Inspection of some DACF trail records in some of the assemblies on release of by the researcher confirmed this assertion. For example, the release for the last quarter of year 2010 arrived in some of the districts in April 2011.

Link between Expenditure/Payments Practices and Service Delivery

Further, the study probed the link between expenditure/payments practices and service delivery using statements on a likert scale of 1 to 5 (1- strongly disagree to 5 - strongly agree) which were interpreted using percentages and the results are presented in Table 33.

Table 33: Expenditure and Payments Practices and Service Delivery in Percentage

| Payment practices | 1 | 2 | 3 | 4 | 5 |
|--|------|------|------|------|------|
| Employees are paid their wages and salaries in time | 13.1 | 17.4 | 11.3 | 27.4 | 30.8 |
| Contractors and suppliers are paid in time enabling smooth provision of services | 20.4 | 26.5 | 12.9 | 24.9 | 15.4 |
| Expenditure and payments processes are not complex and tedious | 16.7 | 17.2 | 18.1 | 21.3 | 26.7 |
| Work completion and quality of goods, service and works is verified before payments are made | 6.6 | 9.3 | 10.6 | 24.0 | 49.6 |
| Some expenditures are given priority over other expenditures | 5.4 | 3.4 | 11.8 | 27.4 | 52.0 |

Source: Field Survey, Scott (2014)

The results in Table 33 indicate that 79.4 percent of the DA officials agreed or strongly agreed that some expenditure are prioritized over others. This relates with Heimans' (2002) observation that effective prioritization and implementation of policy priorities was key to fiscal discipline. Further results indicated that 73.6 percent agreed or strongly agreed that work completion and quality of goods, service and works are verified before payments are made. This is in agreement with the findings by Premchand (1993) which identified verification as an important activity in payments for public goods and services to ensure that only legitimate bills are paid. Similarly, 58.1 percent of the DA respondents agreed or strongly agreed that salaries and wages are paid on time.

Means scores and standard deviations were applied to conduct further analysis on the link between expenditure practices and service delivery. Results presented in Table 34 indicate that the DA officials agreed that work completion and quality of goods, service and works was verified before payments are made, this is shown by a mean score of 3.89. The respondents further agreed that some expenditure were prioritized over others (4.06). However, the respondents were neutral (neither agreed nor disagreed) on whether salaries and wages were paid in time (3.28); whether contractors and suppliers were paid in time enabling smooth provision of services and on whether expenditure and payments processes were not complex and tedious (3.02). As noted in the conceptual framework, the DAs had important expenditure and payment practices including prioritization and verification of payments.

Table 34: [University of Cape Coast](https://ir.ucc.edu.gh/xmlui) <https://ir.ucc.edu.gh/xmlui>
Expenditure and payments practices and service delivery- Means and Standard Deviations

| Expenditure and Payment Practices | Mean | Std. Deviation |
|--|------|----------------|
| Employees are paid their wages and salaries in time | 3.28 | 1.39855 |
| Contractors and suppliers are paid in time enabling smooth provision of services | 2.64 | 1.26023 |
| Expenditure and payments processes are not complex and tedious | 3.02 | 1.37377 |
| Work completion and quality of goods, service and works is verified before payments are made | 3.89 | 1.27399 |
| Some expenditures are given priority over other expenditures | 4.06 | 1.13932 |

Source: Field Survey, Scott (2014)

The study also sought to find the extent to which expenditure/payment practices influences service delivery using a scale developed to measure extent of the practice facilitating service delivery. Study results presented in Table 35 revealed half (50.2%) of the respondents indicating expenditure management practices facilitating service delivery to a high and very high extent. Thirty one percent (31.9%) of the DA respondents indicated that the expenditure and payment practices facilitates service delivery to a moderate extent while 17.9 percent indicated that expenditure and payment practices facilitated service delivery to a very low and low extent. These results can be explained by findings of several studies (including Otieno et al., 2014; Uchimura, 2012) showing that expenditure and payments practices influence service delivery in decentralized unit to varied extents.

Table 35: *Extent to Which Expenditure Practices Facilitate Service Delivery* <https://ir.ucc.edu.gh/xmlui>

| Rating | Frequency | Percent |
|------------------|-----------|---------|
| Very Low Extent | 16 | 3.6 |
| Low Extent | 63 | 14.3 |
| Moderate Extent | 141 | 31.9 |
| High Extent | 119 | 26.9 |
| Very High Extent | 103 | 23.3 |
| Total | 442 | 100.0 |

Source: Field Survey, Scott (2014)

Based on the two focus group discussions, the link between expenditure practices and service delivery as depicted in the conceptual framework was sometimes due to challenges in the public expenditure management processes. Challenges noted in the focus group discussion in Tema included the expenditure items of the assemblies being fraught with suspicion, unnecessary bureaucracies, lack of transparency and corruption. Further, key informants reinforced this point noting that delay in release of funds by central government constrained the operations of the DAs. Discussing such challenges in line with some aspects of the transaction cost theory, Shah (2007) observed the non-credible commitments of elected officials in the budgeting processes in developing countries. Shah further mentioned that in such environment, budget appropriations to agencies are not necessarily available from the Ministry of Finance, and expenditure contracts are not enforceable.

The key informants acknowledged that expenditure and payment practices have a great influence on service delivery because key activities, including payment for assembly members meetings were frustrated due to lack of funds. The focus group participants at Tamale noted that with a large proportion of funds going to recurrent expenditure (salaries and allowances), little was left for service delivery activities. The discussions established that a lot of time and effort is spent to prepare well planned budget to guide expenditure and delivery of services but the final expenditures of the assembly do not follow the budgeted estimates. This observation indicates that the budgeted expenditures by the DAs were rarely adhered to. It was also reported that there were variances reported between the budgeted expenditure and the actual expenditure in the DAs. These variances meant that some of the expenditure votes did not receive funds as stated in the budgets thus making service delivery to suffer in such areas.

Hypothesis testing influence of expenditure practices on service delivery

The study tested the third hypothesis that expenditure and payment practices of the district assemblies in Ghana have a significant influence on service delivery. This was done through multiple regression analysis results. The regression results established that expenditure and payments practices had a positive and significant influence on service delivery ($B = .235, p < .001$). This shows that the expenditure and payments practices in the District Assemblies studied influenced the levels of service delivery. The null hypothesis of no significant effect is therefore rejected.

These findings reinforce the observations from a study by Uchimura (2012). Uchimura investigated the impact of local health expenditures on health service in Philippines municipalities. The study established that when expenditures are well planned, prioritized and efficiently managed, their effect on service delivery is notable. The study noted that high expenditure does not necessarily lead to improved service but how the expenditure is managed is the key factor. This situation was observed in this study as expenditures were prompt, prioritized and efficient. The study's conceptual framework had depicted that for expenditure and payment practices to have an effect on service delivery, they required key aspects including efficiency, prioritization and adherence to laid down budgets. The districts surveyed seemed to have adhered to these key qualities to a great extent.

The findings indicated that the Office of the District Assemblies' Common Fund often made some deductions from the DACF funds before they were released to the Assemblies. Records at some of the Assemblies, including THLDA revealed similar concerns. Diamond (2000) revealed that in the expenditure contract between the elected officials and the spending agencies both categories of officials may behave opportunistically. However, this did not seem to adversely affect expenditure and payments practices in the DAs.

This section presents results regarding the effect of accounting and financial reporting practices on service delivery of DAs in Ghana. The study's conceptual framework had depicted accounting and financial reporting practices as one of the components of PFM influencing service delivery by DAs. Financial reporting was studied in line with the tenets of complexity of transactions and trust as advanced by the transaction cost theory. To achieve the objective of establishing the influence of accounting and financial reporting on service delivery, various items were directed to the DA officials and citizen respondents. Further, two focus group discussions (in Tamale and Tema) and key informant interviews also provided vital information.

Pauw *et al.* (2002) note that accounting and financial reporting is the process of identifying, measuring and recording financial transactions and events regarding an entity, and then communicating that information to the stakeholders. Accounting is important in any entity's activities as it provides a clear account of what happened. Lee (2012) intimated that accounting is important for internal control and good practices which are relevant in ensuring that an entity attains its objectives to its stakeholders. In the case of DAs in Ghana, accounting as portrayed by Akoto *et al.* (2007) is paramount as it depicts how funds were applied and hence communicates on what needs to be improved in future. Good accounting practices according to the study's conceptual framework was expected to lead to efficient service delivery whereas bad accounting practices were expected to result in poor service delivery by the DAs.

Public Management theory and also the transaction cost theory. Under the NPM, Ryan and Walsh (2004) explain that, with the introduction of the new public management approach, agencies are required to specify their outputs and link these to the delivery of broader government policy outcomes. Under the transaction cost theory, Rose (2007) argues that in financial reporting, trust is an important variable when dealing with complex financial information as recipients of the reports decide whom and who to trust. Macher and Richman (2008) add that many of the values of the normative best practices in accounting and reporting practices are manifestations of the transaction cost theory.

Issues analyzed in this section include the laid down procedures and policies guiding the accounting and financial reporting in the DAs, the uniformity of the procedures and the accounting and financial reporting model used by the DAs. Further, the section discusses the key components of the DAs' accounting and financial reporting practices, the key activities and procedures of the DAs' accounting and financial reporting practices. Analyzed in this section is the efficiency of the existing accounting and financial reporting practices at the DAs which is rated on a four point rating scale (1-Very Inefficient, 2-Inefficient, 3-Efficient and 4-Very Efficient). The link between the accounting and financial reporting practices measured on a five point scale is also assessed (1-Strongly Disagree, 2-Slightly Disagree, 3-Neutral, 4-Slightly Agree and 5-Strongly Agree). Analysis was done through percentages, mean scores, thematic analysis and multiple regression.

First, the study sought to know about the existence of accounting/financial reporting procedures and guidelines. The results indicated that an overwhelming 90.5 percent of the District Assemblies officers revealed that there were laid down procedures to guide the accounting and financial reporting in the District Assemblies. Results from key informant interviews also revealed that the assemblies received accounting and financial reporting guidelines from the Controller and Accountant General department, the Ministry of Local Government and the DACF. These results confirmed the presence of guidelines from the different arms of government which stipulate how accounting and financial reporting should be conducted in the DAs. This finding is supported by Akrani (2011) who found that enhanced efficiency in accounting and reporting system help in the minimization of transaction costs in government activities.

The study sought views on whether the financial reporting policies were uniform across the DAs. The study found out that the financial policies were uniform to all the District Assemblies. This was revealed by 84.9 percent of the district assembly officers. However, 15.1 percent of the respondents reported that the financial policies were not uniform. The DA officials indicated that financial policies were not uniform due to a few specificities that are encountered in accounting for revenue and expenditure items that may be specific to particular districts.

noted that preparations of financial reports are always done to meet deadlines set under guiding laws. The discussions revealed that some districts could however be late for about three months in presenting their reports. It was also indicated that accounting records are normally put in classifications as part of the processes to streamline record keeping. The discussions revealed that even though there are improvements in the submission of reports from the assemblies, a lot still has to be done. Some assemblies submitted late and others submitted reports with many errors. This is contrary to current accounting models such as the Generally Accepted Accounts Principles (GAAP) which require that information in the accounts should be timely, current, complete, comparable and appropriate, according to Bellringer, Ball and Craig (2011).

The study investigated whether financial reports are published and the media used to publish them. It emerged that financial reports are made public by giving them to the Presiding Member (PM) of the assembly where any assembly member is entitled to have access to the reports. Such reports were also posted on the notice boards of the assemblies for public access. The study was able to observe financial reports on the notice boards of most of the Assembly offices that were visited.

The model applied in the DAs for accounting and financial reporting was investigated. The key informants indicated that the accounting and finance reporting procedures were based on cash accounting and that they were meant to check that payment is made to the supplier of goods and services and work done.

According to the key informants, the cash management system included preparation of records such as cash books, trial balances, income and expenditure and bank statements. Monthly reports are prepared and submitted on time from where quarterly and annual reports are produced. Auditing was also done periodically to verify the reports. These findings agree with the results by Alegre (2010) who indicated that despite the existing efforts, there is the need to formalize transaction cost theory in the processes of accounting by keeping records and furnishing the reports to the appropriate authority.

The findings also correspond to Shelton (2007) who identified some organizational arrangements that are necessary for internal control and good practice. Shelton observed that in an organization, specific responsibility needs to be assigned to individuals, and these delegations of responsibilities should be detailed in writing. Secondly, duties should be segregated so that any one individual may have only limited authority over monies. This finding was further strengthened by the interview results indicating that some DAs have their specific financial policies to guide running of departmental affairs in the districts, and that departments submit expenditure returns for the year under review.

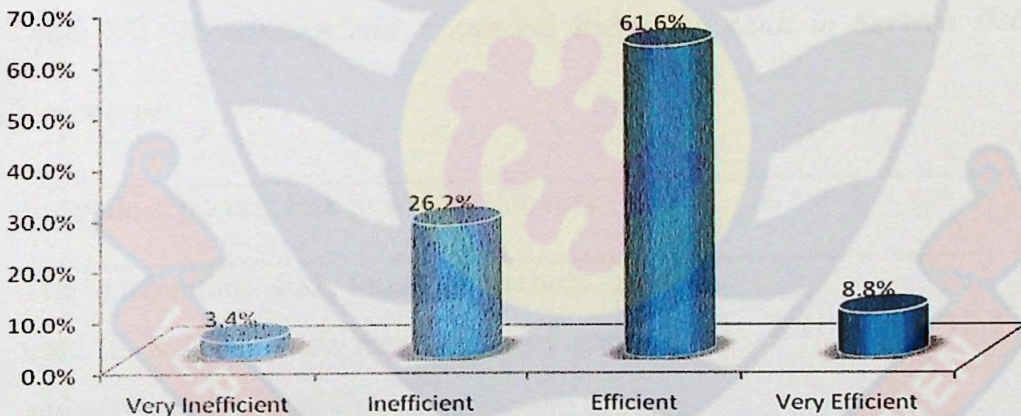
The study sought views on financial reporting model in the DAs with results presented in Table 36. More of the district assemblies used cash accounting finance reporting model as revealed by 39.5 percent of the respondents. On the other hand, a number of the DA officers (24.2%) indicated that the district assemblies adopted the accrual accounting finance model.

Table 36: Financial Reporting Model

| Financial reporting | Frequency | Percent |
|---------------------|-----------|---------|
| Cash Accounting | 175 | 39.5 |
| Accrual Accounting | 107 | 24.2 |
| Others | 161 | 36.3 |
| Total | 443 | 100.0 |

Source: Field Survey, Scott (2014)

The study then asked the DA officials to rate the efficiency of accounting and financial reporting practices in the district assemblies. The results are presented in Figure 10.

**Figure 10: Rating the Accounting and Financial Reporting Practices**

Source: Field data, 2014

The results show that 61.6 percent of the DA officers reported that the existing accounting and financial reporting practices at the District Assembly were efficient. However, 26.2 percent of the officers revealed that the accounting and financial reporting practices were inefficient. The researcher established from

the focus group discussions that though some of the accounting and financial reporting procedures were cumbersome and costly to comply with, most of the procedures were efficient and aimed at ensuring uniformity in accounting and reporting. This is in sync with Dubnick's (2005) finding that financial reporting and accounting should go beyond fiscal compliance to include performance accountability on the efficient and effective delivery of outputs.

Link Between Accounting and Financial Reporting and Service Delivery

The study went on to probe the link between accounting and financial reporting and service delivery using statements on a Likert scale of one to five (1- Strongly disagree to 5- Strongly agree) which were analyzed using percentages. The results are presented in Table 37.

Table 37: Accounting and Financial Reporting Link to Service Delivery in Percentage

| financial reporting link to service delivery | 1 | 2 | 3 | 4 | 5 |
|---|-----|-----|------|------|------|
| The accounting and financial records are used as a verification mechanism of goods and services provided | 2.0 | 8.8 | 14.9 | 19.5 | 54.8 |
| The accounting and financial records must reflect situation on the ground with regard to service delivery | 1.4 | 2.0 | 6.3 | 22.9 | 67.4 |
| The accounting and financial records give the public a chance to inspect and compare figures | 1.6 | 1.4 | 5.7 | 22.6 | 68.7 |

Source: Field Survey, Scott (2014)

agreed that the accounting and financial records give the public a chance to inspect and compare figures while 90.3 percent agreed or strongly agreed that the accounting and financial records reflect situation on the ground with regard to service delivery. Additionally, 74.3 percent of the DA respondents agreed or strongly agreed that the financial records were used as a verification mechanism of goods and services provided. These results correspond with results from a study by Mack and Ryan (2006) who noted that accounting and financial reporting acts as a verification mechanism where the principal (citizens) can assess the performance of the agents (DA officials). Effective accounting and financial reporting reduces the conflicts between the agent and the principal.

The study conducted further analysis to probe the link between accounting and financial reporting practices and service delivery using statements on a Likert scale which were analyzed using mean scores and standard deviation. The results in Table 38 show that DA officers agreed that the accounting and financial records were used as a verification mechanism of goods and services provided (4.08) and that the accounting and financial records reflect the situation on the ground with regard to service delivery (4.09). Moreover, the respondents agreed that the accounting and financial records gave the public a chance to inspect and compare figures (3.94). These results are in sync with findings by Ryan and Walsh (2004) who established that with the introduction of the NPM approach, agencies are now required to specify how they have utilized resources and link these to the delivery of broader government policy outcomes.

Table 38: [University of Cape Coast](https://ir.ucc.edu.gh/xmlui) <https://ir.ucc.edu.gh/xmlui>
*Accounting and financial reporting link to service delivery-Means
and Standard Deviations*

| | Mean | Std. Deviation |
|---|------|-------------------|
| Financial reporting link to service delivery | | |
| The accounting and financial records are used as a verification mechanism of goods and services provided | 4.08 | 1.09591 |
| The accounting and financial records must reflect situation on the ground with regard to service delivery | 4.09 | 1.07023 |
| The accounting and financial records give the public a chance to inspect and compare figures | 3.94 | 1.16203 |

Source: Field Survey, Scott (2014)

The key informants and participants in focus group discussion noted that delays in financial reporting usually led to a slowing down of projects as contractors were not paid on time because release of additional funds was based on these reports. Similarly, it was established from the focus group discussions that much of the funds released from donors and special projects are also based on submission of reports and hence when reports are late, the release of these funds is also delayed. This response points to the importance of reporting in public service management as noted by Bellringer et al. (2011).

The study also sought to establish the extent to which accounting/financial reporting influences service delivery using a scale developed to measure the extent of the practice hindering or facilitating service delivery. The responses obtained are outlined in Table 39.

Table 39: *Extent Financial Reporting Practices Facilitate Service Delivery*

| Rating | Frequency | Percent |
|------------------|-----------|---------|
| Very Low Extent | 17 | 3.8 |
| Low Extent | 52 | 11.8 |
| Moderate Extent | 105 | 23.8 |
| High Extent | 133 | 30.1 |
| Very High Extent | 135 | 30.5 |
| Total | 442 | 100.0 |

Source: Field Survey, Scott (2014)

The study results reveal that 60.6 percent of the DA officers indicated that the practices facilitated service delivery to a high and very high extent. However, 15.6 percent of the responding DA officials indicated that accounting and reporting practices facilitated service delivery to a low and very low extent.

Hypothesis Testing on Influence of Financial and Accounting Reporting Practices on Service Delivery

The study tested the hypothesis that accounting and financial reporting practices adopted by the district assemblies in Ghana have a significant influence on service delivery. Regression results show that accounting and financial reporting practices had a positive but insignificant effect on service delivery ($B = .103, p = .194$). This shows that the accounting and financial reporting practices in the District Assemblies did not significantly affect the levels of service delivery. The null hypothesis of insignificant effect is therefore accepted. This agrees with

the findings by Fiva (2006) which indicated that government accounting in many developing countries is accorded limited significance and is therefore undergoing reforms in one way or the other aimed at enhancing the value of information that the system provides.

Among other items, Fiva advised that accounting and reporting practices should reflect the budget structure. It should show credible classification and adopt modern accounting methods such as the principles of depreciation, and the concept of double entry systems. Fiva observed that this is not the case in developing countries and hence accounting and reporting in these countries need improvement. Fiva (2006) further confirms the need to harness regional and international bodies such as Southern African Development Community Organisation of Supreme Audit Institutions (SADCOSAI) and The African Organisation of Supreme Audit Institutions (AFROSAI) in auditing, and to use them as certification bodies.

Moreover, the study's conceptual framework had indicated that accounting and financial reporting practices can only have an effect on service delivery when they are timely, effective and reliable. The study through focus group discussions indicated that reports were usually late which led to delays in receipt of cash for succeeding periods. This may have played a role in making the reports to have a insignificant effect on service delivery.

This chapter presented results on expenditure and payments practices and accounting and financial reporting practices and how they link up with service delivery. The issues that were considered in this chapter include presence of laid down procedures and policies guiding the expenditure and payments in the DA, uniformity of the procedures, the key components of the DA's expenditure and payment system and the key activities and procedures of the DA's expenditure and payment system.

Further, this chapter discussed the laid down procedures and the policies guiding the accounting and financial reporting in the DAs and the accounting and financial reporting models used by the DAs. In addition, the chapter discusses the key components of the DAs' accounting and financial reporting practices, the key activities and procedures of the DAs' accounting and financial reporting practices and the efficiency of the existing accounting and financial reporting practices at the DAs. The subsequent chapter presents results on auditing practices and PFM regulatory practices and how they influence service delivery.

AUDITING PRACTICES, REGULATORY FRAMEWORK PRACTICES AND SERVICE DELIVERY

Introduction

This chapter presents results for auditing practices and regulatory framework practices governing PFM at Ghana's DAs and their influence on service delivery. These were related to the fifth and the sixth specific objectives which sought to establish the influence of auditing practices and PFM regulatory practices on service delivery within Ghana's DAs. The study conceptualized that auditing and public funds management regulatory framework were components of PFM in the district assemblies and that they influence service delivery.

Auditing Practices and Service Delivery

The chapter begins by presenting results on auditing practices and their link with service delivery. The conceptual framework that guided the study had identified auditing practices as one of the six components of public funds management which influence service delivery. This was also basis of the study objective seeking to establish the influence of auditing practices on service delivery. The issues presented in this section relate to the presence or lack thereof of laid down procedures guiding the auditing process in the DAs, the uniformity of those procedures and the components of the DAs' audit process. Lastly, efficiency ratings of the existing auditing practices at the DAs by both the DA officials and the citizens and hypothesis results are presented.

relationship is created between the citizens and the Assemblies which is supposed to account to the citizens. According to Jensen and Meckling (1976), the agency theory attempts to describe this relationship using the metaphor of a contract. As explained by Lutz (1998), the purpose of the audit is to provide a means of informing the people and their chosen representatives, the legislature, about the administrative standards and the policy viewpoint of their administrators. In terms of the principal agent theory, the elected officials are the agents and the citizens are the principals with diverse expectations.

The analysis in this section focused on information received from questionnaires, key informant interviews, focus group discussions and document analysis. First, efficiency of auditing was assessed on a four point rating scale (1-Very Inefficient, 2-Inefficient, 3-Efficient and 4-Vey Efficient). The link between the auditing practices and service delivery was examined and measured on a five point likert scale (1-Strongly Disagree, 2-Slightly Disagree, 3-Neutral, 4-Slightly Agree and 5-Strongly Agree). Lastly, the extent to which auditing practices influenced service delivery was also measured on a five point rating scale (1-Very Low Extent, 2-Low Extent, 3-Moderate Extent, 4-High Extent and 5-Very High Extent). This data was analyzed through percentages, mean scores, standard deviation and multiple regression.

The study began by enquiring on whether the DAs should be audited. Almost all (98.7%) of the citizen respondents indicated that the DAs should be audited with only 1.3 percent of the respondents having a contrary opinion. It is important to note that auditing is a crucial aspect of public funds management practice. Lee and Johnson (1998) emphasize that the role of auditing is to ensure that public funds are not subject to fraud, waste and abuse or subject to error in reporting. Opportunity for dishonesty, waste or poor management of funds may occur when financial reports cannot be verified or checked. In terms of the transaction cost theory Bartle and Ma (2004), contend that the need for audit or control arises as a result of two main reasons. Firstly, financial managers behave opportunistically, and secondly, effective motivation systems may be difficult to design and implement.

The study also sought to find whether there should be sanctions for malpractices. Ninety eight percent of the respondents indicated that there should be sanctions for the officers who engage in malpractices with only two percent of the respondents indicating that there should be no sanctions for such officers. Further, the study enquired into the mode of sanctions for malpractices. Results are presented in Table 40. The findings reveal that 49.8 percent of the respondents indicated that both imprisonment and refund should be employed. However, 39.2 percent indicated that a refund policy should be employed while 11 percent indicated that only imprisonment should be adopted.

Table 40: **University of Cape Coast** <https://ir.ucc.edu.gh/xmlui>
Proposed Mode of Sanctions for Malpractices

| Sanctions | Frequency | Percent |
|--------------|-----------|---------|
| Imprisonment | 106 | 11.0 |
| Refund | 377 | 39.2 |
| Both | 480 | 49.8 |
| Total | 963 | 100.0 |

Source: Field Survey, Scott (2014)

In the focus group discussions, the participants were of the view that severe punishment such as imprisonment and refunding of the money, confiscation of offenders' property and freezing of the culprits' bank accounts should be employed. Moreover, the participants stated that the offenders should be banned from office and from working in a public institution and that they should also be shamed through local radio and other communication channels. Similarly, results from key informant interviews indicated that severe punishment for those who misuse public funds would inspire confidence in the general public about the operations of the assemblies. The findings are in line with observations by Prakash (2015) and Zhou (2012) on the need for enforcement of the existing laws to enhance efficiency of public funds management.

The study also enquired from the citizens on whether the members of parliament should be involved in the supervision of funds at the district level. Majority of the respondents (54.4%) indicated that they should supervise. However, 45.6 percent reported that the MPs should not supervise the management of funds. The respondents who were of the opinion that the MPs

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should supervise the management of funds further stated that it was the job of the MPs to supervise the management of the funds because this would help put the district chief executive (DCEs) and the assembly members in check and that a good collaboration between the MPs and the DAs would foster growth. They also stated that MPs should be allowed to supervise because they represent the people in the district.

However, other respondents were of the opinion that the MPs should not supervise management of funds since a lot of power would corrupt them and that an autonomous, independent body should be allowed to supervise the management of funds. Moreover, the respondents indicated that MPs work should be to present the needs of the people in their constituency. The respondents also stated that the MPs at times may try to put politics on the issue. MPs are legislators and of different political persuasions and may clash on issues within the assembly.

The study sought information on whether there were policies guiding the auditing process within the DAs. A majority (86.7%) of the DA officials reported that there were laid down procedures to guide the auditing processes in the District Assemblies. However, 13.3% of the officials indicated that there were no laid down procedures to guide the auditing process. The study followed up by inspecting documents at the DAs as well at Ministries and with Auditor Generals' office. The study established from review of auditing procedures that there were laid down policies, procedures and regulation guiding audit at DAs. However, some of the respondents who indicated that there were no laid down procedures

could have been motivated by the poor adherence of the DA officials to these procedures in guiding auditing.

The DA officials who reported on non existence of policies guiding auditing procedures could have been ill informed about the rules and regulations that guide auditing in the DAs. Lee and Johnson (1998) identified four categories of audit namely; pre-audit, post audit, internal audit and external audit. Broback and Sjolander (2002) also mention management audit and financial audit. All these types of audit have processes and procedures that have to be adhered to if auditing is expected to be effective in enhancing management of public funds.

The study sought views on whether the auditing policies were uniform across the DAs. Majority (84.9%) of the responding officials revealed that these policies were uniform to all District Assemblies. However, 15.1 percent of the respondents were of the contrary opinion. The DAs who indicated that the auditing policies were not uniform across the DAs could have been poorly informed about the application of auditing policies in DAs.

Information on the auditing components was obtained and the results are shown in Table 41. The results reveal that out of the total DA officials who responded, 58.2 percent reported that there existed internal auditors while only 23.5 percent indicated that there existed audit committees. A further 18.3 percent of the respondents indicated that there also existed independent auditors in the DAs.

| Auditing Components | Frequency | Percent |
|----------------------|-----------|---------|
| Internal Auditors | 258 | 58.2 |
| Audit Committee | 104 | 23.5 |
| Independent Auditors | 81 | 18.3 |
| Total | 443 | 100.0 |

Source: Field Survey, Scott (2014)

Participants in focus groups discussion at Tema confirmed that assemblies had in place the Auditing Implementation Committee as required by law and copies of audit reports are given to the Presiding Member (PM) of the assembly. However, according to the key informants, assembly members complained of not laying hands on audit reports. On the issue of sanctions against those who embezzle or misuse funds, key informants and focus groups participants alluded that their duty was to report, but punishment and sanctions is the responsibility of the top leadership.

Efficiency of Auditing Practices in the DAs

The study then asked the DA officials to rate the efficiency of auditing processes in the district assemblies. The results are presented in Figure 11 showing that almost two thirds (66.4%) of the DA officials rated the existing practices as either efficient or very efficient.

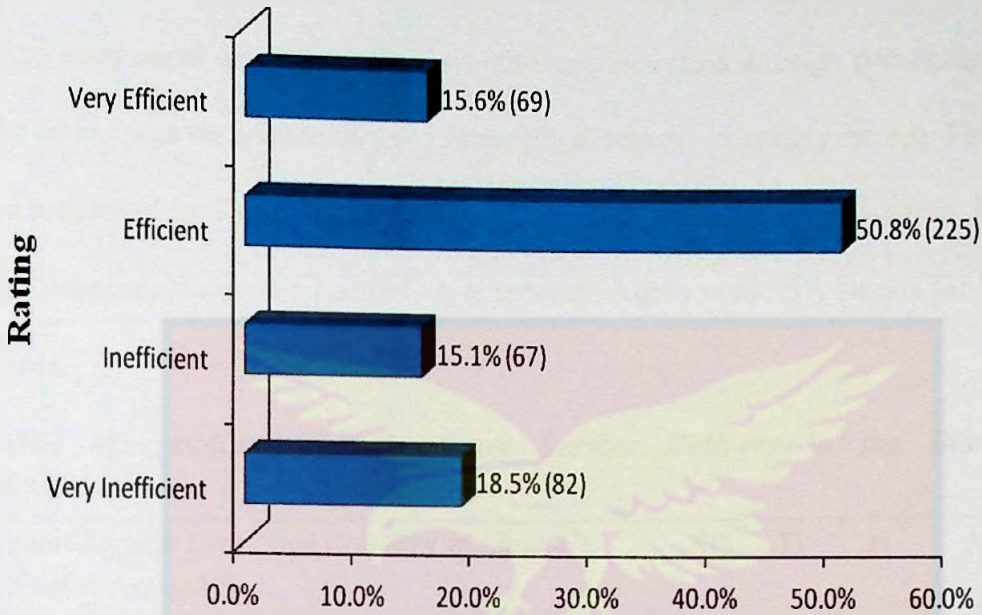


Figure 11: Rating the Auditing Practices at the Districts

Source: Field data, 2014

The researcher went on further to establish the efficiency of auditing from the focus group discussion and established that there were some auditing practices that were very efficient as evidenced by the presence of rigorous validation and verification procedures of expenditures. The focus group discussions established that the various auditing practices in place were efficient and the practices focused on ensuring that stakeholders were well informed on the activities of the DA. However, 18.5 percent of the respondents rated the auditing practices as very inefficient while 15.1 percent further rated the practices as inefficient.

The study went on to probe the link between auditing and service delivery using statements on a likert scale which were analyzed through percentages tests. The rating was on a scale of 1 – 5 (strongly disagree – strongly agree). The results are presented in Table 42. In the table, SD represents strongly disagree, D stands for Disagree, N denotes Neutral, A represents Agree while SA stands for Strongly Agree.

Table 42: Auditing Practices and Service Delivery in the Districts in Percentages

| Auditing link to service delivery in Ghana's District Assemblies | SD | D | N | A | SA |
|---|-----|-----|------|------|------|
| Auditing is used as a verification mechanism of goods and services provided vis a vis the resources allocated | 2.0 | 8.8 | 14.9 | 19.5 | 54.8 |
| Audits reveal whether funds were used for the purposes they were meant and allocated for | 1.4 | 2.0 | 6.3 | 22.9 | 67.4 |
| Auditing helps identify loopholes being used to waste public funds | 1.6 | 1.4 | 5.7 | 22.6 | 68.7 |

Source: Field Survey, Scott (2014)

The study results (Table 41) show that 68.7 percent of the DA respondents strongly agreed that auditing helps to identify loopholes being used to waste public funds. These results are in line with observations by IIA (2012) that auditing is a cornerstone of good public sector governance as it provides unbiased, objective assessments of whether public resources are being managed responsibly and effectively to achieve intended results and also identifying any practices or procedures that can result in wastage and misappropriation.

reveal whether funds were used for the purposes they were meant and allocated for. This finding is in agreement with results by McKenna (2011) who posited that auditing could be defined as a systematic and independent examination of data, statements, records, operations and performances, financial or otherwise of an organization to determine whether funds were applied as planned. Moreover, 54.8 percent of the DA respondents strongly agreed that auditing was used as a verification mechanism of goods and services provided with regard to the resources allocated. This finding corresponds with Morin's (2008) observation that the auditor's task is primarily that of verification. The auditor examines actual transactions as recorded in the books, and supported by claims, vouchers, payrolls, statements and other documentary evidence.

An inspection of secondary data in many District Assembly offices, including Tema Municipal Assembly and Twifo Hemang Lower Denkyirah District Assembly, indicated that many of the assemblies had their internal audit units already established in place. However, it was found that units in the Assemblies at the time of this study were handled by officers below the expected rank. At the time of the study, a cross-check at the Controller and Accountant-General's Department and the Head of the Civil Service indicated that the head of the Internal Audit department in a District Assembly should be of the grade not below that of Principal Accountant. As noted by Athmay (2008), organizations need to harness auditing processes to conform to IAS by ensuring that auditing is undertaken by qualified and experienced personnel.

delivery using statements on a likert scale which were analyzed using mean scores and standard deviations with results being presented in Table 43. The study results show that the DA officials agreed that auditing was used as a verification mechanism of goods and services provided with regard to the resources allocated. This is shown by a mean score of 3.99 on the Likert scale. This observation supports Lutz's (1998) explanation that the auditor's task is primarily that of verification. The auditor examines actual transactions as recorded in the books, and supported by claims, vouchers, payrolls, statements and other documentary evidence.

Table 43: Auditing Practices and Service Delivery in the Districts -Means and Standard Deviations

| Auditing link to service delivery in Ghana's District Assemblies | Mean | Std. Deviation |
|---|------|----------------|
| Auditing is used as a verification mechanism of goods and services provided vis a vis the resources allocated | 3.99 | 1.13347 |
| Audits reveal whether funds were used for the purposes they were meant and allocated for | 4.43 | .86225 |
| Auditing helps identify loopholes being used to waste public funds | 4.47 | .84429 |

Source: Field Survey, Scott (2014)

Table 44 presents the responses obtained on the extent to which auditing influences service delivery using a scale developed to measure extent of the practice hindering or facilitating service delivery.

Table 44: *Extent that Auditing Influences Service Delivery*

| Influences | Frequency | Percent |
|-------------------|-----------|---------|
| Very Low Extent | 11 | 2.5 |
| Low Extent | 34 | 7.7 |
| Moderate Extent | 90 | 20.3 |
| Large Extent | 134 | 30.2 |
| Very Large Extent | 173 | 39.3 |
| Total | 443 | 100.0 |

Source: Field Survey, Scott (2014)

The results showed that 69.5 percent of the DA officials indicated that auditing practices influenced service delivery to a large or very large extent. Those who indicated that auditing practices influenced service delivery to a low or very low extent were 10.2 percent. These results correspond with findings by Enofe et al. (2013) who revealed that effective management of Edo State agencies was achieved through internal audit effectiveness which played a role in ensuring effective management in the public sector. As depicted in the conceptual framework, auditing practices have an effect on service delivery.

Hypothesis Test on the Effect of Auditing on Service Delivery

The study tested the hypothesis that the auditing practices adopted by the district assemblies in Ghana have a significant influence on service delivery. Regression results established that auditing practices had a negative and insignificant effect on service delivery ($B = -.122$, $p = .119$). These regression analysis results indicated that auditing practices are negatively related with service delivery though the effect is insignificant. This shows that the auditing practices in the District Assemblies did not affect the levels of service delivery. The null hypothesis of no significant effect is therefore accepted. This study finding agree with results by Athmay (2008) which established that professional accounting norms and practices were weaker, and norms of compliance with treasury regulations were more significant than accounting standards aimed at the measurement of value.

Further, the study by Athmay revealed that there are governance and transparency challenges which have made it impossible for auditing practices in Brunei to ensure the appropriateness of managing public monies. Public auditing in Brunei was indicated by Athmay to grapple with the questions of financial control and compliance with rules and regulations. The study further observed that the concept of auditing for performance and outcomes is not yet enshrined in Brunei. This had made auditing in devolved government agencies to play an insignificant role in ensuring efficiency in public service delivery.

service delivery disagrees with results from a study by Morin (2008) which determined that VFM audits were helpful in the agencies and organisations audited. The management of the organisation and the service delivery by the organisations were reported to have improved due to VFM audits. This was mostly due to how auditing helped the agencies to initiate change, to eliminate useless existing controls, or to set up more reliable controls guaranteeing fairer decisions or improving the quality of information upon which decisions were based.

The study's conceptual framework had depicted that auditing practices influence service delivery when the audit is based on value for money and when audit reports are applied as lessons learnt. However, the study established that in most cases of misappropriation of funds in Ghana's districts, no action was taken even if audit reports indicated such misappropriations. Moreover, the study established that audits were not primarily based on value for money concept. Furthermore, most audit departments were not headed by effectively qualified personnel. These factors may have contributed to the auditing function not being able to play its rightful role as depicted in the conceptual framework.

This section discusses results on PFM regulatory framework and its effect on service delivery in Ghana's DAs. The study's conceptual framework and depicted PFM regulatory framework as one components of public funds management that influences service delivery. The issues discussed in this section include awareness of the laws governing public funds management at the DAs, the rules and procedures governing public funds management and the rating of the efficiency of the existing regulatory framework governing public funds management in the DAs. Additionally, the chapter provides the link between PFM regulatory framework and service delivery in Ghana's District Assemblies.

PFM regulatory framework is studied under the transaction cost theory whose propositions are that, in large organizations such as that of the government, certain regulations should be put in place to guide and coordinate the whole process of public finance management (Milgrom & Roberts, 1992). This should be done even in decentralized units to ensure that regulation and coordination is centralized for efficiency purposes (Mullins, 2003). Dabla-Norris (2006) for instance, states that a strong and effective central coordination and regulatory framework is necessary for effectiveness in revenue and expenditure activities because decentralizing, regulation and policy development make the coordination costs very high.

Issues assessed and analyzed in this section include as assessment of the awareness of the DA officials on the laws regulating financial management at the DA and rating of the existing regulatory framework governing public funds management in the DAs on a four point scale (1-Very Inefficient, 2-Inefficient, 3-Efficient and 4-Very Efficient). The link between the PFM regulatory practices and service delivery in Ghana's District Assemblies was also assessed on a five point scale (1-Strongly Disagree, 2-Slightly Disagree, 3-Neutral, 4-Slightly Agree and 5-Strongly Agree). Furthermore, the extent to which regulatory framework governing the DAs fund management influences service delivery was assessed on a five point scale (1-Very Low Extent, 2-Low Extent, 3-Moderate Extent, 4-High Extent and 5-Very High Extent). Data obtained on these issues were analyzed through percentages, mean scores, standard deviation and multiple regression.

Features of DAs' PFM Regulatory Framework

This section presents results which sought to show the nature of the PFM regulatory framework and how it influences service delivery in district assemblies. The study began by gauging awareness of laws regulating public fund management. A majority (60.5%) of the DA officials revealed that they were aware of the laws regulating financial management at the District Assemblies. However, 39.5 percent of the district assembly officers were not aware of the laws.

The key informants indicated that the Government of Ghana had useful and relevant Acts and legislative instruments governing decentralization and others to govern management of public funds. Many participants were aware of these Acts and regulations even though some of them had not taken time to study the documents comprehensively. The participants also indicated that the assemblies also have by-laws for their specific jurisdictions and activities. However, interview results indicated that many of the by-laws of the assemblies were very old and needed to be updated. Some of them, as noted from the interviews, did not have strong enforcement clauses to back them. This indicates that the existing regulatory framework guiding DAs in funds management are not well suited to the current circumstances of the DAs.

The study went on to assess the efficiency of the existing regulatory framework for PFM. The results obtained are illustrated in Figure 12.

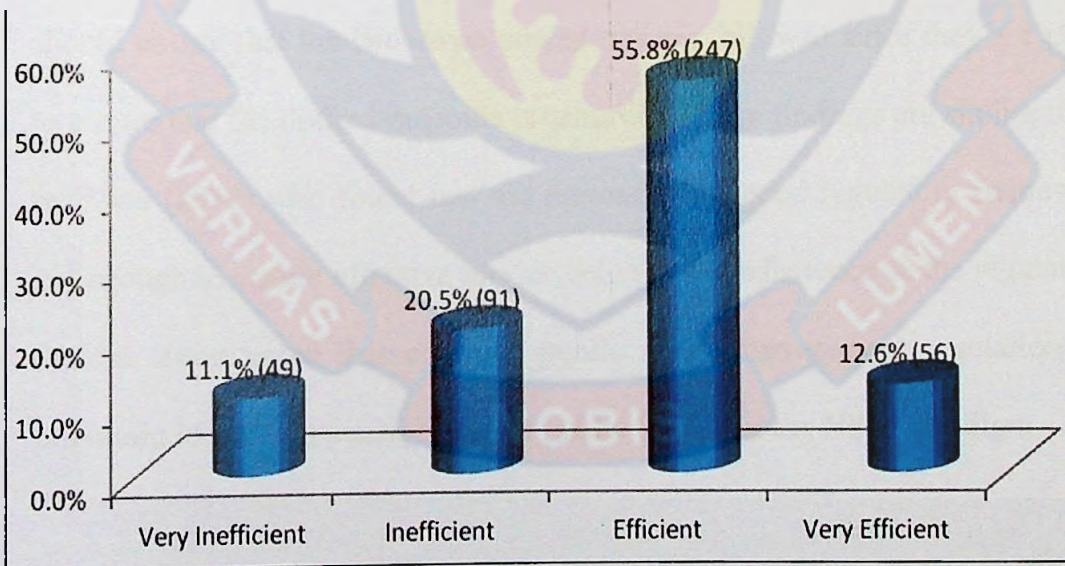


Figure 12: Rating of the Regulatory Framework Governing PFM

Source: Field data, 2014

framework governing public funds management in the District Assemblies as either efficient or very efficient. This finding is backed up by observations of the World Bank (2006) report on Ghana's decentralized public funds management systems which noted that they had a solid legal and regulatory framework which set out appropriate budgeting and accountability structures. However, 31.6 percent of the respondents indicated that the regulatory framework was inefficient and very inefficient.

Participants in focus group discussions indicated that many of these by-laws were very good but some of them needed to be reviewed and updated. The public also need to be regularly educated on these by-laws and their relation to public funds management and in turn service delivery. These sentiments indicate that citizens are mostly concerned about service delivery and not the means and procedures that have to be followed to provide such services. However, the DAs should ensure that the laid down procedures are followed since they are in place to ensure that the desired outcome is achieved. These findings are similar to those by Zhou (2012) who found that the presence of a good regulatory framework is not enough to ensure effective service delivery but adherence to the regulations is critical. Zhou noted that effective public funds management regulations were important in guiding management of public funds per the NPM paradigm.

Link between Regulatory Framework and Service Delivery

The study went on to probe the link between regulatory framework and service delivery using statements on a likert scale which was analyzed using percentages and results presented in Table 45. The output revealed that 64.9 percent of the DA officials strongly agreed that the regulatory framework has clarified how the public funds are to be utilized for better service delivery. This finding is similar to Prakash's (2015) observation that the legislature should play the oversight role in public funds management by ensuring that they have regulations and systems in place to direct how public funds should be appropriated and also curb corruption and misappropriation. The judiciary on the other hand should play the role of ensuring that proper punishment is meted on to those who participate in public funds mismanagement. This role ensures that public funds are applied for the public good.

Table 45: Regulatory Framework and Service Delivery in Percentages

| Regulatory framework and service delivery | 1 | 2 | 3 | 4 | 5 |
|--|-----|-----|------|------|------|
| The rules and regulations help curb wastages and corruption | 3.8 | 6.8 | 14.0 | 26.5 | 48.8 |
| Enforced through sanctions and punishment for those going against it | 3.6 | 9.0 | 14.0 | 32.4 | 40.9 |
| It has clarified how the public funds are to be utilized for better service delivery | 0.7 | 2.5 | 9.0 | 22.9 | 64.9 |

Source: Field Survey, Scott (2014)

agreed or agreed that the rules and regulations help curb wastages and corruption. These findings are in concurrence with Carney's (2011) view that observing regulations and having stiff penalties for those who disobey regulations helps to control misappropriation and wastage of public funds. Similarly, 73.3 percent of the DA officials strongly agreed or agreed that the regulatory framework was meant to be enforced through sanctions and punishment for those going against it. This finding tallies with results by Carney (2011) which established that sanctions and punishment for non adherence to regulations on public funds management acted as a deterrent to those who may be inclined to mismanage public funds.

The study went on to probe the link between regulatory framework and service delivery using statements on a Likert scale which were analyzed using mean scores and standard deviations. The results are presented in Table 46. The DA officials agreed that the rules and regulations help curb wastages and corruption and that the regulatory framework was enforced through sanctions and punishment for those going against it. This is shown by a mean score of 3.88 and 3.72 respectively. This is in line with Anderson and Isasken (2002) position that governments should demonstrably do good husbandry of natural resources and resource allocation, apportion resources equitably and beneficial to the vulnerable groups.

Table 46: Regulatory Framework and Service Delivery-Means and Standard Deviations

| Regulatory framework and service delivery | Mean | Std. Deviation |
|--|------|----------------|
| The rules and regulations help curb wastages and corruption | 3.88 | 1.13803 |
| The regulatory framework is enforced through sanctions and punishment for those going against it | 3.72 | 1.10627 |
| The regulatory framework has clarified how the public funds are to be utilized for better service delivery | 4.35 | 0.86655 |

Source: Field Survey, Scott (2014)

The study inquired about the extent to which the PFM regulatory framework influences services delivery using a scale developed to measure extent of the practice hindering or facilitating service delivery. The study results (Table 47) revealed that 65.9 percent of the District Assembly officials indicated that the regulatory framework governing the District Assembly fund management had influenced service delivery to a large and very large extent. The DA respondents who indicated that the regulatory framework had influenced service delivery to a very low extent were 2.7 percent.

Table 47: Extent that Regulatory Framework Influences Service Delivery

| Extent of influence | Frequency | Percent |
|---------------------|-----------|---------|
| Very Low Extent | 12 | 2.7 |
| Low Extent | 42 | 9.5 |
| Moderate Extent | 97 | 21.9 |
| Large Extent | 132 | 29.9 |
| Very Large Extent | 159 | 36.0 |
| Total | 442 | 100.0 |

Source: Field Survey, Scott (2014)

regulatory framework had little influence on service delivery because the regulations currently in place had not been seen to deal firmly with DA officials found to be involved in corruption which is a key cause of poor service delivery. This finding concurs with Andrews et al.'s (2008) statement that rules may be required to make credible commitment in fighting mismanagement of public funds and ensure efficient service delivery.

Hypothesis Test on the Influence of Regulatory Framework on Service Delivery

The study tested the hypothesis that the existing PFM regulatory framework has a significant influence on service delivery. Full rank regression analysis established that PFM regulations had a positive but insignificant effect on service delivery ($B = .000$, $p = .999$). Regression analysis results showed that regulations had no effect on service delivery. This shows that the existing regulations in the District Assemblies did not influence the levels of service delivery. These findings did not conform to what was depicted in the conceptual framework. The conceptual framework indicated that regulatory practices have an influence on service delivery. This conceptualized effect was conditional on the regulations being effectively enforced through sanctions and punishment. There were some weaknesses in the regulations governing PFM in Ghana's districts as these regulations were not effectively enforced to curb wastage of public funds.

The null hypothesis of no significant effect was therefore accepted. This finding is similar to results by Zhou (2012). Zhou found legal framework in government to be wanting and indicates that such frameworks have generally not worked to improve service delivery. Zhou further pointed out factors such as economic growth, legal framework, public/civil service reforms, democratic process, and institutions of accountability such as serious fraud office and ombudsman. Zhou emphasized that government should make effort at constructing the necessary legal framework which could be enforced and ensure that the public and civil services are transparent.

The study findings also agree with results by Moyo (2011) who cited that very often controls in public funds management relies on rules and regulations which are not adhered to. Implementation of these rules entails costs in designing the rules, the transaction costs in information impact and asymmetry in rule implementation. There are also information and measurement costs to detect financial mismanagement and corruption in enforcing the rules. Moyo further indicated that rules in public financial management help to protect public funds from opportunism. However, too many rules tend to increase transaction costs related to organizing and managing the financial transactions.

This chapter has presented study results relating to auditing practices and regulatory framework governing PFM at Ghana's DAs and their effect on service delivery to the public. First, the chapter presents results relating to auditing practices and their influence on service delivery. The issues outlined in the chapter relate to presence or lack thereof of laid down procedures guiding the auditing process in the DAs, the uniformity of those procedures and the components of the DAs' audit process.

Additionally, the chapter discussed results on PFM regulatory framework and its effect on service delivery in Ghana's DAs. The issues discussed in this section include awareness of the laws governing public financial management at the DAs, the rules and procedures governing public financial management and the rating of the efficiency of the existing regulatory framework governing public funds management in the DAs. The chapter also presents results from hypothesis testing. The following chapter outlines the summary of key findings, conclusions, recommendations, study's contributions and limitations as well as suggestions for further research.

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter presents the summary of findings, conclusions and recommendations. The study had six objectives which were based on six aspects of public funds management namely planning/budgeting, revenue mobilisation, expenditure/payments, auditing, accounting /financial reporting and regulatory framework. The study sought to demonstrate how each of the six PFM aspects influences service delivery in Ghana's District Assemblies. The chapter begins by summarizing key findings of the study followed by the conclusions made in the study. Recommendations to the different stakeholders in the decentralized form of government in Ghana are also presented. The knowledge contributions of the study are also discussed herein. The chapter ends by highlighting limitations encountered in the course of the study and suggests areas for further research.

Summary

The study sought to establish the influence of PFM practices on service delivery in Ghana's DAs. The study was conducted to establish the influence of budgeting, revenue mobilization, public expenditure management, auditing, financial reporting and PFM regulatory framework practices on service delivery. This study was grounded on the pragmatist research philosophy where a mixed methods research design was adopted. A sample of 34 out of 170 District Assemblies was selected using random sampling method. The study randomly

selected 612 appointed or elected officials, administrators and employees from the 34 assemblies as well as conveniently selected 1020 citizens who were administered with research questionnaires. Twenty eight key informants from the regions, ministries departments and agencies were also purposively selected and interviewed. Eighteen participants were invited for the focus group discussions.

Quantitative data were analyzed using descriptive and inferential analysis. Six alternative hypotheses were tested using multiple regression analysis. Qualitative data gathered were analyzed based on the themes through a thematic and content analysis. The study conceptualized that budgeting and planning practices, revenue mobilization practices, expenditure and payments practices, accounting and financial reporting practices, auditing practices and PFM regulatory framework have an influence on public service delivery.

The first objective of the study was to determine the influence of the budgeting practices on service delivery where the following key findings were observed;

1. Budgeting practices had a significant positive influence on service delivery. The study results attributed this to presence of procedures and policies to guide the budgeting and planning process in the districts.
2. There was also evidence of strategic plans among majority of the DAs. The budgeting process was rated as efficient by majority of the DA officials. To authenticate this finding, the researcher analyzed budget making procedures and processes of some DAs and established that most DAs had long range plans covering five years.

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3. The plans by the DAs were reviewed by the DA annually for monitoring and review. Further, the DAs had budget committees who monitored preparation, implementation and post implementation of the budget to ensure conformance to budgeted votes.
 4. Participants in the focus group discussions generally agreed that the processes for the preparation of the budget and plans for the districts were good and going on well with no major problems.
 5. Budgeting and planning practices in DAs involved setting targets upon which performance was measured against. Additionally, value for money was a key concern in budgeting and planning process and the budgeting and planning processes enabled conducting budget reviews and service reviews in parallel.

The second objective of the study was to assess the influence of revenue mobilisation practices on service delivery. The study results established that;

1. Revenue mobilization practices had an insignificant influence on service delivery. Study results indicated that though the DAs had various sources of revenue, the DAs were inefficient in collecting the revenues and hence most citizens indicated that contracting out revenue mobilization would make the process efficient.
2. The existing revenue mobilization practices were inefficient. Adopting inefficient methods of revenue collection had hindered DAs in Ghana from providing the requisite service to the citizens.

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3. Though majority of the DA officials revealed that there were uniform laid down procedures to guide the revenue mobilisation process in the District Assemblies, these procedures were not always adhered to.
 4. Participants in focus group discussions indicated that in many districts revenue mobilization had improved tremendously. However, revenues generated by District Assemblies were not adequate for service provision.
 5. Revenue collection was reported to be riddled with inefficiencies and corruption and respondents noted that there was a need to periodically reshuffle revenue and accounts officers, undertake capacity building for the revenue collectors and institute effective monitoring systems.

The third objective of the study was to find out the influence of the expenditure and payments practices on service delivery. In this regard, the study found that;

1. Expenditure and payment practices had a positive and significant impact on the service delivery. A majority of the DA officials rated the existing expenditure and payments practices as efficient.
2. There were uniform procedures guiding the expenditure and payment practices within the DAs. DA officials indicated that some expenditure are given priority over others and work completion and quality of goods, service and works is first verified before payments are made.
3. Payment of employee wages and salaries was also indicated to be timely.

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4. Challenges in expenditure and payments practices included delay in release of funds by central government and a high proportion of expenditure going to recurrent expenditure.

The study's fourth objective aimed at exploring how the accounting and financial reporting practices influenced service delivery where some key findings were made including;

1. Accounting and financial reporting practices had a positive but insignificant effect on service delivery.
2. There were laid down procedures to guide the accounting and financial reporting in the District Assemblies.
3. Though the accounting and financial reporting practices were indicated to be efficient by the DAs, focus group discussion participants reported that some financial reporting procedures were cumbersome and costly to comply with.
4. Accounts and reports in most DAs were just there to adhere to the law but they were rarely reviewed and monitored.
5. Delays in financial reporting usually led to a slowing down of projects as contractors were not paid on time because release of additional funds was based on these reports.

The study had an objective of establishing the influence of auditing practices on service delivery where results showed that;

1. Auditing practices had a negative and insignificant effect on service delivery.

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2. Though auditing was conducted, cases of errors, misrepresentation and misappropriation of funds were not commensurately punished.
 3. Though audit reports were issued as per policy and regulations, the implementation of such reports was not effective in most DAs which made auditing to have an insignificant influence on service delivery.
 4. The presence of uniform auditing procedures and laws governing auditing practices did not help as most of them were not adhered to.

The last objective of the study was to find out how the PFM regulatory framework influences service delivery where findings revealed that;

1. PFM regulatory framework had a positive but insignificant effect on service delivery.
2. Most of the DA officials were aware of the laws regulating the fund management at the District Assemblies.
3. There exist relevant legislative instruments governing decentralisation and regulating financial management at the districts.
4. The regulatory framework clarified how the public funds are to be utilized for better service delivery. The rules and regulations were further aimed at helping to curb wastages and corruption.
5. The existing regulatory framework was found to have little influence on service delivery because they were not enforced appropriately. The regulatory environment had not been able to deal firmly with DA officials found to be involved in corruption which is a key cause of poor service delivery.

In line with the financial practices in place at the District Assemblies of Ghana, the six public funds management practices identified in this study are: Planning/budgeting, revenue mobilisation, expenditure and payment system, accounting and reporting, auditing and PFM regulatory framework. The premise behind the study's conceptual framework is that each of the six public funds management practices mentioned in this study has the potential to influence service delivery at the District Assemblies.

The study concludes that budgeting and planning practices have an influence on service delivery by Ghana's DAs. There was evidence of uniform policies and procedures to guide the budgeting and planning process in the District Assemblies. A budgeting committee composed of assembly members is charged with the responsibility of designing the budget plans. It also emerged that budgeting and planning practices involved setting targets upon which performance is measured against. In line with the second objective, the study it emerged that revenue mobilization practices have no influence on service delivery in Ghana's DAs. This was attributed to evidence showing the existing revenue mobilization practices in the DAs as inefficient making revenues generated were inadequate for service provision. Although, the DAs obtained revenue from several sources, there were inefficiencies in utilizing those funds towards enhancing service delivery.

the district assemblies in Ghana have an influence on service delivery. There exist uniform, rigorous and efficient procedures and policies to guide the expenditure and payment practices in the District Assemblies. With regard to the fourth objective, accounting and financial reporting practices have no influence on service delivery by the districts. This was despite the conclusion that there were laid down procedures to guide the accounting and financial reporting in the District Assemblies. The assemblies had accounting and financial guidelines from sources such as the Controller and Accountant General department, the Ministry of Local Government and the District Assemblies Common Fund. The preparations of financial reports are always not done to meet deadlines set under guiding laws. The existing accounting and financial reporting practices at the District Assembly were, however deemed efficient.

Pertaining to the fifth objective, the study reckons that auditing practices did not record any influence on service delivery. This indicates that auditing did not produce outcomes that make future allocations and appropriation efficient. The study concludes that in the DAs, there were big variances between actual and budgeted figures. This usually went unexplained despite there being laid down procedures to guide the auditing process in the District Assemblies. Furthermore, most of the DAs had internal auditors and also Auditing Implementation Committees as required by law.

Additionally, the study concludes that regulations governing PFM had no influence on service delivery. The officials in the districts were however, aware of the laws regulating the financial management at the District Assemblies. Further, the Government of Ghana was found to have useful and relevant legislation governing decentralisation and regulating public financial management. Many of the rules were very good but some of them need to be reviewed and updated. The public also need to be regularly educated on these by-laws and their relation to public funds management and in turn service delivery.

Overall, the study concludes that two PFM practices - budgeting and expenditure and payments practices- influence service delivery in Ghana's DAs. The other four PFM practices studied -revenue mobilization, auditing, accounting and financial reporting and regulatory practices- do not influence service delivery in Ghana's DAs. The study holds that despite these divergent findings, where two practices have influence while the other four do not have influence on service delivery, this situation does not imply that there are certain financial management practices which are important than others. Rather, the study findings demonstrate that the two practices which showed evidence of influence on service delivery were being undertaken properly at the districts. On the other hand, the four practices showing no influence were found to have certain weaknesses which need to be addressed to enable all the six practices to have tangible influence individually and as a system on service delivery and development.

Based on the key findings and the conclusions of the study, the study makes a number of recommendations for policy and practical consideration. First, it is recommended that at the DA level, the District Chief Executives and the Coordinating Directors should:-

1. Integrate and enhance innovative communication tools such as websites, email, *facebook*, *twitter* and *Whatsapp* to supplement the stakeholders meetings, discussions and conferences. This will improve stakeholders' contribution in budgeting process and the dissemination of information including project updates and financial reports. This will reduce information asymmetry and thereby harmonize the interface of relationship between the citizens as principal and the DAs as agents.
2. Adopt automation and appropriate technologies for better DAs PFM and service delivery. Automation and integration of mobile payment platforms in services such as parking and license payments will improve revenue collection and management while improving service delivery.
3. Improve current capacity of staff in PFM at the DAs. There is need to enhance the capacity of internal auditing teams as well as other DA staff to effectively utilize the innovations and appropriate technologies for efficient PFM.

On their part the study proposes that the assembly members should:-

1. Work towards strengthening sector budget committees to be responsible and be able to supervise the management of sector resource ceiling at the agencies in the different sectors of the DAs. The assembly members should also form, operationalize and strengthening the revenue committees: A special revenue committee chaired by top officials such as the Coordinating Director could be set up at the District level to discuss and find solutions to some of the pertinent revenue problems.
2. Push for legislative reforms to widen their revenue bases. Specifically, put in place mechanism to enable pursuit of bond financing which has become a prominent feature within local credit market. The model of bond financing ring fenced for specified projects could be explored by the Ghana's District Assemblies.

At the national level recommendations are made to the identified stakeholders. The study proposes to the Minister of Local Government, the Head of Service and Local Government Service Secretariat (LGSS) to:-

1. Advocate for Constitutional amendment for bigger share of DACF and timely transfers to the DAs. Such amendments should also spell out sanctions to national government officials in case of delays in the transfers.
2. Amend, review and consolidate existing financial management laws to ensure stiffer penalties and enforcement of sanctions on those involved in malpractices at the DA level.

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3. Liaise with the Ministry of Finance to support and facilitate integration of appropriate technologies by the DAs. There is need to support DAs operationalize and contextualize technologies such as IFMIS through legislation, budgetary allocation and staff capacity development.
 4. Continuously audit and review the automated systems and technologies for improvements.

The Controller and Accountant General should:-

1. Ensure that accounting and reporting formats and classifications are made simple and standardized so that reporting Assemblies would find it easy to comply. The classifications and formats should foresee possible areas of adaptation in special circumstances in different Assemblies. This could allow for additional information where necessary.
2. Liaise with the Ministry of Finance to ensure that planning, budget and accounting frameworks are synchronised and seen to assist each other. These frameworks should similarly fall in line with national level frameworks.

Civil society stakeholders are encouraged to:-

1. Create awareness and promote PFM and service delivery audit models cognizant for the local context environment.
2. Process and disseminate PFM information in forms and structures understandable to the citizens.

1. Embrace innovative communication tools to interact with DAs to improve service delivery. For instance, photos shared on *Facebook*, *twitter* or *Whatsapp* of DAs' staff, facilities and projects across DAs will introduce an innovative mode of citizens' service delivery audit model.
2. Improve their awareness and knowledge on public financial management practices and their nexus to services which have a direct impact on their lives. This will enable them to actively demand for accountability from elected and appointed leaders thus enhancing service delivery which will consequently lead to improvements in quality of life.

Contributions to Knowledge

The study made critical contributions with regard to management of public funds in the district assemblies of Ghana and how it links to service delivery for the citizens. The study offers philosophical position which holds that inequities still persist across Ghana and that this can be explained to some extent by the weak link between PFM practices and service delivery in the District Assemblies. This study showed originality and robustness as it focused on all the six components of public financial management and linked them to service provision by the DAs. Earlier studies had a narrower focus where they focused on one or just two of the components. However, due to the inter-linkage of the six components, it is crucial to focus on all of them in a study which the current study was able to accomplish.

indicators of service delivery and the six PFM components. With regard to service delivery the study reveals a distinction between perceptions of service delivery by citizens vis a vis perceptions by officials in the District Assemblies. The study lays the ground for better conceptualized studies on PFM and service delivery in the decentralized units in the African context. The study observes that this is an example of agency problem which is a notable theoretical contribution. The study has furthered the understanding on the measurements and indicators of the six PFM concepts. The study also dynamically applied Systems theory, New Public Management theory, Transaction Cost theory, Agency theory and Allocative Efficiency perspective to PFM practices and service delivery in Ghana's DAs.

Limitations of the Study

The study sampled 34 out of 170 District assemblies for the study. Even though in terms of research this is a good sample, one could argue that, it could be difficult to generalize the result to cover all the district assemblies in Ghana. This study applied quantitative data including regression analyses and test of hypothesis to support its analyses. However, the use of qualitative measures which was based on the views of citizens and district assembly staff makes some of the findings subjective. It is important to note that over the last twenty years the boundary demarcations and area of authority of many constituencies and district assemblies in Ghana have kept changing rapidly, mainly for political reasons. Even the names of the assemblies have kept changing. This situation has kept

distorting the consistency and dependability of the available records, at the district level in Ghana.

In the early part of the study, it was found that financial records and other data of the district assemblies were often scattered, delayed and not well kept. Computerization of data was also not effective. The researcher and his assistants therefore had to go through several loads of old and tattered records and financial books in order to compile appropriate data. To ensure integrity of data, some of the data was also later cross-checked and verified at other institutions, such as the Ministry of Local Government, Controller and Accountant General's Department, and Regional Coordinating Councils.

Suggestions for Further Research

Issues of fiscal decentralisation and specifically financial management practices as related to service delivery in decentralized systems are multifaceted and complicated. Empirical literature reveals that sometimes it is even difficult to separate or isolate the influence of funds management practices from other ongoing reform agenda on service delivery. There are limited accurate quantitative data in developing countries for such themes. Research in these areas should therefore, adopt multi pronged approaches that are capable of studying and analyzing the issues from critical diverse angles in order to derive useful conclusions. Following the findings and conclusions of this study, the researcher observed four outstanding areas for further research.

working solutions to the issues hindering proper public financial management in Ghana and across Africa in the quest for better service delivery. There also exist opportunities for further research aimed at establishing progressive conceptual framework(s) for service delivery in decentralized government units. It is important to conceptualise service delivery clearly in decentralised units in the context of Ghana and the larger African context to guide efforts aimed at enhancing service delivery. It is generally acknowledged that larger sample sizes are more effective in ensuring generalisation of research findings. However due to challenges of cost, time and convenience, many studies in this area have tended to adopt limited sample sizes for their respective research. This study adopted 34 out of 170 District Assemblies as at 2008. A bigger sample size based on the current existing number of DAs could be recommended.

Seeking for very reliable and accurate data at the DA level in Ghana, especially those relating to financial management is very difficult and complex. The DA officials were reluctant to provide accurate information for fear of being reprimanded or even dismissed by the authorities. Information and data storage at the DAs are still not the best. In future research on PFM at the DAs, it is suggested that effort should be made to adopt all the necessary and varied techniques in order to elicit accurate and reliable data.

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APPENDICES

Appendix A: Introductory Letter

District Chief Executive,

.....District Assembly

Dear Sir / Madam,

RE: PERMISSION TO COLLECT DATA FROM THE DISTRICT ASSEMBLY

I am a postgraduate student undertaking a PhD program. I am currently conducting a research on **Influence of Public Financial Management Practices on Service Delivery in Ghana's District Assemblies**. Thirty four District Assemblies have been scientifically selected to participate in the study. My respondents will be sampled from ten departments in each District Assembly. Kindly allow me to collect data through questionnaires. The data collected will be strictly used for academic purposes only and the identity of respondents will remain confidential. Thank you for your assistance.

Yours faithfully,

Appendix B: Introductory Letter for Data Collection

INSTITUTE FOR DEVELOPMENT STUDIES
FACULTY OF SOCIAL SCIENCES
UNIVERSITY OF CAPE COAST

Telephone: 03321-32983/35418/3 7105

Fax: 03321-32982

Website: www.cds-ucc.edu.gh



Post Office Box 01
University of Cape Coast
Cape Coast

Our Ref:IDS/40/Vol.3/406

Date: 10th July, 2013

Your Ref:

TO WHOM IT MAY CONCERN

LETTER OF INTRODUCTION

We write to introduce to you George Kojo Scott, a student pursuing Ph.D (Development Studies) programme with Registration Number SS/PHD/2002/0002 at the Institute for Development Studies, University of Cape Coast.

He is writing his thesis on the topic: **INFLUENCE OF PUBLIC FUNDS MANAGEMENT PRACTICES IN DISTRICT ASSEMBLIES OF GHANA.**

We shall be grateful if you can accord him all the necessary assistance that he requires for his thesis.

Thank you.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Gloria Sagoe'.

Gloria Sagoe
(Principal Admin. Assistant)
for: DIRECTOR

INSTITUTE FOR DEVELOPMENT
STUDIES
UNIVERSITY OF CAPE COAST

cc: Director, IDS, UCC.

| Research question | Indicators | Data collected | Method and source of data collection | What was measured |
|---|----------------------------------|--|--|--|
| influence of budgeting practices on service delivery | Budgeting system | Types of plans and budgets, content and purpose of the plans and budgets | Questionnaires, interviews, FGDs, document analysis Regional Coordinators Senior Administrators Planning/ Budget officers Revenue Staff Accounting/ Finance Staff Auditing Department Staff Infrastructure/ Buildings/ Construction Staff Health Staff Education Water and Sanitation | -link between budgeting process and service delivery |
| | Budgeting process | -participants in the process, timelines, deliverables | | - types of plans and budgets vs. service delivery |
| | Issues in budgeting | -participation, lack of resources | | -budgeting influence on service delivery |
| influence of revenue mobilisation practices on service delivery | Sources of revenue | - types of revenues, frequency and amounts of revenues | | -link between source of revenue and service delivery |
| | Methods of Mobilising Revenue | -who collects what, where obtained, how obtained | | -link between methods of revenue mobilisation and service delivery |
| | Issues in Revenue Mobilisation | -corruption, bureaucracy, inadequacy of resources | | -link between issues in revenue mobilisation and service delivery |
| influence of expenditure and payments practices on service delivery | Payment, disbursement systems | -documents used, ICT infrastructure | | -link between payment/disbursement system and service delivery |
| | Payment and disbursement process | -who authorises, who pays, how it is paid, amounts and frequencies | | - payment/disbursement vs service delivery |

Operationalization of variables table (Cont.)

| Research question | Indicators | Data collected | Method and source of data collection | What was measured |
|---|--|---|--|--|
| how accounting and financial reporting practices influence service delivery | Accounting and Financial reporting system | Documents, ICT infrastructure, employees involved, Classification and format of Accounts, | Questionnaires to DA officials and citizens; interviews with regional and national level officials, FGDs and document analysis | -link between accounting and financial reporting system and service delivery |
| | Accounting and financial reporting process | Who collects information, timelines, frequency of reports | | -link between accounting and financial reporting process and service delivery |
| | Issues in accounting and financial reporting | -lack of guiding formats | | -influence of accounting and financial reporting on service delivery |
| influence of auditing practices on service delivery | Auditing system: | internal audit, independent/ external audit, audit reports, standards followed | | -link between auditing system and service delivery |
| | Auditing process Issues in auditing | Persons involved, timelines and frequency of reports, results of audits Enforcement, penalties | | -link auditing process and service delivery -link between auditing and service delivery |
| how PFM regulatory framework influences service delivery | - Rules, policies -Accountability -oversight roles | Laws, oversight, Enforcement of penalties and sanctions | | - influence of PFM regulatory framework on service delivery |

Appendix D: Research Questionnaire for District Assembly Officials

Section A: General Information

1. Name of District Assembly: _____
2. Please indicate your gender? Male Female
3. Designation: _____
4. What is your age bracket? Below 25 years 25-34 35- 44
45-54 55-64 65-74
5. Please indicate your highest academic qualifications:
Diploma Bachelors Degree Masters Degree
Others: _____
6. How long have you served in the current District Assembly?
1-4 years 5-8 years 9-12 years over 12 years
7. How long have you served in your current position?
1-4 years 5-8 years 9-12 years over 12 years

Section B: Nature of Service Delivery by the District Assemblies

8. How would you rate service delivery in the following areas? (Use the given scale).

| Service area | Rating | | | | |
|--------------------------------------|-------------|-----|--------------|------|--------------|
| | Very Bad | Bad | Fair | Good | Very Good |
| Social services | | | | | |
| Health | | | | | |
| Education | | | | | |
| Sports | | | | | |
| Social welfare | | | | | |
| Culture | | | | | |
| Public works | Very Bad | Bad | Satisfactory | Good | Very Good |
| Roads | | | | | |
| Water access | | | | | |
| Sanitation | | | | | |
| Electricity | | | | | |
| Other infrastructure | | | | | |
| Justice and security | Very Bad | Bad | Satisfactory | Good | Very Good |
| By Laws | | | | | |
| Conflicts resolution | | | | | |
| Facilitating promotion of justice | | | | | |

ii) Describe briefly the service delivery by the District assemblies? _____

Section C: Budgeting and Planning Practices Influence on Service Delivery

9. i) Are there laid down procedures/policy guiding the budgeting and planning process in the DA? Yes No

ii) If, Yes, are these policies uniform to all District Assemblies?

Yes No

iii) Describe procedures/policies briefly _____

10. Who are the persons involved in the budgeting and planning in the DA?

Central Government Representative Regional Coordinators

DA Senior Administrators Middle level Administrators

Subcommittees Members Local community

Others (specify): _____

11. i) Does the DA have a strategic plan? Yes No

ii) How frequent does the DA review its plans? Quarterly

Semi Annually

Annually

12. How would you rate the existing budgeting and planning practices at the DA?

Very Inefficient Inefficient Efficient

Very Efficient

13. The following statements relate to the link between budgeting and planning practices and service delivery in Ghana's District Assemblies. Rate the statement on the basis of the experience at the district assembly as per the given scale.

| Link Between Budgeting And Planning Practices And Service Delivery in Ghana's District Assemblies | Strongly Disagree | Slightly Disagree | Neutral | Slightly Agree | Strongly Agree |
|--|-------------------|-------------------|---------|----------------|----------------|
| The budgeting and planning process is inclusive and wide consultations take place | | | | | |
| Enough resources are allocated to various projects based on clear criteria understood by stakeholders | | | | | |
| The budgeting and planning process is realistic and practical | | | | | |
| Value for money is a key concern in budgeting/planning process | | | | | |
| Addressing marginalisation/inequalities key concern in budgeting/planning | | | | | |
| Budgeting/planning process involves setting targets upon which performance is measured against | | | | | |
| The budgeting and planning processes enables conducting budget reviews and service reviews in parallel | | | | | |
| | | | | | |

14. To what extent would you say budgeting and planning practices at the District Assembly have influenced/influences service delivery?

| budgeting and planning practices vs. service delivery | Low | | | | High |
|---|------|------------|-----------------|-------------|-------------|
| | Very | Low Extent | Moderate Extent | High Extent | Very Extent |
| Facilitates | | | | | |
| Hinders | | | | | |

15. What

are your views on the budgeting activities and procedures at the DA?

16. What are your views on the planning activities and procedures at the DA and their influence on service delivery? _____

Section D: Revenue Mobilisation Practices Influence on Service Delivery

17. i) Are there laid down procedures/policy guiding the revenue mobilisation process in the DA? Yes [] No []

ii) If, Yes, are these policies uniform to all District Assemblies?

Yes [] No []

iii) Describe these procedures/policies briefly _____

18 i) What are the sources of DA revenues? HIPC funds []

Internally generated funds [] District Assemblies common fund []

Others (specify): _____

ii) Which of the following internally generated funds? Property rate []

Basic rate [] Tolls [] Assemblies Common Fund []

Others: _____

19. How would you rate the existing revenue mobilisation practices at the DA?

Very Inefficient [] Inefficient [] Efficient []

Very Efficient []

20. The following statements relate to the link between revenue mobilisation practices and service delivery in Ghana's District Assemblies. Rate the statement on the basis of the experience at the district assembly as per the given scale.

| Revenue Mobilisation Practices And Service Delivery in Ghana's District Assemblies | Strongly | Slightly | Neutral | Slightly | Strongly |
|--|----------|----------|---------|----------|----------|
| Revenue collection by the DA from residents is cost effective | | | | | |
| Residents in the DA do not complain of revenues obtained from them | | | | | |
| There are specific revenues mobilised for specific service provision | | | | | |
| There are conflicts between central government and the DAs in revenue mobilisation | | | | | |
| Revenues generated by DA are adequate for service provision | | | | | |

21. To what extent would you say revenue mobilisation practices at the District Assembly have influenced/influences service delivery?

| revenue mobilisation practices vs. service delivery | Very Low | Low Extent | Moderate Extent | High Extent | Very High Extent |
|---|----------|------------|-----------------|-------------|------------------|
| Facilitates | | | | | |
| Hinders | | | | | |

21. What are your views on the revenue mobilisation activities and procedures at the DA and their influence on service delivery? _____

Section E: Expenditure/Payments Practices Influence on Service Delivery

22. i) Are there laid down procedures/policy guiding the budgeting and planning process in the DA? Yes [] No []

ii) If, Yes, are these policies uniform to all District Assemblies?

Yes [] No []

iii) Describe procedures/policies briefly _____

23. What are the key components of the DA's expenditure and payment system?

24. What are the key activities/procedures of the DA's expenditure and payment system? _____

25. How would you rate the existing expenditure and payments practices at the DA? Very Inefficient [] Inefficient [] Efficient [] Very Efficient []

26. The following statements relate to the link between expenditure and payments practices and service delivery in Ghana's District Assemblies. Rate the statement on the basis of the experience at the district assembly as per the given scale.

| Expenditure And Payments Practices And Service Delivery in Ghana's District Assemblies | Strongly Disagree | Slightly Disagree | Neutral | Slightly Agree | Strongly Agree |
|--|-------------------|-------------------|---------|----------------|----------------|
| Employees are paid their wages and salaries in time | | | | | |
| Contractors and suppliers are paid in time enabling smooth provision of services | | | | | |
| Expenditure and payments processes are not complex and tedious | | | | | |
| Work completion and quality of goods, service and works is verified before payments are made | | | | | |
| Some expenditures are given priority over other expenditures | | | | | |

27. To what extent would you say expenditure and payment practices at the District Assembly have influenced/influences service delivery?

| expenditure and payment practices vs. service delivery | Very Low Extent | Low Extent | Moderate Extent | High Extent | Very High Extent |
|--|-----------------|------------|-----------------|-------------|------------------|
| Facilitates | | | | | |
| Hinders | | | | | |

28. What are your views on the expenditure and payment practices and procedures at the DA and their influence on service delivery?

Section F: Accounting/Financial Reporting Influence on Service Delivery

29. i) Are there laid down procedures/policy guiding the accounting and financial reporting in the DA? Yes [] No []

ii) If, Yes, are these policies uniform to all District Assemblies? Yes []

No []

iii) Describe procedures/policies briefly _____

30. What accounting and financial reporting model does the DA use?

Cash accounting [] Accrual accounting []

Others: _____

31. What are the key components of the DA's accounting and financial reporting practices? _____

31. What are the key activities/procedures of the DA's accounting and financial reporting practices? _____

32. How would you rate the existing accounting and financial reporting practices at the DA? Very Inefficient [] Inefficient [] Efficient [] Very Efficient []

33. The following statements relate to the link between the accounting and financial reporting practices and service delivery in Ghana’s District Assemblies. Rate the statement on the basis of the experience at the district assembly as per the given scale.

| Accounting And Financial Reporting link to Service Delivery in Ghana’s District Assemblies | Strongly Disagree | Slightly Disagree | Neutral | Slightly Agree | Strongly Agree |
|---|-------------------|-------------------|---------|----------------|----------------|
| The accounting and financial records are used as a verification mechanism of goods and services provided | | | | | |
| The accounting and financial records must reflect situation on the ground with regard to service delivery | | | | | |
| The accounting and financial records give the public a chance to inspect and compare figures | | | | | |

34. To what extent would you say accounting and financial reporting practices at the District Assembly have influenced/influences service delivery?

| accounting and financial reporting practices vs. service delivery | Very Low Extent | Low Extent | Moderate Extent | High Extent | Very High Extent |
|---|-----------------|------------|-----------------|-------------|------------------|
| Facilitates | | | | | |
| Hinders | | | | | |

35.

What

are your views on the accounting and financial reporting processes and procedures at the DA and their influence on service delivery? _____

Section G: Auditing Practices Influence on Service Delivery

36. i) Are there laid down procedures/policy guiding the auditing process in the DA? Yes [] No []

ii) If, Yes, are these policies uniform to all District Assemblies?

Yes [] No []

iii) Describe procedures/policies briefly _____

37. Do the DAs have the following audit components: Internal Auditors []

Audit Committee [] Independent Auditors []

38. How would you rate the existing auditing practices at the DA?

Very Inefficient [] Inefficient [] Efficient []

Very Efficient []

39. The following statements relate to the link between the accounting and financial reporting practices and service delivery in Ghana's District Assemblies.

Rate the statement on the basis of the experience at the district assembly as per the given scale.

| Auditing link to Service Delivery in Ghana's District Assemblies | Strongly Disagree | Slightly Disagree | Neutral | Slightly Agree | Strongly Agree |
|---|-------------------|-------------------|---------|----------------|----------------|
| Auditing is used as a verification mechanism of goods and services provided vis a vis the resources allocated | | | | | |
| Audits reveal whether funds were used for the purposes the were meant and allocated for | | | | | |
| Auditing helps identify loopholes being used to waste public funds | | | | | |
| | | | | | |
| | | | | | |

40. To what extent would you say auditing practices at the District Assembly have influenced/influences service delivery?

| auditing practices vs. service delivery | Very Low Extent | Low Extent | Moderate Extent | High Extent | Very High Extent |
|---|-----------------|------------|-----------------|-------------|------------------|
| Facilitates | | | | | |
| Hinders | | | | | |

41. What are your views on the auditing processes and procedures at the DA and their influence on service delivery? _____

Section H: Regulatory Framework Influence on Service Delivery

42. i) Are you aware of laws regulating the fund management at the DA?

Yes [] No []

ii) If, Yes, list the most salient laws, regulations governing the public funds management in the DAs? _____

iii) Describe procedures/policies briefly _____

43. How would you rate the existing regulatory framework governing public funds management in the DAs? Very Inefficient [] Inefficient []

Efficient [] Very Efficient []

44. The following statements relate to the link between the accounting and financial reporting practices and service delivery in Ghana's District Assemblies. Rate the statement on the basis of the experience at the district assembly as per the given scale.

| Regulatory Framework and Service Delivery in Ghana's District Assemblies | Strongly | Slightly | Neutral | Slightly | Strongly |
|--|----------|----------|---------|----------|----------|
| The rules and regulations help curb wastages and corruption | | | | | |
| The regulatory framework is enforced through sanctions and punishment for those going against it | | | | | |
| The regulatory framework has clarified how the public funds are to be utilised for better service delivery | | | | | |
| | | | | | |
| | | | | | |

45. To what extent would you say the regulatory framework governing the District Assembly fund management have influenced/influences service delivery?

| regulatory framework vs. service delivery | Very Low | Low Extent | Moderate | High Extent | Very High Extent |
|---|----------|------------|----------|-------------|------------------|
| Facilitates | | | | | |
| Hinders | | | | | |

46. What are your views on the regulatory framework governing the DA fund management and its influence on service delivery? _____

Thanks a lot for your input and cooperation

Appendix E: Questionnaire for Citizen Respondents

District:

Region:

DEMOGRAPHIC DATA

1. Age: 20 – 30 [] 31 – 40 [] 41 – 50 []

51 – 60 [] 61 & above []

2. Gender: Male [] Female []

3. Education: M.S.L.C. / J.H.S. [] Secondary []

Tertiary [] None []

4. Religion: Islam [] Christian []

Traditionalist [] No religious belief []

4. Marital status

Single [] Married [] Widowed [] Divorced []

5. Occupation: Professional [] Artisan []

Businessperson [] Farmers []

Civil Servant / Public Servant [] Unemployed []

Any other specify _____

SECTION B: NATURE OF SERVICE DELIVERY BY THE DAs

6. Where do you get information on projects undertaken by District Assemblies?

District Assembly Newsletter [] Radio []

Newspaper [] Political Rallies []

Observation [] Others (Specify) _____

7. How often do you get information on projects undertaken by District Assemblies? Weekly Monthly Quarterly
 Annually Rarely
 Others (Specify) _____

8. a) How would you rate service delivery in the following areas of the assemblies in the past 3 years? (Use the given scale).

| Service | Rating | | | | |
|------------------------------------|----------|-----|------|------|-----------|
| | Very Bad | Bad | Fair | Good | Very Good |
| Social Services | | | | | |
| Health | | | | | |
| Education | | | | | |
| Sports | | | | | |
| Agricultural Extension services | | | | | |
| Social Welfare | | | | | |
| Culture | | | | | |
| Fire & emergency services | | | | | |
| Recreation services | | | | | |
| Public Works | Very Bad | Bad | Fair | Good | Very Good |
| Roads | | | | | |
| Water access | | | | | |
| Sanitation | | | | | |
| Electricity (Sewerage and Garbage) | | | | | |
| Public Housing | | | | | |
| Street lighting | | | | | |
| Bus parks | | | | | |
| Justice and security | Very Bad | Bad | Fair | Good | Very Good |
| By Laws | | | | | |
| Security | | | | | |
| Conflicts resolution | | | | | |
| Facilitating promotion of justice | | | | | |

b) Explain briefly your ratings in 9 a) _____

9. To what Extent do you feel the following issues influence service delivery by the District Assemblies?

| Issues | Extent | | | | |
|--|-------------|--------|----------|------|-----------|
| | Very Little | Little | Moderate | High | Very High |
| Uneven distribution of funds | | | | | |
| Reduced own sources of revenues | | | | | |
| Insufficient support from central government | | | | | |
| Unpredictable transfer of funds | | | | | |
| Poor harmonisation of guidelines from central government | | | | | |
| Inadequate capacity and incompetence of DA staff | | | | | |
| Corruption | | | | | |
| Lack of clear responsibilities and enabling structures | | | | | |
| Lack of public participation | | | | | |
| Lack of public cooperation | | | | | |
| Lack of clear policy on project implementation | | | | | |
| Little control over recruitment, transfers and staffing | | | | | |
| Poor Monitoring and Evaluation of usage of funds | | | | | |
| Duplication of services | | | | | |
| Others: | | | | | |
| | | | | | |
| | | | | | |

10. What are suggestions on influence of public funds management and how they influence service delivery by District Assemblies

SECTION C: BUDGET & PLANNING ISSUES

11. Should the budget of the district assemblies be made known to the public?

Yes No

12. Which of the following modes should it be made public?

Newspapers Public fora

Through the chiefs Local FM radios

13. Is the Assembly managing the budget to your satisfaction?

Extremely satisfied Very satisfied

Just satisfied Unsatisfied

Extremely dissatisfied

If unsatisfied, why?

SECTION D: REVENUE MOBILISATION ISSUES

14. Do you know any source of revenue to the district assembly?

Yes No

16. Which of the following sources of revenue are you aware of?

Property rate Basic rate Tolls

District Assemblies Common Fund

Others (specify): _____

17. Which procedures do you want the assembly to adopt in revenue mobilisation? Through their own staff Revenue contractors / agents

Both Any other? _____

18. How would you rate the existing revenue mobilisation practices at the DA?

Very Inefficient Inefficient

Efficient Very Efficient

SECTION E: AUDIT ISSUES

19. Should the work of the assembly be audited? Yes No

20. Should there be sanctions for officers who misuse public funds?

Yes No

21. Which mode of sanction should be employed?

Imprisonment Refund Both

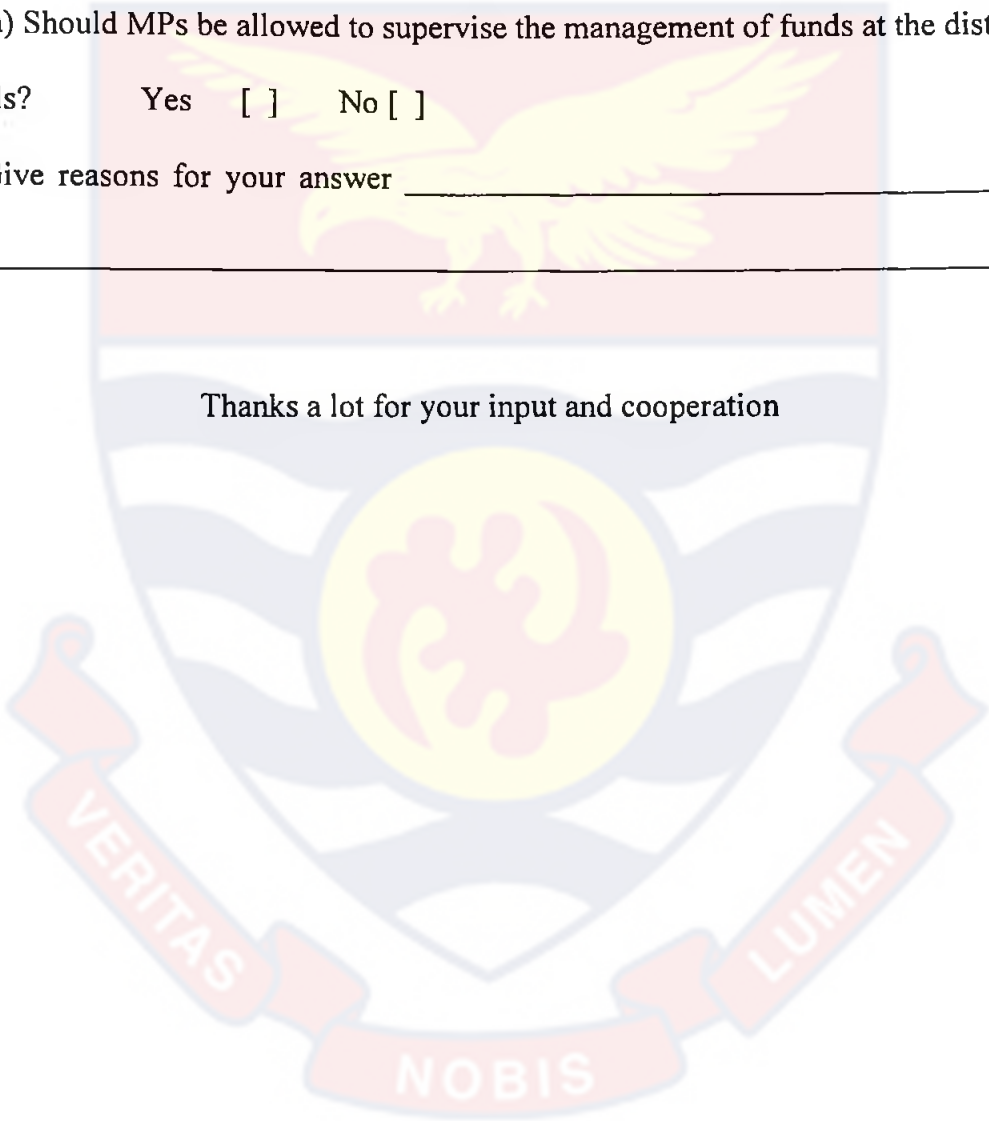
22. Suggest any other form of punishment or sanctions to such offenders.

SECTION F: REGULATORY FRAMEWORK

23. a) Should MPs be allowed to supervise the management of funds at the district levels? Yes [] No []

b) Give reasons for your answer _____

Thanks a lot for your input and cooperation



Appendix F: The Interview Guide for Key Informants

1. Describe briefly service delivery in your region in the following areas?

- Social Services
- Health
- Education
- Sports
- Social Welfare
- Culture
- Public Works
- Roads
- Water access
- Sanitation
- Electricity
- Other Infrastructure
- Justice and security

2. Describe the budgeting and planning practices by DAs in your region?

3. How does the budgeting and planning practices by DAs in your region influence service delivery?

4. Describe the revenue mobilisation systems and processes by DAs in your region?

5. How does the revenue mobilisation systems and processes by DAs in your region influence service delivery?

6. Describe the expenditure and payments systems and processes by DAs in your region?

7. How does the expenditure and payments systems and processes by DAs in your region influence service delivery?

8. Describe the accounting and financial reporting systems and processes by DAs in your region?

9. How does the accounting and financial reporting systems and processes by DAs in your region influence service delivery?

10. Describe the auditing systems and processes by DAs in your region?
11. How does the auditing systems and processes by DAs in your region influence service delivery?
12. Describe the regulatory framework governing PFM by DAs in your region?
11. How does the regulatory framework governing PFM DAs in your region influence service delivery?



Appendix G: Focus Group Discussion Guide

1. Service delivery

- | | | |
|-----------------------|-----------------|-----------------------|
| -Social Services | -Health | -Education |
| -Sports | -Social Welfare | -Culture |
| -Public Works | -Roads | -Water access |
| -Sanitation | -Electricity | -Other Infrastructure |
| -Justice and security | | |

2. Budgeting and planning practices by DAs

- Nature, characteristics, timeframes, participants, deliverables
- Influence on service delivery
- Recommendations, suggestions

3. Revenue Mobilisation Practices

- Nature, characteristics, timeframes, participants, deliverables
- Influence on service delivery
- Recommendations, suggestions

4. Expenditure and payments Practices

- Nature, characteristics, timeframes, participants, deliverables
- Influence on service delivery
- Recommendations, suggestions

5. Accounting and Financial Reporting Practices

- Nature, characteristics, timeframes, participants, deliverables
- Influence on service delivery
- Recommendations, suggestions

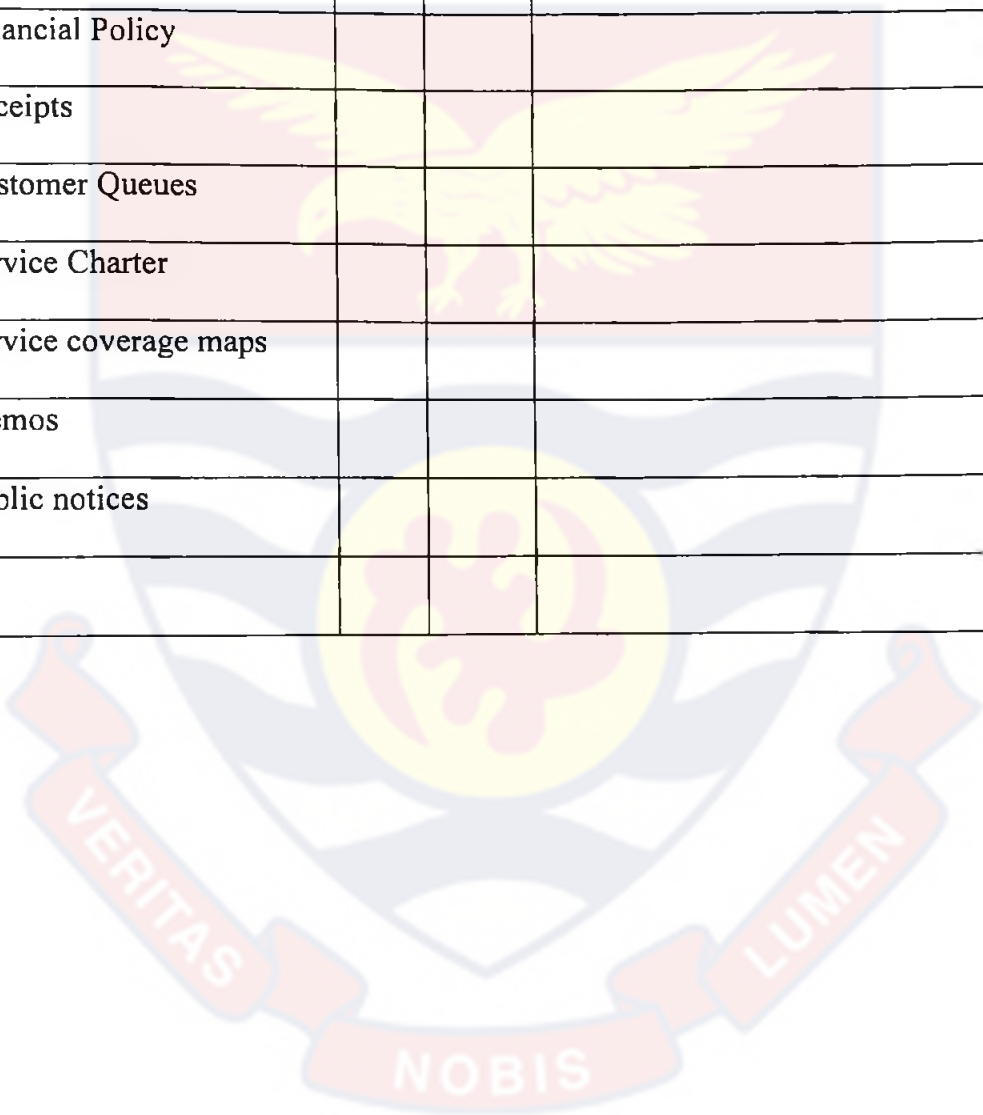
6. PFM regulatory framework

- Nature, characteristics, timeframes, participants, deliverables
- Influence on service delivery
- Recommendations, suggestions

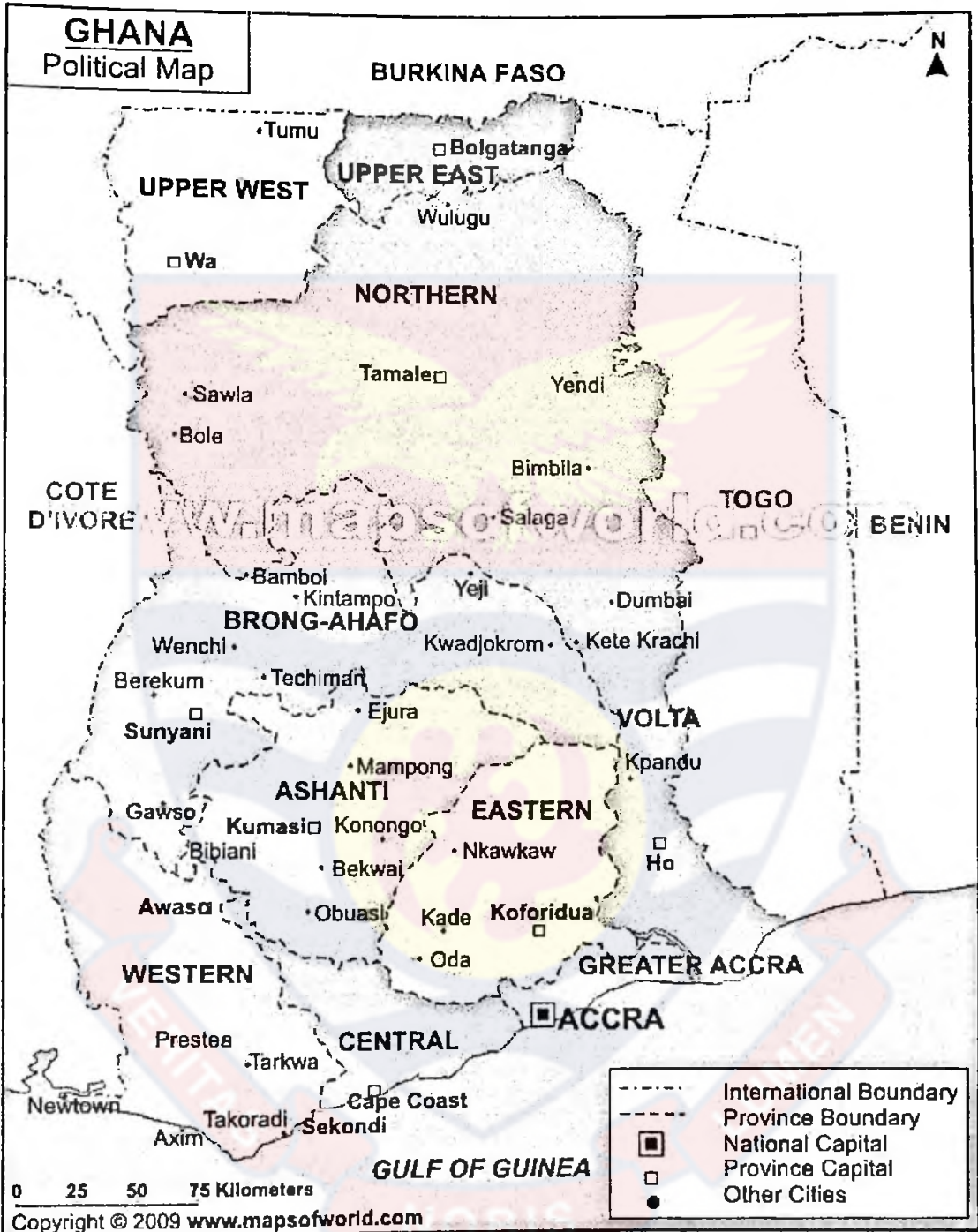
Appendix H: Observation Checklist

Check whether the following item are available/ visible and make remarks

| Item | Present | | Remarks |
|-----------------------|---------|----|---------|
| | Yes | No | |
| Strategic Plans | | | |
| Financial Policy | | | |
| Receipts | | | |
| Customer Queues | | | |
| Service Charter | | | |
| Service coverage maps | | | |
| Memos | | | |
| Public notices | | | |
| | | | |



Appendix I: Map of Ghana



Appendix J: List of District Assemblies in Ghana as at 2008

Ashanti Region

Adansi North District

Adansi South District

Afigya-Kwabre District

Ahafo Ano North District

Ahafo Ano South District

Amansie Central District

Amansie West District

Asante Akim North Municipal District

Asante Akim South District

Atwima Kwanwoma District

Atwima Mponua District

Atwima Nwabiagya District

Bekwai Municipal District

Bosome Freho District

Botsomtwe District

Ejisu-Juaben Municipal District

Ejura/Sekyedumase District

Kumasi Metropolitan District

Kwabre District

Mampong Municipal District

Obuasi Municipal District

Offinso Municipal District

Offinso North District

Sekyere Afram Plains District

Sekyere Central District

Sekyere East District

Sekyere South District

Brong Ahafo Region

Asunafo North Municipal

Asunafo South District

Asutifi District

Atebubu-Amantin District

Berekum Municipal

Dormaa East District

Dormaa Municipal

Jaman North District

Jaman South District

Kintampo North Municipal

Kintampo South District

Nkoranza North District

Nkoranza South District

Pru District

Sene District

Sunyani Municipal

Sunyani West District

Tain District

Tano North District

Tano South District

Techiman Municipal

Wenchi Municipal

Central Region

Abura/Asebu/Kwamankese District

Agona East District

Agona West Municipal District

Ajumako/Enyan/Essiam District

Asikuma/Odoben/Brakwa District

Assin North Municipal District

Assin South District

Awutu-Senya District

Cape Coast Metropolitan District

Effutu Municipal District

Ekumfi District

Gomoa East District

Gomoa West District

Komenda/Edina/Eguafo/Abirem Municipal District

Mfantsiman Municipal District

Twifo/Heman/Lower Denkyira District

Upper Denkyira East Municipal District
Upper Denkyira West District
Eastern Region
Akuapim North District
Akuapim South Municipal District
Akyemansa District
Asuogyaman District
Atiwa District
Birim Central Municipal District
Birim North District
Birim South District
East Akim Municipal District
Fanteakwa District
Kwaebibirem District
Kwahu East District
Kwahu North District
Kwahu South District
Kwahu West Municipal District
Lower Manya Krobo District
New-Juaben Municipal District
Suhum/Krabo/Coaltar District
Upper Manya Krobo District
West Akim Municipal District

Yilo Krobo District

Greater Accra Region

Accra Metropolitan District

Adenta Municipal District

Ashaiman Municipal District

Dangme East District

Dangme West District

Ga East Municipal District

Ga South Municipal District

Ga West Municipal District

Ledzokuku-Krowor Municipal District

Tema Metropolitan District

Northern Region

Bole District

Bunkpurugu-Yunyoo District

Central Gonja District

Chereponi District

East Gonja District

East Mamprusi District

Gushegu District

Karaga District

Kpandai District

Nanumba North District

Nanumba South District

Saboba District

Savelugu-Nanton District

Sawla-Tuna-Kalba District

Tamale Metropolitan District

Tolon-Kumbungu District

West Gonja District

West Mamprusi District

Yendi Municipal District

Zabzugu-Tatale District

Upper East Region

Bawku Municipal District

Bawku West District

Bolgatanga Municipal District

Bongo District

Builsa District

Garu-Tempene District

Kassena Nankana District

Kassena Nankana West District

Talensi-Nabdam District

Upper West Region

Jirapa/Lambussie District

Lambussie Karni District

Lawra District

Nadowli-Kaleo District

Sissala East District

Sissala West District

Wa East District

Wa Municipal District

Wa West District

Volta Region

Adaklu-Anyigbe District

Akatsi District

Biakoye District

Ho West Municipal District

Hohoe Municipal District

Jasikan District

Kadjebi District

Keta Municipal District

Ketu North District

Ketu South District

Kpando District

Krachi East District

Krachi West District

Nkwanta North District

Nkwanta South District



North Tongu District

South Dayi District

South Tongu District

Western Region

Ahanta West District

Aowin/Suaman District

Bia District

Bibiani/Anhwiaso/Bekwai District

Ellembele District

Jomoro District

Juabeso District

Mpohor/Wassa East District

Nzema East Municipal District

Prestea-Huni Valley District

Sefwi Akontombra District

Sefwi-Wiawso District

Sekondi Takoradi Metropolitan Assembly

Shama District

Tarkwa-Nsuaem Municipal District

Wasa Amenfi East District

Wasa Amenfi West District

Wassa West District

Appendix K: List of District Assemblies Selected for the Study

Ashanti Region

Kumasi Metropolitan Assembly

Adansi South

Mampong Municipal

Offinso North

Asante Akim South District

Central Region

Twifo Hemang Lower Denkyira

Twifo Ati-Morkwa

Cape Coast Municipal Assembly

Ekumfi District

Brong-Ahafo Region

Kintampo North Municipal,

Wenchi Municipal,

Techiman Municipal.

Nkoranza North District

Eastern Region

New-Juaben Municipal

Akwapem North Municipal

Kwahu West

East Akim Municipal

Greater Accra Region

Accra Metropolitan Assembly

Tema Metropolitan Assembly

Northern Region

Tamale Metropolitan District

West Mamprusi

East Mamprusi

Karaga District

Upper East Region

Bolgatanga Municipal

Builsa North

Upper West Region

Wa Municipal

Nadowli-Kaleo

Volta Region

Jasikan

Ho west

Krachi Ntsumuru

Ketu South District

Western Region

Jomoro

Nzema East Municipal

Bibiani-Anhwiaso Bekwai

