UNIVERSITY OF CAPE COAST

PUBLIC FINANCIAL MANAGEMENT PRACTICES AND SERVICE DELIVERY AT THE LOCAL GOVERNMENT SYSTEM IN GHANA: A CASE OF YILO KROBO MUNICIPAL

EMMANUEL DJABA TETTEY

2024

UNIVERSITY OF CAPE COAST

PUBLIC FINANCIAL MANAGEMENT PRACTICES AND SERVICE DELIVERY AT THE LOCAL GOVERNMENT SYSTEM IN GHANA: A CASE OF YILO KROBO MUNICIPAL

BY

EMMANUEL DJABA TETTEY

Dissertation submitted to the Department of Business Programmes of the College of Distance Education, University of Cape Coast in partial fulfilment of the requirements for the award of Master of Business Administration degree in Accounting

MARCH 2024

DECLARATION

Candidate's Declaration

I hereby declare that this dissertation 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' Signature…………………….... Date…………………………

Name: Emmanuel Djaba Tettey

Supervisor's Declaration

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

Supervisor's Signature…………………………. Date………………………

Name: Dr. Cornelius Adorm-Takyi

ABSTRACT

The research studied on the effect of public financial management practices and service delivery at Yilo Krobo Municipal. In order to achieve this, three specific objectives were stated. These were; to analyse the effect of revenue generation and allocation on service delivery at Yilo Krobo Municipal; to examine the effect of policy-based budgeting on service delivery at Yilo Krobo Municipal; and to analyse the effect of credibility of the budget on service delivery at Yilo Krobo Municipal. The study was centered on fiscal decentralization theory and resource dependency theory. The “study employed the explanatory research design since the study tested the relationship between the various variables. The data collection instruments were questionnaire. The study employed the quantitative research approach. The stratified random sampling technique was used in selecting a respondent of 59 respondents. Descriptive and Multiple Regression were also used to analyze the objectives of the study. The study found that there was a positive and significant relationship between revenue generation allocation and service delivery. Also, policy-based budgeting had a positive and significant effect on service delivery at Yilo Krobo Municipal. Finally, credibility of the budget had a positive and significant effect on service delivery at Yilo Krobo. The study recommended that Yilo Krobo Municipal should explore and implement effective revenue generation strategies, including the efficient collection of taxes, fees, and other income sources. This may involve leveraging technology for more accurate and streamlined revenue collection.

ACKNOWLEDGEMENTS

I sincerely acknowledge the contribution and co-operation made by my supervisor, Dr. Cornelius Adorm Takyi for his wisdom and inspirations.

DEDICATION

To my wife Elizabeth Djaba and my children: Joseph, Josephine, Jacinta and Jenisha

TABLE OF CONTENTS

LISTS OF TABLES

LIST OF FIGURES

CHAPTER ONE

INTRODUCTION

The efficacy of public financial management (PFM) practices is crucial for ensuring effective service delivery within local government systems. In Ghana, local governments play a pivotal role in the socio-economic development of communities by providing essential services such as healthcare, education, water, and sanitation. However, the capacity of local governments to deliver these services efficiently is often contingent upon the robustness of their financial management systems. This study explores the relationship between public financial management practices and service delivery within the Yilo Krobo Municipal Assembly, a local government unit in the Eastern Region of Ghana. Over the years, Ghana has implemented various reforms aimed at strengthening PFM to enhance transparency, accountability, and efficiency in the use of public resources. These reforms are designed to ensure that local governments are better equipped to manage their finances and deliver services effectively. Despite these efforts, challenges persist, including misallocation of resources, inefficiencies in revenue collection, and inadequate budgetary controls, which can hinder the delivery of essential services.

Background to the Study

In the past few years, governments worldwide have undertaken various financial and administrative reforms in response to societal, political, economic, and technological pressures. These reforms aim to enhance their effectiveness, efficiency, and accountability in managing public resources (Goryakin et al., 2020). According to Majer, Mathew, and Kur (2021), governments face various challenges, such as heightened globalization, resource scarcity, citizen unhappiness with current governance, and the need to reduce budget expenditures. There is a growing emphasis on enhancing the standard of public financial administration on a global scale. Numerous nations, irrespective of their level of development, have made notable strides in bolstering public financial management and governance, thus demonstrating significant progress (ACCA, 2021). A significant portion of societal progress is contingent upon the state's ability to raise, administer, and allocate its resources in a manner that is efficient, trustworthy, and impactful in attaining government objectives (OECD, 2016).

Hence, it is imperative to prioritize the enhancement of the formal and informal regulations and institutions that oversee these endeavors, while concurrently bolstering the corresponding human and technological capabilities (Lin et al., 2020). This should constitute a fundamental element of any development strategy. The public sector environment is undergoing significant transformation, characterized by a growing focus on fiscal management and discipline, as well as the prioritization of expenditure and the pursuit of value for money (Agostino et al., 2021). Therefore, it is imperative that governmental entities, both at the national and local levels, as well as regulatory authorities and professional accounting organizations, collaborate in order to attain enduring enhancements, promote transparency, and ensure accountability in the realm of public financial management. The ESAA conference held in February 2009 acknowledged the pressing and crucial requirement for the enhancement and advancement of public financial management in Africa.

In July 2009, the International Federation of Accountants (IFAC) G20 Summit in London and the World Bank underscored the imperative of cultivating and fortifying the finance profession in developing and emerging economies as a means to attain stable and robust financial governance. Once more, various entities including donors, lenders, and multinational institutions such as the World Bank, International Monetary Fund (IMF), Department of International Development UK (DFID), European Commission (EC), and Cultural Industries Development Agency (CIDA) of the United Kingdom persist in providing financial resources for the purpose of enhancing public financial management capacity and curriculum development in financial training within numerous underdeveloped countries and emerging economies (ACCA, 2010).Public financial management refers to the operational processes undertaken by an organization to acquire and efficiently allocate the financial resources required for its effective functioning. Public financial management encompasses all aspects of a nation's budgetary process, encompassing both the preceding and subsequent stages. The upstream phase encompasses several activities such as strategy planning, medium-term expenditure framework, annual budgeting. On the other hand, the downstream phase involves revenue management, procurement, internal control, accounting and financial reporting, monitoring and evaluation, and audit (Osborne, 2020). According to the OECD (2019), the implementation of collective control, prioritization, accountability, and efficiency plays a crucial role in effectively managing public resources and delivering services. These factors are essential for achieving public policy objectives related to local community development.

The enhancement of public service results is heavily contingent upon the utmost importance of public financial management. The allocation of funds has a significant impact on the utilization of resources to address both national and local goals, as well as on the availability of resources for investment and the overall cost-effectiveness of public services. Furthermore, the establishment of robust financial management, accountability, and transparency in the utilization of public funds is likely to enhance the level of trust that the general public places in public sector organizations. The utilization of public financial information is frequently employed as a means to facilitate decision-making processes. The focus of this endeavor pertains to enhancing the management of resources and budgeting, adapting to alterations in financial accounting and reporting, ensuring more effective regulation, fortifying institutions, enhancing risk management and governance, and eliminating instances of fraud and corruption (ACCA, 2019).

Both rich and emerging nations have ongoing challenges in managing public finances and adapting to rapid changes. In line with similar initiatives undertaken in numerous other nations, Ghana has implemented a series of financial reforms within its public financial management system. These reforms have been designed to address two primary objectives: fostering a culture of performance and enhancing the responsiveness, accountability, efficiency, and effectiveness of the public sector in meeting the needs of the general public (Hu, Huang & Chen, 2020).In recent years, the Ghanaian government has made significant efforts to enhance its public financial management reforms. These efforts have involved various measures aimed at fortifying the legislative framework and enhancing supervision of public resource utilization (World Bank, 2016). Numerous changes have been implemented in various domains, including decentralization, budgeting, financial administration, personnel remuneration and pension administration, procurement, expenditure management, and the internationalization of financial reporting (World Bank, 2016).

Several notable reforms have been implemented in recent years in Ghana. These include the introduction of the medium term expenditure framework for budgeting in 1999, the enactment of the financial administration Act (Act 654) in 2003 and the subsequent establishment of financial administration regulations (L.I 1802) in 2004. Additionally, reforms have been undertaken in the area of public procurement in 2003, national pension systems in 2008, and the restructuring of revenue collection agencies in 2009. Furthermore, the implementation of the budget and public expenditure management system (BPEMS) and the Ghana integrated financial management information system (GIFMIS) represent the most recent reforms in the country. The government acknowledged that the effective utilization of public money relied on the presence of prompt and pertinent financial management information, as well as the implementation of globally recognized financial reporting, accounting, and auditing principles, best practices, and standards (OECD, 2019).Given the increasing scarcity of resources and the growth of the population, the government of Ghana is currently prioritizing the utilization of local resources in order to enhance service delivery. The Ghanaian government has acknowledged the need for intentional and collaborative actions to address the economic, social, cultural, and political determinants that lead to widespread poverty in the country (Kamulegeya et al., 2020).

The Yilo Krobo Municipal Assembly is actively involved in enabling and implementing this agenda within its jurisdiction. The mandate and authority of the organization are delineated in the 1992 constitution and the Local Government Act 462 of 1993. The mandate of the Assembly encompasses several functions, such as legislation, administration, development planning, service delivery, and budgeting. According to the Republic of Ghana constitution (1992) and the Republic of Ghana Local Government Act (1993), the Assembly is entrusted with the task of executing government plans and projects within its respective jurisdictions. This is achieved by the identification and utilization of predominantly indigenous resources, concepts, and abilities to foster economic expansion and advancement, with the objective of generating job prospects, alleviating poverty, and equitably sharing resources and opportunities for the betterment of local communities.

According to the International Labour Organisation (2006), development projects are seen as a means to empower local societies. It is based on the premise that challenges encountered by communities, such as unemployment, poverty, job loss, environmental degradation, and loss of community control, can be effectively tackled through a community-led, grass-root, integrated approach.

Statement of the problem

There is a growing global focus on public financial management, as evidenced by the deliberate and significant efforts made by numerous countries to enhance the implementation of public financial management (Lapuente & Van de Walle, 2020). The conventional solutions have prioritized enhancing the comprehensiveness of budget operations, establishing stronger connections between yearly allocations and medium-term policy goals, implementing performance indicators and management systems, and digitizing budget administration and expenditure control. According to Ewuim et al. (2020), the implementation of these reforms has resulted in a transformation of the conventional function of public financial management, placing greater emphasis on factors such as accountability, output, performance assessment, efficiency, cost savings, and productivity.

The research conducted in Ghana pertaining to public financial management has primarily concentrated on the areas of revenue mobilization and allocation, internal controls, procurement, as well as internal and external audit systems. The Ministry of Finance and Economic Planning and German Technical Cooperation (2020) and De-Renzio and Smith (2015) conducted studies pertaining to public financial management, with a specific focus on the national level. These studies employed distinct methodological approaches. There has been a lack of emphasis on public financial management at the local government level, particularly in relation to policy-based budgeting, the credibility of budgets, revenue generation and allocation, and their impact on service delivery.

According to a study conducted by the Ministry of Finance and Economic Planning and German Technical Cooperation in 2019, it is asserted that the budget allocated for programmes and projects outlined in the district medium term development plans surpasses the financial capacity of the district assemblies. Consequently, the district assemblies face significant challenges in implementing a mere 50% of the planned programmes and projects. The utilization of resources by the assembly was not effectively aligned with their annual action plans and district medium-term development plans. Furthermore, district assemblies were faced with significant deductions and delays in the receipt of cash from the District Assembly Common Fund, which hindered their ability to fulfill their programs and projects.

Simson and Welham (2019) believe that budget credibility plays a crucial role in facilitating service delivery. Their research findings suggest that in developing nations, compensation expenditure, namely wages, is the most credible kind of expenditure, with a variance of five percent (5%) or less. The credibility of goods and services expenditure is diminished due to a variance of twenty percent (20%), whilst the assets or capital projects exhibit the least credibility, as they experience significant fluctuations with a variance of eighty percent (80%), hence adversely impacting service delivery.

According to the PAC Report (2006-2009), the Public Accounts Committee of the Ghanaian Parliament consistently recognizes inadequate accounting practices, failures in internal control, and inept financial decision-making as the primary challenges to effective public financial management. In spite of the aforementioned factors, the 2020 Auditor General's report on the administration and allocation of the District Assemblies Common Fund (DACF) has brought to light instances where metropolitan, municipal, and district assemblies throughout the nation have misused a cumulative amount of GH¢43,975,431 (GH¢44 million) from the District Assembly Common Fund, which was intended to enhance initiatives and endeavors within the respective districts (Auditor General report, 2011). The reports highlighted that deficiencies identified in the financial operations of the district assemblies provided an opportunity for certain officials to mishandle public funds and resources. This misconduct was observed in various transactions, particularly in cash management, where significant irregularities, unsupported payments, misappropriation, and improper use of designated funds for development programs were documented.

The Yilo Krobo Municipal Assembly report (2019) highlights the inconsistent allocation of funds from the central government and donor sources for capital expenditure in the Municipality. This inconsistency has had a detrimental effect on the assembly's planned activities during specific time periods. The monitoring of projects and programmes exhibits irregularity, while the revenue mobilisation efforts are not deemed satisfactory. The Municipality possesses a market of considerable size within the country, although its development remains insufficient in terms of attracting traders (merchants) (Yilo Krobo Municipal Assembly, 2022).

The importance of public financial management has gained recognition in its role in addressing corruption, reducing poverty, and promoting the efficient utilization of internal and external resources, as well as financial accounting and reporting (El-Baradei, 2021). Given the aforementioned circumstances, the objective of this study is to evaluate the impact of public financial management on service delivery within local government entities. As a result, it will influence international donors, government, and local institutions to work together to achieve long-lasting improvements in the localities.

Purpose of the Study

The main purpose of the study was to analyse the effect of public financial management practices on service delivery of Local Government System in Ghana: A case of Yilo Krobo Municipal.

Research Objectives

Specifically, the study sought;

1. to analyse the effect of revenue generation and allocation on service delivery at Yilo Krobo Municipal.
2. To examine the effect of policy-based budgeting on service delivery at Yilo Krobo Municipal.
3. To analyse the effect of credibility of the budget on service delivery at Yilo Krobo Municipal.

Research Questions

1. What is the effect of revenue generation and allocation on service delivery at Yilo Krobo Municipal?
2. What is the effect of policy-based budgeting on service delivery at Yilo Krobo Municipal?
3. What is the effect of credibility of the budget on service delivery at Yilo Krobo Municipal?

Significance of the Study

The study on "Public Financial Management Practices and Service Delivery at the Local Government System in Ghana: A Case of Yilo Krobo Municipal" holds significant importance for several reasons. This research delves into the dynamics of public financial management within a specific local government in Ghana and its direct impact on service delivery.

The study focuses on the local government system in Ghana, which is the primary interface between citizens and the state. Understanding how public financial management affects service delivery at the local level is crucial, as this is where citizens directly experience government services.

Findings from this study can inform local, regional, and national policies related to public financial management and service delivery. It can help in shaping better governance practices, which is essential for economic development and citizen satisfaction.

Effective public financial management practices are closely linked to accountability and transparency. The study can shed light on the levels of accountability and transparency in Yilo Krobo Municipal and provide insights into how these can be improved.

Efficient allocation and utilization of resources at the local level are essential for equitable service delivery. This study can offer insights into how resources are allocated in Yilo Krobo Municipal and whether this impacts service delivery positively or negatively.

Delimitations of the Study

This study specifically focuses on the Yilo Krobo Municipal in Ghana. It does not encompass other local government areas in Ghana, which may have different financial management practices and service delivery outcomes. Therefore, the findings cannot be generalized to all local governments in Ghana.

The study is limited to a specific period of time, typically determined by the duration of data collection and analysis. As such, it may not capture long-term trends or changes that occur after the study period.

The research may be constrained by the available financial resources for data collection, analysis, and fieldwork. A larger budget might enable a more comprehensive study, including a broader range of data sources and a larger sample size.

The study is limited by the language(s) in which data and documents are available. If key documents are not available in the language of the research team, translation may introduce interpretation challenges.

Limitations of the Study

This study on public financial management (PFM) practices and service delivery within the Yilo Krobo Municipal Assembly in Ghana faces several limitations that must be acknowledged. Firstly, the scope of the research is geographically confined to a single municipal assembly, which may limit the generalizability of the findings to other local government units in Ghana with different socio-economic contexts and administrative challenges. Additionally, the study relies on both quantitative data and qualitative insights, which may be subject to biases inherent in self-reported information from key stakeholders, such as government officials and community members. Another limitation is the potential difficulty in accessing comprehensive and accurate financial records, given that local government financial systems in Ghana may have inconsistencies or gaps in data recording and reporting. Furthermore, the study's timeframe may not fully capture the long-term impacts of PFM practices on service delivery, particularly in a dynamic and evolving local governance environment. Lastly, external factors such as political influences, economic conditions, and national policies, which are beyond the control of the municipal assembly but significantly impact

PFM practices and service delivery, may not be fully accounted for in this study. Despite these limitations, the research provides valuable insights into the relationship between PFM practices and service delivery within the context of the Yilo Krobo Municipal Assembly.

Organisation of the Study

The study was organized into five chapters. Chapter one consists of the background of the study, the statement of the problem, objectives of the study, significance of the study and limitation of the study. Chapter two was on a review of related literature. This chapter provides the fundamentals of the study and therefore help to shape the nature and direction of the study. Chapter three was on the research methods of the study. It covers the research design, the population and sampling procedures, data and data collection procedure, research instruments, as well as method of data processing and analysis. Chapter four was on results and discussions of the study whiles Chapter five was on the summary of the findings, conclusions and recommendations for the study.

CHAPTER TWO

LITERATURE REVIEW

Introduction

This section of the study provides a comprehensive evaluation of the existing literature pertaining to the interplay between public financial management and service delivery within the context of local government. Furthermore, this paper examines the many theoretical frameworks that form the foundation of the notion of public financial management and service delivery. Subsequently, it analyzes empirical data pertaining to policy-based budgeting, budget credibility, and resource production and allocation.

Theoretical Review

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

Fiscal decentralization theory

The adoption of fiscal decentralization as a means to enhance the efficiency, effectiveness, and accountability of the public sector has gained significant traction in recent years (Voom et al., 2019). In the realm of decentralization, various forms can be identified, including political decentralization, administrative decentralization, fiscal decentralization, and others (Onah et al., 2022). The primary topic of this study pertains to the concept of fiscal decentralization. Fiscal decentralization involves the transfer of some expenditure and income duties from higher levels of government to lower levels of government. According to a report by the United Nations

Development Programme (UNDP) in 2019, fiscal decentralization refers to the delegation of increased authority and control over financial resources to local governments, enabling them to exercise greater autonomy in their utilization and management. The level of autonomy granted to sub-national bodies in determining the allocation of their expenditures has been examined in a study by Lyu et al. (2022).

Fiscal decentralization has emerged as a prominent concern within the decentralization process, a trend that Ghana is also experiencing. This encompasses both externally and internally generated revenue sources, as well as the allocation of expenditure. The attainment of planned development goals and objectives at the local level has assumed great significance for governments (Gowd, 2022). In order to effectively facilitate a decentralization process, it is imperative that a system for decentralized financial management encompasses certain fundamental attributes. These include: (a) the presence of transparency in the allocation of resources, (b) the ability to predict the amounts that will be made available to local institutions, and (c) the provision of local autonomy in decision-making pertaining to resource utilization (Amare et al., 2020).

According to Vickerman (2021), fiscal decentralization is regarded as being more proficient in delivering a more suitable level of service to the local populace compared to the central government. Kujuk (2021) posits that decentralization has the ability to enhance both Pareto efficiency and economic equality across different areas. Numerous scholars have posited that fiscal decentralization is often perceived as a mechanism to enhance democratic engagement in the decision-making procedure, while also facilitating enhanced transparency and accountability (Mubangizi, 2019; Leite et al., 2020).

Contrary to the prevailing perspective, the assertion on the economic advantages of local fiscal decentralization lacks substantial empirical evidence, as shown by Storbjork et al. (2021). In the realm of development, the existing body of work pertaining to the relationship between decentralization and economic growth is rather nascent (Simon et al., 2019). The prevailing doubt is motivated by the challenges commonly linked to decentralization, including rising deficits, diminished government decision-making quality, corruption, heightened influence of interest groups, and amplified interregional and inter-district disparities. These factors have the potential to impede local economic growth on a broader scale (Maher et al., 2020). According to Lindhren et al. (2019), there is a perception that this practice can have detrimental effects, particularly in the context of developing and transition economies.

The decentralization process in Ghana establishes a framework that facilitates the implementation of a locally-driven system for development and planning. According to Goodyear-Smith and Ashton (2019), the establishment of district assemblies occurred through this particular procedure. These assemblies were assigned the role of local planning authorities, with the primary task of overseeing the comprehensive development and governance of their respective districts and municipal assemblies. The involvement of municipal and district assemblies has positioned them as key actors in the facilitation of service delivery at the local government level in Ghana.

Resource dependency theory

According to Fadare (2013), resource dependency theory posits that organizations are dependent on resources obtained from their external environment. These resources are under the control of other entities within the ecosystem. According to this theoretical framework, individuals or entities possessing certain resources possess the capacity to exercise influence and establish dominance over organizations that rely on such resources. Therefore, the existence and development of organizations are dependent on their capacity to manage the allocation of resources (Fadare, 2013). The notion of resource dependency is commonly associated with the works of Pfeffer (1973) and Pfeffer and Salancik (1978). Pfeffer and Salancik (1978) assert that resource dependency theory posits that the acquisition and retention of resources are crucial for the existence of organizations. Furthermore, Hatch (2013) provides further elaboration on this concept by elucidating that the district's dependence on its surroundings is a result of its imperative to obtain resources in order to fulfill its service delivery obligations.

Hillman, Canella, and Paetzold (2000) examine the resource dependency hypothesis in their study, which emphasizes the significance of assemblies in procuring and safeguarding vital resources for the district by establishing connections with the external environment. The district's growth and development are largely contingent upon the quantity of resources at its disposal. This idea is based on several fundamental principles. Initially, it is imperative for the district to acquire adequate resources in order to effectively pursue its objectives for growth. Additionally, the district has the ability to acquire resources from its surrounding environment or, in simpler terms, from external entities. The perspective offered by resource dependency theory allows assemblies to analyze and compare various options, with a focus on both the immediate costs of coordination and the future potential for district growth and development (Hillman, Canella & Paetzold, 2000).

According to Fadare (2013), the district's ability to ensure a consistent provision of essential resources is crucial for its development. In Sheppard's (1995) study, a predictive model of resource dependency was employed to examine the relationship between district development and various factors, including the district's current resource level, influence with essential resource suppliers, and the stability of the district environment. The findings revealed persistent and statistically significant positive associations between these variables. Given this perspective, diligent endeavors are undertaken to guarantee the accessibility of essential resources required for the advancement and progress of the region.

Resource dependency theory offers useful insights for managers when making decisions. According to Malatesta and Smith (2014), public managers are being confronted with ongoing challenges as the fiscal landscape undergoes transformation. According to reports by the National Governors Association (NGA) and the National Association of State Budget Officers (NASBO) in 2012, there were significant decreases observed in the revenues and collections of state and municipal governments. The underlying premise of this theory posits that district assemblies, in addition to their local revenue, receive financial support from a central government fund. Consequently, the limitations imposed on these funds result in a competitive environment among various government entities vying for financial resources.

According to Matthews and Shulman (2005), assemblies are required to possess resources and capabilities, as well as consider their surrounding environment. Additionally, they must engage in negotiations with pertinent resources and leverage available opportunities.

Conceptual Review

This section reviewed concepts underpinning the study. The concepts of the study included public financial management, and service delivery.

Public Financial Management

According to Burger (2008), the advancement of a country is influenced to some extent by the government's capacity to effectively generate, manage, and distribute public resources. Scholars and professionals widely agree that the existence of effective institutions and strong systems of public financial management plays a vital role in enabling the effective implementation of national development objectives and poverty alleviation programs (PEFA, 2005). The extant literature on public finance management demonstrates a variety of perspectives and definitions in conceiving this discipline (Pretorius & Pretorius, 2008). Public financial management, as defined by the Chartered Institute of Public Finance and Accountancy (CIPFA, 2010), encompasses the activities of planning, directing, and regulating financial resources with the aim of facilitating and influencing the effective and efficient attainment of public service goals. The definition of public financial management refers to the tactics utilized to tackle the difficulties related to harmonizing limited resources and growing requirements and expectations, while also performing the duty of judiciously distributing funds granted by taxpayers.

In their study, Simson, Sharma, and Aziz (2011) provide an alternative conceptualization of public financial management. This framework incorporates several processes, including revenue mobilization, allocation of funds to diverse activities, as well as the management of expenditures and accounting for the disbursed funds. Public financial management encompasses the strategic and efficient allocation and utilization of financial resources in a public sector context. The writers also argue that the topic concerns the levying of taxes with the aim of generating income, as well as the subsequent allocation of these monies by the government. The focal point lies in highlighting the significant impacts of these fiscal endeavors on resource allocation and income distribution. Furthermore, the Task Force on Public Financial Management (2009-2011) contends that it is imperative to establish a more robust linkage between public expenditure and the income aspect of the budget, specifically with regards to taxation. The possible benefits of enhanced resource mobilization include promoting governmental accountability towards taxpayers, improving the diversification and effectiveness of public finance, ensuring sustained financial commitments to the population, and reducing dependence on external aid inflows.

According to CIPFA (2010), local administrations are confronted with heightened demands and constrained resources. Local governments are required to investigate new and inventive business models to generate adequate funds to meet their commitments in delivering services to their citizens. Furthermore, the declaration posits that local governments are worthy of the trust that comes with strict expectations of honesty and accountability in the allocation of public funds. Langlois and Beschel (1998) argue that robust public financial management systems possess the capacity to function as effective instruments in the prevention, identification, and punishment of fraudulent acts and corrupt practices. Ensuring inclusion is of utmost importance when making decisions regarding the utilization of funds, while also placing significant emphasis on transparency in the allocation and procurement processes. Furthermore, the implementation of regular monitoring techniques, the execution of independent audits, and the establishment of an ongoing cycle of reporting and evaluation are of utmost importance.

Furthermore, as stated by the Department of Budget and Management (2012), there is a strong emphasis on the significance of public financial management in enhancing the capacity of local governments to generate their own revenue and allocate resources effectively to meet the priority needs of the population. Concurrently, the public sector bears the obligation to efficiently allocate and employ its limited financial resources to attain economic efficiency in providing the requisite outputs that will satisfy the anticipated outcomes, thereby fulfilling the needs of the community (International Federation of Accountants (IFAC), 2012). The conversion of national and district policies into implementable actions and the subsequent provision of services are facilitated by the employment of the public financial management system. The method enhances the communal decision-making process by providing a platform for citizens to express their preferences and promoting fiscal transparency.

This study provides increased attention on specific fundamental principles that form the basis of the objectives. Nevertheless, this section offers a thorough examination of these subjects. The main variables being examined include policy-driven budgeting, the credibility of the budget, and the allocation and development of resources (revenue) in relation to service delivery.

Policy Based Budgeting

The initiation of the budget process is marked by the commencement of the planning phase. Jones and George (2011) provide a definition of planning as the systematic process of establishing objectives and formulating strategies to achieve them. Plans are formalized declarations that outline the specific actions and strategies that will be employed in order to achieve the stated objectives. The integration of policy, planning, and budgeting is a fundamental requirement for the effective implementation of the Medium-Term Expenditure Framework (MTEF). The World Bank report from 1988, as referenced in the work of Le Houerou and Taliercio (2002), highlights the significance of integrating policy, planning, and budgeting in order to avoid system fragmentation, which ultimately leads to suboptimal budgeting outcomes at the macro, strategic, and local levels in developing nations. The authors also observed that the lack of integration between policy, planning, and budgeting results in an ad hoc approach to annual budget expenditure, as even minor discretionary allocations cannot be accurately anticipated. The issue of revenue unpredictability, both on an annual basis and within the budget year, is a prevalent challenge faced by developing nations (World Bank, 1998).

According to the World Bank research, the presence of predictability enables local authorities to effectively strategize and allocate resources within the confines of the yearly budget cycle. Moreover, it facilitates long-term planning to ensure efficient service delivery. The outcome is enhanced management of public expenditures and improved cost-effectiveness within a challenging constraint framework.

In a similar vein, Okpala (2014) asserts that policy-based budgeting serves as a mechanism to prevent the inadequate execution of the capital budget, unsustainable expenditure, ill-conceived projects and programs, and spending that is not effectively aligned with developmental priorities. As per the findings of the Danish Institute for International Studies (2015), it is imperative to maintain equilibrium between revenue and spending assignments. Additionally, it is crucial to ensure that funds are allocated in a timely manner and with a level of predictability that extends beyond a short-term period of one or two years. The authors underscore the significance of the interconnection of policy, planning, and budgeting as a means to hold local government responsible to its mandates, citizens, and their representatives who advocate for their interests and rights.

Credibility of the Budget

The budget cycle serves as the foundation for the organization and implementation of public financial management activities. In numerous nations, particularly those characterized by low-income and fragility, national budgets frequently exhibit limited accuracy in forecasting both revenue and expenditure (Simson & Welham, 2014). There exist numerous methodologies for assessing and ascertaining the credibility of a budget. The phrase in question may pertain to the validity of the procedural aspects involved in the formulation of a budget. Similarly, the concept of budget credibility pertains to the extent to which the allocations made within a given budget align with its stated objectives in a technically appropriate manner. This implies that a government that declares its commitment to implementing a set of particular infrastructure projects may face criticism for presenting a budget that lacks credibility if the allocated funds are primarily directed towards alternative infrastructure initiatives. In conclusion, the credibility of a budget can be established when its allocations align with the declared government policy, and its revenue and spending predictions are within realistic boundaries and effectively implemented, resulting in outcomes that align with the initial plan.

In this particular context, the term "credibility" is employed to refer to the extent of disparity between projected and realized expenditures during a twelve-month timeframe, as opposed to its association with notions of legitimacy or technical suitability (Simson & Welham, 2014). A budget that is considered credible would have no deviations from the planned financial allocations during the duration of a year. PEFA (2005) posits that the presence of a non-credible budget has the potential to result in inadequacies in the allocation of funds for priority expenditures. This phenomenon might be attributed to reductions in expenditure ceilings due to insufficient revenue, underestimation of the expenses associated with policy priorities, or non-compliance in resource utilization.

Budgets that experience significant deviations from the planned outturns might be considered inadequate indicators, leading to a less efficient provision of public services and other desirable results (Simon & Welham, 2014). Contrarily, Aborisade (2008) suggests that the execution of budgets may deviate from the agreed-upon provisions outlined in the annual budget.

The author posits that the divergence between actual expenditure and the budget can occur due to executive misconduct, deliberate shifts in policy direction, or significant economic or external factors that are beyond the executive's influence. Hence, it is imperative that the extent of divergence remains within a fair threshold.

Revenue Generation and Allocation

A robust fiscal framework for local governments is vital and functions as a pivotal instrument for the effective administration of local government (Oluwu & Wunsch, 2003). The mobilization of revenue at the local government level has the capacity to promote political and administrative responsibility through the empowerment of communities (Shah, 1998; Oates, 1998). Nevertheless, the prescriptions derived from theoretical frameworks and established international practices place significant limitations on the selection of income sources available to local governments.

Revenue mobilization refers to the process of gathering and coordinating financial contributions derived from identifiable sources of revenue within an economic context. The classification of revenues from various sources can be found in Articles 245 and 252 of the 1992 Constitution, as well as section 34, part vii, part viii, part ix, and part x of the Local Government Act, 1993, Act 462. These sources include the District Assemblies Common Fund, ceded revenue, and the authority for local taxation to generate their own revenue. Bahl and Smoke (2003) categorize local government revenue for local authorities into two primary classifications: internal and external sources. Internally generated funds encompass revenue streams derived from taxes, user fees, and a range of licenses within the district authority. The assembly's external sources of money encompass transfers from the central government, typically in the form of grants, revenue sharing, and donor funds designated for specific projects.

The primary source of money for district assembly in Ghana is the District assembly' Common Fund (DACF), which is a significant contribution from the central government. The establishment of the District Assemblies' Common Fund is stipulated in Article 252 of the 1992 Constitution of the Republic of Ghana. According to Article 252 (2) of the constitution, it is mandated that parliament, in accordance with the provisions of this constitution, must allocate a minimum of five percent (5%) of Ghana's total revenues to the district assemblies for the purpose of development. This allocated amount is required to be disbursed to the District Assemblies Common Fund in quarterly installments. Additionally, according to article 252 (3), it is stipulated that the allocation of this sum should be distributed among all the district assemblies in the nation, utilizing a formula that has been sanctioned by the Parliament of the Republic of Ghana. According to Ahwoi (2010), there has been an increase in the allocation of the District Assemblies' Common Fund from 5% to 7.5%. The utilization of the District Assembly Common Fund is primarily directed towards the allocation of resources for the purpose of making major expenditures in infrastructure.

The financial resources obtained by transfers restrict local autonomy in decision-making and priority establishment, and frequently prove inadequate to fulfill all expenditure requirements. According to Yilmaz, Beris, and Serrano-Berthet (2008), Yilmaz et al (2008) assert that the state of urban infrastructure in Uganda is consistently dilapidated, rural roads are inadequately maintained, and there is a prevailing perception that citizens' taxes mostly contribute to the remuneration of local administrative personnel. This scenario engenders a pervasive reluctance to fulfill tax obligations, so exacerbating the cycle of non-compliance and further deteriorating service delivery. In a similar vein, Khemani (2006) observes that within the context of Nigeria, the excessive reliance of local government on intergovernmental transfer funds, along with the lack of clarity regarding the quantity and time of these transfers, has led to a deficiency in service delivery and has enabled local authorities to evade their responsibilities.

The aforementioned circumstances are not dissimilar in Ghana. Numerous local government authorities exhibit financial fragility and depend on financial transfers and help from the national government (Brosio, 2000). According to Fjeldstad (2006), there is a prevalent issue of inefficiency within local government tax administrations, resulting in significant sums of uncollected revenues and sometimes mismanagement of the collected funds. The local revenue base has been constrained by the reliance on low-yielding taxes, such as basic rates and market tolls, while the more profitable tax sectors have been consolidated under the control of the government.

Moreover, Botchie (2000) asserts that individuals exhibit a reluctance to fulfill their tax obligations as a result of the assemblies' inadequate ability to effectively manage and provide a valid rationale for the allocation of tax revenues. The aforementioned issues arise due to various factors, including the collaboration between certain revenue collectors and taxpayers to evade payment of levies through the issuance of counterfeit receipts, the direct misappropriation of revenue by some collectors for personal gain, and the insufficient expertise or qualifications necessary for efficient revenue collection. According to the National Development Planning Commission (NDPC) (2009), the insufficient generation of funds internally can be attributed to factors such as inadequate public awareness, limited and erroneous data on taxable products, and a small range of economic activities within the districts of the assemblies. In the event that local governments possess the capacity to create substantial internal revenue, a portion of these funds may be allocated towards the implementation of development initiatives within their individual assemblies, therefore reducing their reliance on the central government for capital projects. Hence, it is imperative to enhance the mobilization of internal revenue in order to achieve the established targets.

Empirical Review

This section reviewed studies that has been done in relation to the underpinning study.

Policy based budgeting and Service Delivery

The integration of policy, planning, and budgeting is vital for developing nations to optimize the utilization of their few resources in an efficient and effective manner. It is anticipated that there will be a connection between the planning and budgeting cycles at the national, regional, and district levels. The Ministry of Finance and Economic Planning, in collaboration with the German Technical Cooperation, performed research to examine the processes related to the development, planning, budgeting, Medium-Term Expenditure Framework (MTEF), and capital budgeting of the Metropolitan Manila Development Authority (MMDA) (Ministry of Finance and Economic Planning & German Technical Cooperation, 2020). The objective of this study was to identify deficiencies within both national and local planning and budgeting systems, and to recommend strategies for aligning these processes in order to enhance governance.

The technique employed in this study involved conducting a comprehensive evaluation of pertinent literature pertaining to the topics of planning and budgeting in the context of Ghana. The researchers conducted key informant interviews with individuals who held representative positions within specific ministries, departments, and agencies. Discussions were conducted with key stakeholders, including core members of the regional planning coordinating unit at both regional and district levels, as well as sector leads and officials from development partners. The researchers opted for a mixed methodology.

Based on the findings of this investigation, it was determined that the National Development Planning Commission (NDPC) is responsible for overseeing the development and execution of plans at the national, regional, and district levels. However, it is important to note that the NDPC has limited authority over the allocation and distribution of funds to various ministries, departments, agencies, and district assemblies.

The aforementioned action diminishes the coordinating capabilities of the National Development Planning Commission and transforms the process of plan drafting into a purely theoretical endeavor. Additionally, the study showed that a significant proportion of district assembly failed to adequately prioritize the evaluation of their districts' financial resource capabilities. Consequently, the allocation of funds for programmes and projects outlined in the district medium term development plans beyond the financial capacity of the district assembly, leading to the implementation of only approximately 50% of the intended programmes and projects. Moreover, it was found that the allocation of funds for the suggested initiatives lacked disaggregation based on the different sources of funding (Robinson et al., 2019).

Furthermore, it has been revealed that the consumption of resources by the assemblies was not correlated with their annual action plans and district medium-term development plans. The assemblies faced significant deductions and experienced delays in the receipt of cash from the District Assembly Common Fund. Hence, the presence of unpaid dues compromised the execution of both ongoing and forthcoming initiatives, limiting the ability to address local priorities outlined in the yearly action plans and district medium-term development programs.

The allocation of sectoral priorities for expenditure was mostly established by the central government, with district assemblies having the discretion to reallocate resources within the designated sector. However, this practice sometimes diverged from addressing local needs. Similarly, it was discovered that district assemblies possessed more than five distinct plans, in addition to their district medium-term development plan. The presence of multiple plans exacerbates the challenge faced by district assemblies in aligning their plans with their budgets. Additionally, the existence of various plans creates competition for the limited resources available for implementation at the district level.

The authors propose that in order to establish a connection between the plans and budgets of district assemblies, it is advisable to include a comprehensive overview of performance indicators in budget volumes. These indicators should be aligned with the goals of both the ministry, department, and agency, as well as the district assembly. It is recommended that internal auditors at the ministry, department, agency, and district assembly levels be required and provided with appropriate training to conduct financial audits in accordance with the performance metrics specified in the plans and budgets of those entities. In a similar vein, the report suggests that the National Development Planning Commission should guarantee that district assemblies thoroughly evaluate the financial resource potential of assemblies when formulating district medium-term development plans. In order to facilitate the determination of costs associated with the implementation of district medium term development plans, it is imperative to disaggregate the funding sources. This would allow all stakeholders, including assemblies, to ascertain their respective financial obligations towards the district medium term development plan. In conclusion, the authors suggest that it is advisable for the District Assemblies' Common Fund to be allocated promptly in order to prevent any delays in project completion. Additionally, they propose that the Ministry of Finance and Economic Planning should be notified of all off-budget interventions within the respective jurisdictions.

In a recent study conducted by Wanna et al. (2020), the authors examined the relationship between policies and budgets by establishing medium-term expenditure frameworks within the context of Poverty Reduction Strategy Papers (PRSP). The study employed a case study methodology and utilized qualitative assessment methods. The incorporation of a medium-term outlook in the budgeting process can prove advantageous as it enables the alignment of short-term macroeconomic stabilization goals with the medium and long-term resource requirements of the budget. This, in turn, facilitates enhanced policy formulation and planning, as well as more streamlined and impactful service delivery. The significance of integrating planning and budgeting is emphasized in enhancing the public financial management system in emerging nations.

The case study posits that the implementation of a Medium-Term Expenditure Framework (MTEF) has the potential to serve as a significant driver in establishing fundamental budgetary conditions that enhance fiscal stability and expenditure management. The primary juncture of convergence between a Medium-Term Expenditure Framework (MTEF) and a Poverty Reduction Strategy Paper (PRSP) occurs during the phase of prioritization and distribution of resources. The empirical evidence from several nation studies indicates that the implementation of Medium-Term Expenditure Frameworks (MTEFs) has effectively directed attention towards policy goals by establishing a structured framework for making informed decisions regarding the allocation of strategic resources. However, conversely, the aforementioned authors suggest that excessive emphasis on priority programs and expenditures may pose hazards, resulting in imbalanced allocations. In Tanzania, the allocation of non-wage recurrent expenditures is primarily directed towards the sectors and programs identified as priorities in the Poverty Reduction Strategy Paper (PRSP). This situation gives rise to heightened ambiguity regarding the allocation of financing to nonpriority programs, creating potential hazards to their efficiency and effectiveness. It is imperative to implement measures aimed at mitigating the level of uncertainty experienced by non-priority sectors during the disbursement of money (Nwosu & Amahi, 2019).

The establishment of fiscal stability is a crucial factor in the successful execution of a Medium-Term Expenditure Framework (MTEF) (Criado & Gil-Garcia, 2019). In addition to its association with macroeconomic stability, fiscal stability assumes a pivotal role in the Medium-Term Expenditure Framework (MTEF) and the budgetary process. Additionally, it enhances the predictability of funding, leading to favorable outcomes for the reasonable and effective execution of budgetary measures. The case studies provide evidence suggesting that the establishment of an aggregate resource restriction that is characterized by honesty and realism is crucial in attaining predictability. The authors suggest that it is imperative to maintain a concentrated effort towards the development of a cohesive and unified approach to policy formulation, strategic planning, and financial allocation. Furthermore, it is crucial to provide accurate and truthful estimations for both anticipated income and expenditures in order to establish the aggregate resource constraint as credible. There is a need for increased focus on the efficiency and efficacy of resource utilization. It is imperative to effectively handle expectations, encompassing both expectations regarding supplementary money and the expectations pertaining to the pace of advancement in enhancing budgetary outcomes.

Credibility of the budget and service delivery

A budget can be deemed credible if it effectively adheres to the planned outcomes, resulting in actual outcomes that align with the planned targets. The assessment of budget credibility in both theoretical and practical contexts was conducted by Simson and Welham (2019). The present work employs a case study approach to examine budget credibility issues in the countries of Liberia, Tanzania, and Uganda. This country was deliberately chosen from among a group of nations that have implemented diverse changes aimed at enhancing budget credibility. The study employed a set of indicators from the international Public Financial Management (PFM) performance evaluation framework to assess the level of variation (PEFA, 2011). A quantitative analysis was employed, followed by a subsequent discussion. The collection of secondary data was facilitated by the presence of budget data in the public domain, so enabling a comprehensive study.

The findings indicated a correlation between plan and execution, with the initial point of potential deviation observed in the revenue collection process. The discrepancy between collected revenues and the budgeted amounts can arise due to factors such as inaccurate revenue forecasts, unexpected economic fluctuations, inadequate tax administration capabilities, or deliberate manipulation by the government to intentionally misrepresent revenue estimates during the budget approval process. Revenue estimates that are excessively optimistic have a tendency to lead to reduced expenditure, since the actual amount of funds generated falls short of expectations. The analysis revealed that in Uganda, Tanzania, and Liberia, the category of compensation expenditure (wages) consistently demonstrated the highest level of credibility, with a deviation of 5% or less from its budget across the respective governments. spending on goods and services, also referred to as recurrent spending, exhibits a relatively lower level of credibility, characterized by a variation ranging from negative twenty percent to positive twenty percent (-20% to +20%). On the other hand, the category of assets or development expenditure is significantly less credible, displaying substantial fluctuations with a variance spanning from negative sixty percent to positive eighty percent (-60% and 80%). Moreover, these nations employed supplementary budgets as a means to effectively handle fluctuations in economic conditions. The implementation of supplementary budget and contingency budget serves as a prudent strategy to address unforeseen disruptions and substantial levels of uncertainty. The countries under investigation experienced discrepancies between projected and realized expenditures due to the inclusion of off-budget spending.

The authors propose that governments can mitigate uncertainty during the planning phase by allocating resources towards enhancing their ability to predict revenue and spending. Common strategies involve enhancing revenue forecasting models and fortifying the execution method for expenditures. The government has the ability to effectively address uncertainty by implementing strategies such as incorporating buffers to mitigate the impact of unexpected revenue or expenditure shocks, commonly known as contingency budgets. Additionally, they can reduce the forecast period by routinely revising and adjusting budgets as needed, which is referred to as supplementary budgets. According to the findings of Simson and Welham (2014), public financial management systems primarily prioritize the macro-fiscal aspect of budget credibility.

Hou (2022) conducted a study on fiscal discipline as a capacity measure of financial management in subnational governments. The findings of the study revealed that the existing body of public management literature has not sufficiently addressed the specific capacity measures pertaining to financial management in subnational governments. This study utilized data from four comprehensive national surveys conducted by the Government Performance Project (GPP) at Syracuse University between 1998 and 2021. The objective of this research was to address a gap in the literature by constructing a conceptual framework that contributes to the advancement of subnational financial governance in the future. The metric is a continuum that spans from a lower to a higher range. This study argues that the implementation of robust fiscal discipline plays a crucial role in enhancing the financial management capabilities of subnational entities, hence fostering effective governance and facilitating economic development.

Revenue Generation and Allocation and Service Delivery

The matter of revenue allocation in Nigeria is characterized by its volatility and serves as a significant cause of political and governmental strife. Iliyasu (2021) suggests that the process of income allocation exhibits a greater inclination towards political considerations rather than technical aspects. The primary aim of Kazeem and Oluyemi's (2019) study was to provide a robust argument in favor of implementing a direct revenue allocation system for local governments in Nigeria. The study also outlined the many responsibilities and duties that local governments can undertake in the context of national development. Additionally, it highlighted the operational and tactical roles that local governments can play in order to enhance national development. The nature of their study activity mostly revolved around descriptive typology. The research employed a qualitative methodology, with the primary data for the study being derived from secondary sources. The data collected was appropriately examined.

The study revealed that the integration of local governments with state governments in revenue allocation introduces inefficiencies into the local government system, hinders prompt decision-making by local governments, and restricts their ability to undertake beneficial development initiatives. Local governments played a crucial role as the primary instigators, participants, and most effective implementers of developmental initiatives, according to their perspective. According to Eckardt (2008), municipal governments had a significant role in facilitating local growth. Furthermore, the analysis unveiled a deficiency in the internal revenue base, which can be attributed to the specific tax structures allocated to local governments. According to Kazeem and Oluyemi (2021), there is consensus among prominent scholars that local governments should prioritize internal revenue generation in order to achieve autonomy. The analysis emphasized that the insufficient internal revenue had exhibited a significant reliance on the federation account for funding its capital projects. The local government's internally generated money accounted for 30% of their total revenue, while the remaining 70% was allotted from the federation account.

According to the Ministry of Finance and Economic Planning and German Technical Cooperation (2010), it has been established that the District Assemblies Common Fund in Ghana serves as a significant channel for development funding to district assemblies, constituting more than 65% of their total funding. Steiner (2008) and Akudugu (2022) assert that money serves as the vital foundation of local governments, and inadequate funding directly hampers their ability to fulfill their designated roles efficiently. Ineffectively defined tasks and inadequate allocation of resources have significantly hindered the functioning of local governments, hence diminishing the motivation of local officials and elected representatives to fulfill their duties effectively (Smoke, 2019). The current situation has resulted in demands for central governments to enhance the decentralization process by advocating for genuine fiscal decentralization or providing greater financial autonomy to local government entities.

The study conducted by Kazeem and Oluyemi (2021) determined that the direct allocation of funds to local governments has the potential to enhance economic development, foster good governance, promote political accountability and transparency, improve accessibility to local needs, encourage responsiveness to local wishes and initiatives, facilitate rural transformation, and contribute to overall national development. Similarly, the study conducted by Dang (2013) investigated the influence of revenue allocation on the economic development of Nigeria. This research examined the impact of different income allocations to the three levels of government on Real Gross Domestic Product (RGDP) in Nigeria. Econometric techniques were employed to evaluate time series data spanning from 1993 to 2012. The data included in this study originated from a secondary source. The study's findings indicate a substantial causal association between revenue allocations and economic development in Nigeria. Specifically, it was observed that only the allocation of income to states exhibited a significant negative relationship. The report suggests, among other recommendations, the implementation of increased financial management and value for money audits in order to reduce wasting and corruption within the states of the federation. This is proposed as a means to alter the current impact of states' revenue allocation on economic development.

Contrarily, Akudugu (2021) conducted a study that examined the utilization of financial resources as a means to incentivize the performance of district assemblies in Ghana. This study included three primary data collection techniques, namely in-depth interviews, document analysis, and participation in a district budget forum, to investigate the impact of the district development facility on the efficacy of district assembly throughout the country. The article posited that while the allocation of financial resources to district assemblies is an essential step, it alone is insufficient in effectively addressing the various structural difficulties they face and enhancing their effectiveness. Hence, the paper's conclusion is that endeavors to enhance the efficacy of district assemblies should extend beyond the mere allocation of financial resources and incentives.

Conceptual Framework

The conceptualization of the study is depicted in Figure 1. The model demonstrates that public financial management is the exogenous variable, while service delivery assumes the endogenous role. The dimension of public financial management encompasses policy-based budgeting, the credibility of the budget, and income generation and allocation. The service delivery at the district level is supported by these three variables. Service delivery refers to the act of providing social or public goods with the aim of enhancing the socio-economic well-being of individuals within a society. The allocation of service delivery tasks to local government entities, including metropolitan, municipal, and district assemblies, is outlined in Article 245 of the 1992

Constitution of the Republic of Ghana and section 10 of the Local Government Act 1993, Act 462. Consequently, the principle of fiscal decentralization has conferred more rights and authority upon assemblies in the utilization and administration of their financial resources (UNDP, 2015). The assembly are tasked with and fulfill several service responsibilities to the public, such as the creation of infrastructure including roads, markets, health centers, drainages, lorry parks, and schools, among other essential facilities. According to the resource dependency theory, the Assembly's degree of developmental programmes and initiatives is determined by the resources it acquires and controls.

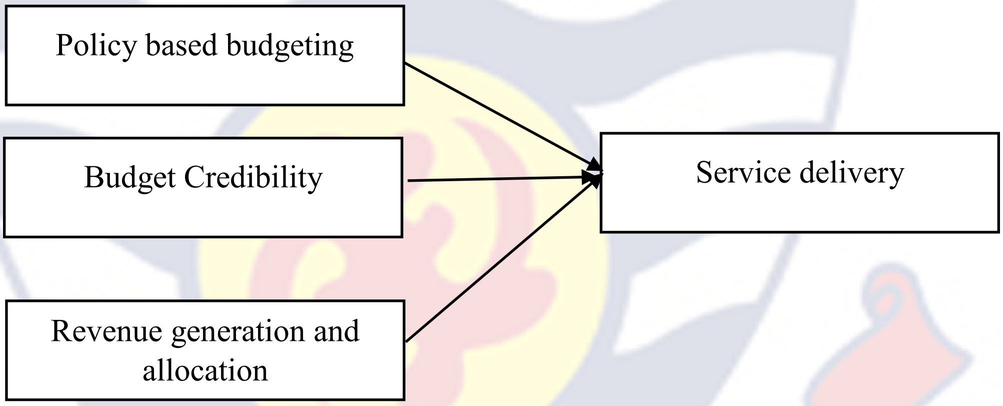

Figure 1: Conceptual Framework
Source: Author’s construct (2023)

The implementation of these programs and projects occurs within the framework of the public financial management system. Policy-based budgeting is a process that establishes the medium-term development strategy for a district. The aforementioned plan establishes the policy trajectory of the assembly and exerts a direct impact on the provision of services. Policy-based budgeting plays a crucial role in shaping the annual action plan and budget, as well as determining the investment drive of income production. The budget's credibility enhances transparency and openness in the provision of services

(Simson & Welham, 2014). The increased accountability of the assembly to the population regarding resource utilization has a direct influence on the delivery of services. The generation and allocation of income facilitate the implementation of programs and initiatives, ensuring efficient service delivery at the district level.

Chapter Summary

This chapter undertook an analysis and study of the existing literature pertaining to the subjects of public financial management and service delivery. The chapter was divided into four pieces. The conceptual review elucidated the diverse concepts that underlie the investigation. In addition, the other components of the study conducted a comprehensive evaluation of relevant literature pertaining to the theoretical foundations of the research and the existing body of studies examining the interrelationships among the concepts in question. The concluding phase of the study explored the conceptual framework, which provided a visual depiction of the topics under analysis.

CHAPTER THREE

RESEARCH METHODS

Introduction

This chapter outlines the research methodology that underpins the study and examines the methods that were used to meet the study's objectives. This chapter covers the research design, the research approach, study area, population, sample and sampling procedure, data collection instrument, data collection procedures and data processing analysis, finally, the ethical consideration.

Research Paradigm

Saunders et al (2016) stated that positivism relates to the philosophical system that approaches issues which can be scientifically verified and also could provide basis for generalization. This indicates that, generation of facts is one that is not influenced by human interpretation. Developing hypotheses in this paradigm is based on existing theory. These hypotheses are tested and confirmed, in whole or part, or refuted, leading to the further development of theory which then may be tested by further research (Creswell, 2009; Saunders et al, 2016). To achieve the objectives of this study, it was appropriate to use this paradigm since these objectives were based on resource expectancy theory to analyse the study's objectives and relationships.

Research Approach

According to Creswell and Creswell (2016), there are three approaches to research; (a) qualitative, (b) quantitative, and (c) mixed methods. Saunders et al. (2016) provide three significant differences between quantitative and qualitative research methods. The first difference advanced by the authors is that the quantitative research method permits the researcher to isolate and define variables and link them together to frame research hypotheses. However, this is not the case with respect to the qualitative research method. The next difference asserted by the authors is that the quantitative research method allows for objectivity with respect to the processes involved in the data collection and analysis. Contrarily, in the qualitative research method, subjectivity is often introduced during data collection procedures and analysis. Finally, while the quantitative research method allows for the use of larger samples and the generalisation of the sample results to the entire population, the purpose of the qualitative research method is not for the generalisation of the sample results to the entire population.

This study employed the quantitative approach to analyse the study's objective. This was appropriate because the study sought to analyse the causal relationship between the public financial management and service delivery. The causal relationship analyses made the quantitative approach appropriate for the study.

Research Design

Saunders, Lewis and Thornhill (2003) identified three main types of research designs. These included explanatory, exploratory and descriptive design. Exploratory research is usually conducted when a researcher has just begun an investigation and wishes to understand the topic generally. The exploratory usually considers the feelings and emotions of the respondents. Descriptive research aims to describe or define the topic at hand. Finally, explanatory research aims to explain why particular phenomena work in the way that they do. In other words, it analyses the causal relationship between the underlining variables.

The purpose of the study was to analyse the effect of public financial management and service design. In view of this, the explanatory research design was deemed to be appropriate for the study.

Population

A population is a group of people who have similar characteristics and meet particular criteria (Creswell, 2009; McMillan & Schumacher, 2010). The Yilo Krobo Municipal's coordinators, planning unit, budget unit, internal audit unit, finance unit, and procurement units were among the accessible population. These people were used because they were the units that have the appropriate knowledge of budgeting and also the public financial management practices. The Table 1 shows the population of the study.

Table 1: Population

Unit	Number
Coordinating Officer	15
Planning Officer	12
Budget Officer	10
Internal audit Officer	8
Finance Officer	5
Procurement Officer	15
Total	65

Source: Bole District Staff Directorate (2021)

Sampling Procedure

McMillan and Schumacher (2010) describe a sample as "the set of subjects or respondents from which data is obtained." The Krejcie and Morgan (1970) sampling table was used to select the sample size for the study. According to Krejcie and Morgan (1970), a population of 65 requires a sample size of 56, as a result, 56 was the sample size used for the study. On the other hand, the simple random sampling procedure was used to select the respondents for the study. Simple random sampling, according to Saunders, Lewis and Thornhill (2007), entails selecting respondents at random from a sampling pool. Furthermore, the sampling approach was adopted since simple random sampling is a neutral and unbiased method of selecting a responded for a study, giving all respondents an equal chance of being chosen.

Data Collection Instrument

The data needed for further analysis were gathered using a questionnaire. When compared to many other primary data collection methods, the questionnaire boosts data collection speed, and provides higher degrees of objectivity (Saunders, Lewis & Thornhill, 2007). The questionnaire was also divided into three sections. The first section inquired about the respondents' background, the second section inquired about public financial management practices. The third section inquired about service delivery. The items were extracted from Gachithi (2010) and Boama-Secu (2019). The questionnaire was administered using the in-house survey approach. The researcher visits the respondents using this method. The advantage of an in-house survey is that respondents may devote more attention to the questions (Saunders et al. 2007).

Data Processing and Analysis

The data collected using the survey approach were modified and entered into IBM SPSS Statistics version 23. Following that, the data were analyzed using descriptive statistics and there organized in tables using percentages, frequencies, means, and standard deviation. To ensure analysis feel, Pearson’s correlation coefficient and multiple regression were run to test the relationship between the public financial management practices and service delivery.

Ethical Consideration

The researcher ensured the necessary protocols and procedures are followed to ensure the study is conducted ethically. The Office of the Bole District Assembly were duly informed with a letter of introduction from UCC, Business department about the research and their responses were assured with strict anonymity and confidentiality.

Chapter Summary

The chapter explained the research design and approach. The study adopted the descriptive research design and the quantitative approach. Sample sizes of 56 respondents were used. The data collection instrument was questionnaire which was distributed among the staffs of Yilo Krobo Municipal. The descriptive statistics of structural equation was used in the analysis.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

The result and discussion are dealt with in this chapter. The objectives of the study. The chapter started with the analysis of the demographic characteristics of the respondents. The analysis and discussions of the objectives followed. The chapter ended with summary of the chapter.

Demographic Characteristics of Respondents

The “study analysed the demographic characteristics of the respondents. Respondents were asked of their gender, age, marital status, educational level, number of years spent in the department. Table 2 gives the results of the demographic characteristics.

Table 2: Demographic Characteristics

Variable	Frequency	Percent
Gender		
Male	36	64.3
Female	20	35.7
Age		
20-30	13	23.2
31-40	24	42.9
41-50	11	19.6
51-60	6	10.7
61+	2	3.6
Marital Status		
Single	17	30.4
Married	8	14.3
Divorced	12	21.4
Other	19	33.9
Educational Level		
HND	5	8.9
First Degree	32	57.1
Master's Degree	15	26.8
Others	4	7.1
Years Spent		
Less than 5	15	26.8
5-10	9	16.1
11-20	10	17.9
20-30	7	12.5
>30	15	26.8
Total	56	100

Source: Field Survey (2023)

From Table 1, 36 of the respondents were males which represented 64.3 percent of the respondents. 20 of the respondents were females which also represented 35.7 percent of the respondents. 13 of the respondents were between the age of 20 to 30 years. This represented 23.2 percent of the respondents. 24 of the respondents were between the age of 31-40 years. This also represented 42.9 percent of the respondents. 11 of the respondents were between the age of 41-50 years which represented 19.6 percent. 6 of the respondents were between the age of 51-60 years. This represented 10.7 percent of the respondents. 2 of the respondents were above 61 years. This also represented 3.6 percent of the respondents.

With respect to marital status, 17 of the respondents were single. This represented 30.4 percent of the respondents. 8 of the respondents were married. This also represented 14.3 percent of the respondents. 12 of the respondents were divorced. This also represented 21.4 percent of the respondents. Finally, 19 of the respondents were 19 which also represented 33.9 percent of the respondents.

Five (5) of the respondents were holding HND. This represented 8.9 percent of the respondents. 32 of the respondents were holding First Degree from various universities in Ghana. This also represented 57.1 percent of the respondents. 15 of the respondents were holding Master's Degree. This also represented 26.8 percent of the respondents. 4 of the respondents were holding other certificates which represented 7.1 percent of the respondents.

From Table 2, 15 of the respondents had worked at the institution for less than five (5) years. This represented 26.8 percent of the respondents. Nine (9) of the respondents had working experience between five (5) to ten (10) years. This also represented 16.1 percent of the respondents. 10 of the respondents had worked with the organisation for 11 to 20 years. This represented 17.9 percent of the respondents. 7 of the respondents had worked for 20-30 years. This also represented 12.5 percent of the respondents. 15 of the respondents had also worked for more than 30 years. This also represented 26.8 percent of the respondents.

The effect of public financial management practices and service delivery

The main purpose of the study was to analyse the effect of public financial management practices on service delivery. Public financial management practices included policy-based budgeting, budget credibility and revenue generation and allocation. These components were regressed on service delivery.

Reliability and Validity Test

Reliability and validity in research projects are significant to determine the degree to which the scales of the measurements are valid and reliable. To conduct this, the Cronbach Alpha test was used to investigate internal consistency of the constructs. The Cronbach Alpha acceptable test rate was 70% or 0.7 and any construct recording below this limit indicates poor internal consistency. The factor analysis was applied to examine the measurement scale validity. For an acceptable factor analysis number of vital hypothesis is important. For example, Kaiser-Meyer-Oklin (KMO) values must be 50% (0.50) or more and the probability of Bartlett's Test of Sphericity must be significant (p-value < 0.05). Furthermore, the factor loadings of the elements or items must be greater than 0.6 and the Average Variance Extracted (AVE) must be 0.5 or better (Hair, 2010). The reliability and validity of the individual constructs have been presented in detail below.

Validity and reliability results for Policy based budgeting

In “assessing the construct, five elements were used to measure policy based budgeting. After the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (.885), determinant (.025) and Bartlett's Sphericity Test ($X^2(15) = 508.464$; $p<0.05$) assumptions were met, factor analysis was conducted on all five items. The five components used to measure the construct were highly loaded (>.5). On the five (5) items using the Cronbach Alpha, reliability tests were carried out. Cronbach's Alpha was registered at .903. This suggests that the five elements were accurate in measuring the policy based budgeting. The naïve method was used to measure the policy based budgeting.”

Table 2: Exploratory Factor Analysis on Policy based budgeting

	Factor Loading
The assembly prepares budget with due regard to government policy and development interests or needs of its stakeholders	.842
The assembly able to predict direct budget support to service delivery	.832
The assembly medium term development plan is linked to the budget and service delivery	.860
The assembly has multiple plan and budget running concurrently for various projects.	.812
There is an implementation gap between policy, budget and projects and programmes	.865
Cronbach Alpha	0.903
Eigenvalue	3.363
% of Variance	67.26
KMO=0.885; χ^2=508.464; df=15; p-value=0.000	

Source: Field Survey (2023)

Validity and reliability results for Credibility of the Budget

In assessing the construct, five elements were used to measure credibility of the budget. After the Kaiser-Meyer-Olkin Measure of Sampling

Adequacy (.886), determinant (.027) and Bartlett's Sphericity Test ($X^2(15)$ = 502.549; $p<0.05$) assumptions were met, factor analysis was conducted on all five items. The five components used to measure the construct were highly loaded (>.5). On the five (5) items using the Cronbach Alpha, reliability tests were carried out. Cronbach's Alpha was registered at .919. This suggests that the five elements were accurate in measuring the variable credibility of the budget. The naïve method was used to measure the credibility of the budget variable."

Table 3: Exploratory Factor Analysis on credibility of the budget

	Factor Loading
The assembly budget maintains fiscal discipline to investment projects and programmes	.820
The assembly is able to complete capital projects within stipulated time frames	.827
The assembly budget comprehensive and transparent for capital projects	.897
Stakeholders have access to information and knowledge to the kind of capital projects going on within their localities	.906
The assembly monitors capital projects and programmes regularly	.879
Cronbach Alpha	0.919
Eigenvalue	3.788
% of Variance	75.76
KMO=0.886; χ^2=502.549; df=10; p-value=0.000	

Source: Field Survey (2023)

Validity and reliability results for Revenue generation and allocation

In assessing "the construct, five elements were used to measure revenue generation and allocation. After the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (.900), determinant (.007) and Bartlett's Sphericity Test

($X^2(15)$ = 1142.534; $p<0.05$) assumptions were met, factor analysis was conducted on all five items. The nine components used to measure the construct were highly loaded (>.5). On the five (5) items using the Cronbach Alpha, reliability tests were carried out. Cronbach's Alpha was registered at .945. This suggests that the five elements were accurate in measuring the variable revenue generation and allocation variable. The naïve method was used to measure the revenue generation and allocation variable."

Table 4: Exploratory Factor Analysis on revenue generation and allocation variable

	Factor Loading
Revenue allocation for capital expenditure are disaggregated to tie a particular fund to a particular capital project	.830
The assembly have the capacity to generate substantial revenue to cover capital projects	.859
Off - budget financing or unplanned activity affect capital projects than compensation and goods and services	.816
The government efficiently collects revenue without causing excessive burden on businesses and individuals.	.838
Revenue collection strategies are fair and equitable for all citizens.	.855
Cronbach Alpha	0.945
Eigenvalue	6.287
% of Variance	69.854
KMO=0.900; χ^2=1142.534; df=15; p-value=0.000	

Source: Field Survey (2023)

Validity and reliability results for service delivery

In assessing the "construct, five elements were used to measure service delivery. After the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (.773), determinant (.006) and Bartlett's Sphericity Test ($X^2(15)$ = 710.604; $p<0.05$) assumptions were met, factor analysis was conducted on all five items. The five components used to measure the construct were highly loaded (>.5). On the five (5) items using the Cronbach Alpha, reliability tests were carried out. Cronbach's Alpha was registered at .833. This suggests that the five elements were accurate in measuring the variable, service delivery. The naïve method was used to measure the construct, service delivery."

Table 5: Exploratory Factor Analysis on service delivery

	Factor Loading
Public services are delivered in a timely and efficient manner.	.633
The budget allocation for service delivery adequately meets the needs of the population.	.632
Citizens have access to quality public services that meet their expectations.	.704
Public services are responsive to the changing needs of the community.	.769
The government effectively communicates information about available public services and how to access them.	.723
Cronbach Alpha	.833
Eigenvalue	3.502
% of Variance	50.030
KMO=0.773; χ^2=710.604; df=15; p-value=0.000	

Source: Field Survey (2023)

Diagnostic Tests

A diagnostic test was used to derive conclusions about the connections between the research variables. The tests were run to assess whether or not it was necessary to conduct an empirical analysis of the data using multiple regression analysis. When the essential assumptions are followed, as Greene (2002) explains, regression may be properly calculated. As a result, it was determined that multicollinearity and auto correlation among the research variables were present. The variance inflation factor (VIF) was used to test for collinearity, while the Durbin Watson test was used to test for independence.

Test of Multicollinearity

The variance inflation factor was used to test multicollinearity in the study (VIF). VIF values less than 10 and tolerance values more than 0.2, as described by Field (2009) and Landau and Everitt (2004), rule out the likelihood of multicollinearity among the research variables. Table 10 summarizes the findings of the multicollinearity investigation.

The VIF values for the predictor variables were less than 5, indicating that there was no chance of multicollinearity among the research variables, as described by Field (2009) and Landau et al (2004). The results indicate that all of the variables met the necessary threshold and that there was no evidence of multicollinearity. As a result, regression may be used because the variables are unrelated.

Test of Independence

The independence of error terms, commonly known as the auto correlation test, denotes the independence of observations. It was checked using the Durbin Watson (DW) test to make sure the model's residuals were not autocorrelated. DW values ranging from 0 to 4 and scores between 1.5 and 2.5, according to Garson (2012), imply independent observations.

Table 8 shows that the residuals of the empirical model are not autocorrelated, with D.W = 2.053 ranging between 1.5 and 2.5, implying that all variables passed the necessary threshold of less than 2.5 and that all variables exhibited no auto correlation, as specified by Garson (2012).

Hypothesis Testing

Multiple regression analysis was used to experimentally evaluate the five hypotheses on whether to reject or fail to reject the null hypotheses when testing for hypotheses. To determine the degree and amplitude of the link between the variables, as well as to evaluate the hypothesized correlations, regression analysis was used. To reach a conclusion, the hypotheses were tested at a 95 percent confidence level.

Goodness of Fit

Table 6 displayed the model summary findings, which were estimated to demonstrate the explained differences between revenue generation and allocation, policy-based budgeting, credibility of the budget and service delivery through R^2 change. On the model summary, Table 6 shows the regression results. The adjusted coefficient of multiple determinant = 0.712 in the regression analysis on Table 6, implying that revenue generation and allocation, policy-based budgeting and credibility of the budget explained 71.2 percent of the variance in service delivery.

Table 6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.4881[a]	.7761	.712	.05161	2.053

Source: Field Survey (2023)

Joint Significance

The ANOVA results were calculated to illustrate the model fitness by F-ratio findings between revenue generation and allocation, policy-based budgeting and credibility of the budget, as shown in Table 7.

The regression findings in Table 7 showed an excellent fit of the model, with a significant value of (F (3, 141) = 9352.521, p < 0.05, indicating that the suggested model fit well.

Table 7: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	124.580	3	41.5267	6311.04	.000[b]
	Residual	.362	55	.00658		
	Total	124.942	58			

Source: Field Survey (2023)

Table 8: Test of significance of each independent variable

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	VIF
1	(Constant)	-.036	.022		-1.634	.105		
	Revenue_generat	.608	.007	.642	90.173	.000	.421	2.376
	Policy_based	.418	.008	.444	51.227	.000	.284	3.522
	Credibility	.220	.010	.021	2.188	.030	.222	4.498

Source: Field Survey (2023)

Test of significance of each independent variable

Table 8 provides regression results for revenue generation and allocation, policy-based budgeting and credibility of the budget on service delivery at Yilo Krobo Municipal. Each independent variable was tested to determine the effect on service delivery.

Revenue generation and allocation on service delivery at Yilo Krobo Municipal

The first objective of the study was to analyse the effect of revenue generation and allocation on service delivery at Yilo Krobo Municipal. The results have been presented on Table 8. From Table 8, revenue is established to be statistically significant at (B = 0.608, t = 90.173, p< 0.05) at 95 percent level of confidence, according to the regression results shown in Table. The model revealed that revenue generation and allocation had a favorable impact on service delivery. According to the data, a unit increase in revenue generation and allocation is responsible with a 0.608 increase in service delivery. Effective revenue generation and allocation are crucial components of public financial management practices that can significantly improve service delivery in municipalities like Yilo Krobo. Yilo Krobo Municipal, located in Ghana, faces similar challenges to many other local governments around the world, and implementing sound financial management practices can make a substantial difference in the quality and efficiency of service delivery.

Effective revenue generation strategies can increase the available financial resources for the municipality. This includes sources like taxes, fees, grants, and other income-generating activities. With more money at their disposal, the municipality can allocate resources more effectively for service delivery. When a municipality has more revenue, it can invest in infrastructure, human resources, and technology, which ultimately enhances the quality of services provided to residents. This may include better roads, improved healthcare facilities, upgraded educational institutions, and more.

Revenue generation can be used to fund infrastructure projects like roads, water supply systems, and waste management facilities. Improved infrastructure can directly impact the living conditions of residents, making the area more attractive for both residents and investors. Transparent and accountable allocation of resources is a crucial aspect of financial management. It ensures that resources are directed to areas with the most pressing needs. A well-thought-out budgetary process can prioritize services that are essential to the community.

Adequate revenue generation and allocation can help reduce service delivery gaps, particularly in underserved areas. It ensures that services are provided equitably to all residents, regardless of their location or socio-economic status. Public financial management practices should include mechanisms for accountability and transparency. This ensures that revenue generated is used for its intended purpose and not misappropriated. When the public sees that their money is being used effectively, it builds trust and support for the government.

Revenue generation practices can encourage municipalities to be innovative and efficient. For example, adopting e-government solutions for tax collection can streamline the process, reduce corruption, and increase revenue collection. Effective revenue generation and allocation require skilled personnel. This can drive investment in training and capacity building for municipal employees, leading to more effective financial management practices.

Sustainable revenue generation practices can ensure a stable source of income for the municipality over the long term. This stability allows for better planning and consistent service delivery. A well-managed financial system can also encourage economic development and attract businesses to the area. This, in turn, can create jobs and stimulate the local economy, which benefits residents and the municipality alike. The findings support the findings of Alzban and Gwilliam (2014), who claimed that revenue generation and allocation for can improve their service delivery.

Policy-based budgeting and service delivery at Yilo Krobo Municipal

The second objective of the study was to analyse the effect of policy-based on service delivery at Yilo Krobo Municipal. The regression table showed that policy-based is statistically significant at 95 percent confidence level (B = 0.418, t = 51.227, $p < 0.05$). The model revealed that policy-based budgeting has a positive impact on service delivery. According to the data, an increase in policy-based budgeting equals a 0.418 increase in service delivery. Policy-based budgeting is an approach to public financial management that links budget decisions to specific policy objectives and outcomes. Implementing policy-based budgeting in Yilo Krobo Municipal can have several positive effects on service delivery. Policy-based budgeting ensures that the budgetary allocations are directly aligned with the municipality's policy goals and objectives. This means that the resources allocated are more likely to be channeled towards projects and programs that address the municipality's most pressing needs.

This approach allows for a more strategic allocation of resources. It helps identify and prioritize services and programs that are essential for the community's well-being. As a result, scarce resources are directed towards high-impact projects. Policy-based budgeting promotes transparency and accountability. Budget decisions are clearly linked to specific policies and desired outcomes, making it easier to assess whether the allocated funds were used effectively in achieving those outcomes. This approach encourages the use of performance indicators to assess the effectiveness of budget allocations. As a result, Yilo Krobo Municipal can measure and report on the actual impact of its expenditures on service delivery, allowing for adjustments and improvements over time.

By tying budgeting to policy objectives, resources are allocated more efficiently. This can help in preventing the misuse of funds and unnecessary or duplicative expenditures, thus optimizing the available resources for improved service delivery. Policy-based budgeting often involves public participation in the budgeting process. This promotes citizen engagement and allows residents to have a say in the allocation of resources, making the budget more responsive to the community's needs and preferences.

This approach allows for flexibility in adjusting budget priorities as circumstances change. Yilo Krobo Municipal can easily adapt to evolving challenges or opportunities while maintaining a focus on its policy objectives. Policy-based budgeting can also help identify additional revenue sources or external funding opportunities that align with the municipality's policy objectives, enabling more resources for service delivery. The emphasis on policy objectives encourages longer-term planning, which is critical for addressing chronic issues and achieving sustainable service delivery improvements. By basing budget decisions on well-defined policies and expected outcomes, there is a reduced likelihood of funds being misappropriated or wasted, leading to more efficient resource utilization.The findings back up Feizizadeh's research (2012).

Credibility of the budget on service delivery at Yilo Krobo Municipal

Furthermore, the study showed that the credibility of the budget and service delivery is statistically significant at 95 percent confidence level (B = 0.220, $t = 2.188$, $p < 0.05$). The model revealed that credibility of budget has a positive impact on service delivery. According to the findings, a unit increase in the credibility of the budget would lead to in a 0.220 increment in service delivery. The credibility of a budget is a vital component of public financial management practices that can have a significant impact on service delivery in Yilo Krobo Municipal and any other local government. A credible budget enhances transparency, trust, and accountability, which, in turn, can improve service delivery. A credible budget enforces fiscal discipline, ensuring that resources are allocated and spent according to a well-defined plan. This helps prevent overspending or misallocation of funds, ensuring that the available resources are effectively utilized for service delivery.

A credible budget serves as a detailed financial plan that guides resource allocation to various services and projects. This allows Yilo Krobo Municipal to allocate resources more efficiently to address specific service needs. A credible budget is transparent and accessible to the public. When residents can easily access and understand the budget, it fosters trust and confidence in the government's financial management practices. Citizens are more likely to support and monitor the delivery of public services when they can see where the money is allocated.

A credible budget holds government officials accountable for the allocation and utilization of public funds. Clear budgetary processes, including tracking and reporting mechanisms, help identify and address any financial mismanagement or corruption, promoting accountability in public financial management. When the budget is credible, it helps in making informed decisions about resource allocation. This can lead to more efficient service delivery, as resources are directed towards projects and programs that are most likely to achieve desired outcomes and impact the community positively.

A credible budget often involves public participation in the budgeting process. This engagement ensures that the community's needs and priorities are considered in the budget, leading to service delivery that better aligns with the expectations and preferences of residents. Credible budgets provide stability and predictability in resource allocation. This enables Yilo Krobo Municipal to plan for the long term and make strategic investments in service delivery.

A credible budget can enhance the municipality's creditworthiness. This allows the municipality to access external financing at favorable terms, which can be used to fund infrastructure and development projects, ultimately improving service delivery. A credible budget encourages strategic planning by linking budget allocations to the municipality's development goals. This ensures that service delivery is aligned with the long-term vision and objectives of the community. Credible budgets are based on accurate financial data and projections. This data-driven approach helps in making informed decisions, optimizing resource allocation, and ensuring that service delivery initiatives are evidence-based and effective. The findings back up George, Theofanis, and Konstanitinos' research (2015).

Chapter Summary

This chapter analyzed and discussed the three objectives of study. The chapter begun with explaining the demographic characteristics of the study. Exploratory factor analysis was done on all variables that were measured on Likert Scale. Multivariate regression was run to analyze the effect of public financial management practices on service delivery of Yilo Krobo Municipal.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This happens to be the study's final chapter. The summary of the findings, conclusions and policy implications and recommendations are discussed in this chapter. For further study, the chapter also includes suggestions.

Summary

The research studied on the effect of public financial management practices and service delivery at Yilo Krobo Municipal. In order to achieve this, three specific objectives were stated. These were; to analyse the effect of revenue generation and allocation on service delivery at Yilo Krobo Municipal; to examine the effect of policy-based budgeting on service delivery at Yilo Krobo Municipal; and to analyse the effect of credibility of the budget on service delivery at Yilo Krobo Municipal.

The study was centered on fiscal decentralization theory and resource dependency theory. The "study employed the explanatory research design since the study tested the relationship between the various variables. The data collection instruments were questionnaire. The study employed the quantitative research approach. The stratified random sampling technique was used in selecting a respondent of 59 respondents. Descriptive and Multiple Regression were also used to analyze the objectives of the study.

The study found that there was a positive and significant relationship between revenue generation allocation and service delivery. Also, policy-based budgeting had a positive and significant effect on service delivery at Yilo

Krobo Municipal. Finally, credibility of the budget had a positive and significant effect on service delivery at Yilo Krobo.

Conclusion

In conclusion, effective public financial management practices, such as revenue generation and allocation, policy-based budgeting, and the credibility of budgets, play crucial roles in improving service delivery in municipalities like Yilo Krobo. These practices contribute to efficient resource allocation, fiscal discipline, transparency, and accountability. They also enhance stakeholder engagement, trust, and the ability to make data-driven decisions. When properly implemented, these financial management practices can lead to better service quality, infrastructure development, and overall improvements in the well-being of the community.

Recommendations

This study makes the following recommendation;

1. Yilo Krobo Municipal should explore and implement effective revenue generation strategies, including the efficient collection of taxes, fees, and other income sources. This may involve leveraging technology for more accurate and streamlined revenue collection.
2. The municipality should prioritize transparency in its financial practices. This includes publishing budgets and financial reports in a clear and accessible manner. Additionally, there should be mechanisms in place to hold officials accountable for the responsible use of public funds.
3. Align Budgets with Policy Objectives: Continue to implement policy-based budgeting to ensure that budget allocations are closely aligned

with the municipality's policy objectives. Regularly review and adjust budget priorities to address changing community needs and goals.

4. The municipal must involve the Community. They must encourage and facilitate community participation in the budgeting process. Public engagement allows residents to have a say in resource allocation and ensures that service delivery initiatives are responsive to their needs and preferences.

REFERENCES

Agostino, D., Arnaboldi, M., & Lema, M. D. (2021). New development: COVID-19 as an accelerator of digital transformation in public service delivery. *Public Money & Management*, *41*(1), 69-72.

Amare, T., Yitayal, M., & Amare, G. (2020). Technical efficiency of maternal health services provision in public hospitals of northwest Ethiopia: a two-stage data envelopment analysis. *Risk Management and Healthcare Policy*, 3135-3146.

Columb, D., Hussain, R., & O'Gara, C. (2020). Addiction psychiatry and COVID-19: Impact on patients and service provision. *Irish Journal of Psychological Medicine*, *37*(3), 164-168.

Criado, J. I., & Gil-Garcia, J. R. (2019). Creating public value through smart technologies and strategies: From digital services to artificial intelligence and beyond. *International Journal of Public Sector Management*, *32*(5), 438-450.

El Baradei, L. (2021). Public Service Delivery: Egypt's Pre-University Education Reforms Continuing Through the Pandemic. In *Institutional Reforms, Governance, and Services Delivery in the Global South* (pp. 241-263). Cham: Springer International Publishing.

Ewuim, N., Agbodike, F., Ukeje, I. O., Ogbulu, U., Onele, J. C., & Ojogbane, R. S. (2020). QUALITY SERVICE DELIVERY AND CUSTOMERS' SATISFACTION IN THE EEDC ABAKALIKI: TOWARDS THE ATTAINMENT OF SDG7 IN THE NIGERIAN POWER SECTOR. *UNIZIK Journal of Business*, *3*(1).

Goodyear-Smith, F., & Ashton, T. (2019). New Zealand health system: universalism struggles with persisting inequities. *The Lancet*, *394*(10196), 432-442.

Goryakin, Y., Revill, P., Mirelman, A. J., Sweeney, R., Ochalek, J., & Suhrcke, M. (2020). Public financial management and health service delivery: a literature review. *Global Health Economics: Shaping Health Policy in Low-and Middle-Income Countries*, 191-215.

Gowd, K. K. (2022). Network governance, food security, and public service delivery: Functioning of Chhattisgarh's Centralized Online Real-time Electronic Public Distribution System (CORE-PDS). *Journal of Public Affairs*, *22*(3), e2549.

Hu, Q., Huang, K., & Chen, B. (2020). Professional friendship, resource competition, and collaboration in a homeless service delivery network. *Human Service Organizations: Management, Leadership & Governance*, *44*(2), 110-126.

Huston, A., Gaskin, S., Moriarty, P., & Watsisi, M. (2021). More sustainable systems through consolidation? The changing landscape of rural drinking water service delivery in Uganda.

Kamulegeya, L. H., Bwanika, J. M., Musinguzi, D., & Bakibinga, P. (2020). Continuity of health service delivery during the COVID-19 pandemic: the role of digital health technologies in Uganda. *The Pan African Medical Journal*, *35*(Suppl 2).

Kuciuk, V. (2021). Provision of public services-problem aspects of law. case study. *Perspectives of Law and Public Administration*, *10*(3), 329-339.

Lapuente, V., & Van de Walle, S. (2020). The effects of new public management on the quality of public services. *Governance*, *33*(3), 461-475.

Leite, H., Hodgkinson, I. R., & Gruber, T. (2020). New development:'Healing at a distance'—telemedicine and COVID-19. *Public money & management*, *40*(6), 483-485.

Lindgren, I., Madsen, C. Ø., Hofmann, S., & Melin, U. (2019). Close encounters of the digital kind: A research agenda for the digitalization of public services. *Government information quarterly*, *36*(3), 427-436.

Lyu, Y., Peng, Y., Liu, H., & Hwang, J. J. (2022). Impact of digital economy on the provision efficiency for public health services: empirical study of 31 provinces in China. *International Journal of Environmental Research and Public Health*, *19*(10), 5978.

Maher, C. S., Hoang, T., & Hindery, A. (2020). Fiscal responses to COVID-19: Evidence from local governments and nonprofits. *Public Administration Review*, *80*(4), 644-650.

Mahmuda, S., Sigler, T., Knight, E., & Corcoran, J. (2020). Sectoral evolution and shifting service delivery models in the sharing economy. *Business Research*, *13*, 663-684.

Majer, C. G., Mathew, A. B., & Kur, L. D. (2021). The roles and Adaptation of Integrated Financial Management Information System (IFMIS) Free Balance on public finance management and service delivery in South Sudan. *International Journal of Science and Business*, *5*(8), 89-106.

Mubangizi, B. C. (2019). Monitoring and evaluation processes critical to service provision in South Africa's rural-based municipalities. *Journal of reviews on global economics*, *8*, 555-565.

Nwosu, B. O., & Amahi, F. U. (2019). Building the capacity of students of business education (Accounting) with accounting software skills for improved service delivery in modern office and school environments. *Nigerian Journal of Business Education (NIGJBED)*, *6*(2), 368-381.

ONAH, F. N., UGWUIBE, C. O., NWOGBO, D. C., & OSADEBE, N. O. (2022). Work Ethics and Sustainable Service Delivery in Nigeria Public Service. *Journal of Economics and Allied Research*, *7*(2), 93-110.

Osborne, S. (2020). *Public service logic: Creating value for public service users, citizens, and society through public service delivery*. Routledge.

Rahman, M. K., Gazi, M. A. I., Bhuiyan, M. A., & Rahaman, M. A. (2021). Effect of Covid-19 pandemic on tourist travel risk and management perceptions. *Plos one*, *16*(9), e0256486.

Robinson, P. G., Douglas, G. V., Gibson, B. J., Godson, J., Vinall-Collier, K., Pavitt, S., & Hulme, C. (2019). Remuneration of primary dental care in England: a qualitative framework analysis of perspectives of a new service delivery model incorporating incentives for improved access, quality and health outcomes. *BMJ open*, *9*(10), e031886.

Simon, K., Alala, O. B., & Janet, M. (2019). The effect of resource allocation on service delivery in County Governments in North Rift, Kenya. *International Journal of Multidisciplinary and Current Research. Vol*, *7*.

Storbjörk, J., Stenius, K., Bjerge, B., Enoksen, E. A., Kuussaari, K., & Mulbjerg Pedersen, M. (2021). Restructured welfare service provision: For-profit and non-profit providers in residential substance use treatment in Denmark, Finland, Norway and Sweden. *Nordisk Välfärdsforskning| Nordic Welfare Research*, (3), 142-159.

Vickerman, R. (2021). Will Covid-19 put the public back in public transport? A UK perspective. *Transport Policy*, *103*, 95-102.

Voorn, B., Van Genugten, M., & Van Thiel, S. (2019). Multiple principals, multiple problems: Implications for effective governance and a research agenda for joint service delivery. *Public Administration*, *97*(3), 671-685.

Wanna, J., Kelly, J., & Forster, J. (2020). *Managing public expenditure in Australia*. Routledge.

World Health Organization. (2021). *Consolidated guidelines on HIV prevention, testing, treatment, service delivery and monitoring: recommendations for a public health approach*. World Health Organization.

Aborisade, F. (2008). Fiscal and budget management systems: Principles, issues and debates. The international consortium on governmental financial management, Alexandria, Virginia: International Journal on Governmental Financial Management, 8(2), 19-24.

Ahwoi, K. (2010). Local government and decentralisation in Ghana. Accra: UnimaxMacMillan

Akudugu, J. A. (2012). Accountability in local government revenue Management: Who does what? Information and Knowledge Management. 2(8), 22-32.

Akudugu, J. A. (2013). Inducing local government performance in Ghana: The case of the district development facility. International Journal of Asian Social Science,3(6), 1402-1417.

Anastas, J. W. (1999). Research design for social work and the human services-(2nd Edition). Columbia: Columbia University Press. USA.

Association of Chartered Certified Accountants (2010). Improving public sector financial management in developing countries and emerging economies. www.accaglobal.com/accountants_business. Retrieved on 25th September, 2014.

Auditor General Report (2011). The Accounts of District Assemblies for the Year Ended 31st December, 2011, Accra: Advent Press.

Bahl, R.,& Linn, J. F. (1992).Urban public finance in developing countries. Oxford: Oxford University Press.

Bahl, R.,& Smoke, P. (2003).Restructuring local government finance in developing countries lessons from South Africa. Cheltenham: Edward Elgar.

Bardhan, P. (2002). Decentralization of government and development. Journal of EconomicPerspectives,16(4), 185-205.

Botchie, G. (2000). Local strategic planning and sustainable rural livelihoods, Rural district planning in Ghana: Environmental planning Issues No. 21, International Institute for Environment and Development. London: IIED

Brosio, G. (2000). Decentralization in Africa.Paper Prepared for the Africa Department, International Monetary Fund, Washington DC: International Monetary Fund

Burger, A.P.J. (2008). Financial management for public governance workbook. financial modelling, Part 3. Stellenbosch: School of Public Management and Planning, University of Stellenbosch.

Chartered Institute of Public Finance and Accountancy (2010).Assessment of financial management in public service organisations: Statements of Good Practice. London: Chartered Institute of PublicFinance and Accountancy.

Creswell, J. W. (2003). Research design: Qualitative and Quantitative and Mixed Approaches. (2nd Edition). London: Sage Publications.

Creswell, J.W. (2009). Research design. Qualitative, Quantitative and Mixed Approaches. (3rd Edition). New Delhi: Sage publications.

Creswell, J. W. (2011) Research design: Qualitative and Quantitative and Mixed Approaches. (4th Edition). New Delhi: Sage Publications.

Dabla-Norris, E. (2006).The challenge of fiscal decentralization in transition countries. Comparative Economic Studies, 48(1), 100-131.

Dang, D. Y. (2013). Revenue allocation and economic development in Nigeria: An EmpiricalStudy, Nigeria: Sage Publications.

Danish Institute for International Studies (2015). Strengthening public financial management. http//:www.diis.dk. Retrieved on 30th November, 2015.

Department of Budget and Management (2012). Public financial management assessment tool for local government units (PFMAT for LGUs). Department of Budget and Management. http//:www.dbm.gov.ph. Retrieved on 25th October, 2014

De-Renzio, P.,& Smith, S. (2005). Linking policies and budgets: Implementing medium expenditure frameworks in PRSP contexts, London: Overseas Development Institute.

Dick-Sagoe, C. (2012). Survey of literature of fiscal decentralization as a sustainable local development tool in Ghana.Journal of Sustainable Development in Africa,14(3), 228-251.

Ebel, R.D.,&Yilmaz, S. (2002). On the measurement and impact of fiscal decentralization. World Bank Policy Research Working Paper No. 2809. Washington, DC: World Bank Institute.

Eckardt, S. (2008). Political accountability, fiscal conditions and local government performance-cross sectoral evidence from Indonesia. PublicAdministration and Development, 28(1), 1-17.

Eigeman, J. (2007) Service delivery, a challenge for local governments. VNG International, International Co-operation Agency of the Association of Netherlands Municipalities, Hague: VNG International.

Ezcurra, R.,&Pascual, P. (2008).The link between fiscal decentralization and regional disparities: Evidence From Several European Union Countries, 40(5), 1185-1201.

Fadare, S. O. (2013). Resource dependency institutional and stakeholder organizational theories in France, Nigeria and India. International Journal of Management and Sustainability, 2(12), 231-236.

Hatch, M. (2013). Organization theory: Modern, symbolic, and postmodern perspectives. (3rd Edition). Oxford: Oxford University Press.

Hedger, E., & Renzio, P. (2010). What do public financial management assessment tell usabout PFM reform. London: Overseas Development Institute.

Hillman, A. J., Canella, A. A.,&Paetzold, R. L. (2000). The resource dependency role of corporate directors: Strategic adaptation of board composition in response to environmental change.Journal of Management Studies, 37(2), 235-255.

Hoque, Z., & Moll, J. (2001). Public sector reform: Implications for accounting, accountability and performance of state owned entities. An Australian perspective. International Journal of Public Sector Management, 14(4), 304-336.

International LabourOrganisation (2006). Working out of poverty in Ghana: TheGhana Decent Work Pilot Program. ILO- Ghana Decent Work PilotProgram Office. Accra, Ghana: International Labour Organisation.

Kazeem, L. O.,&Oluyemi, F. F. (2013). Advocating for direct revenue allocation to Nigerian local governments. A catalyst for national development.Journal of Public Administration and Policy Research, 5(6), 133-140.

Langlois, L. A., Beschel Jr, R.,& Stapenhurst, R. (1998). Public expenditure analysis and management in the Republic of Kariba: A case study: Developing more effective ways to control and manage government resources. Washington DC: World Bank.

Matthews, J. H.,& Shulman, A. D. (2005). Competitive advantage in public sector organisations: Explaining the public good sustainable competitive advantage paradox,Journal of Business Research, 58(2), 232-240.

APPENDIX

QUESTIONNAIRE

UNIVERSITY OF CAPE COAST

DEPARTMENT OF ACCOUNTING

Dear Respondent,

I am an MBA (Accounting) student conducting a survey as part of my research dissertation on the topic: “PUBLIC FINANCIAL MANAGEMENT PRACTICES AND SERVICE DELIVERY AT THE LOCAL GOVERNMENT SYSTEM IN GHANA: A CASE OF YILO KROBO MUNICIPAL ". You are kindly requested to read through the items and respond to them as frankly and objectively as possible. Your responses will be treated confidentially and be used solely for academic purpose. Do not write your name on the questionnaire since you will not be identified with the results.

Thank you.

SECTION A: DEMOGRAPHIC CHARACTERISTICS

Kindly tick the category you fall.

1. Gender: [ ] Male [ ] Female

2. Age [ ] 20 – 30 [ ] 31 – 40 [ ] 41 – 50 [ ] 51 – 60 [ ] 61 +

3. Marital Status [ ] Single [ ] Married [ ] Divorced

4. Highest level of education:

[ ] HND [ ] First Degree [ ] Master’s Degree HND [ ] other (please specify) ………………………..

5. How many years have you spent in this Department?

[ ] < 5 [ ] 5 – 10 [ ] 11 – 20 [ ] 20 – 30 [ ] > 30

SECTION B: ASSESSMENT OF BUDGETING PRACTICES OF BOLE DISTRICT ASSEMBLY

With regards to budgeting practices of Bole Districts, I entreat you to tick [□] the appropriate box indicating the extent to which you agree or disagree with the following statements using the scale: **[1=strongly disagree, 2=disagree, 3=neutral, 4=agree and 5=strongly agree]**

	Policy Based Budgeting	**1**	**2**	**3**	**4**	**5**
1	The assembly prepares budget with due regard to government policy and development interests or needs of its stakeholders					
2	The assembly able to predict direct budget support to service delivery					
3	The assembly medium term development plan is linked to the budget and service delivery					
4	The assembly has multiple plan and budget running concurrently for various projects.					
5	There is an implementation gap between policy, budget and projects and programmes					
	Credibility of the Budget					
1	The assembly budget maintains fiscal discipline to investment projects and programmes					
2	The assembly is able to complete capital projects within stipulated time frames					
3	The assembly budget comprehensive and transparent for capital projects					
4	Stakeholders have access to information and knowledge to the kind of capital projects going on within their localities					
5	The assembly monitors capital projects and programmes regularly					
	Revenue Generation and Allocation					
1	Revenue allocation for capital expenditure are disaggregated to tie a particular fund to a particular capital project					
2	The assembly have the capacity to generate substantial revenue to cover capital projects					
3	Off - budget financing or unplanned activity affect capital projects than compensation and goods and services					
4	The government efficiently collects revenue without causing excessive burden on businesses and individuals.					
5	Revenue collection strategies are fair and equitable for all citizens.					

SECTION C: SERVICE DELIVERY

I entreat you to tick [√] the appropriate box indicating the extent to which you agree or disagree with the following statements using the scale: **[1=strongly disagree, 2=disagree, 3=neutral, 4=agree and 5=strongly agree]**

		1	2	3	4	5
1	Public services are delivered in a timely and efficient manner.					
2	The budget allocation for service delivery adequately meets the needs of the population.					
3	Citizens have access to quality public services that meet their expectations.					
4	Public services are responsive to the changing needs of the community.					
5	The government effectively communicates information about available public services and how to access them.					

THANK YOU