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**David Ackah**

Senior Lecturer & Internal Auditor Ph.D. /MSc / BSc. /Dip. (Economics)  
Golden Sunbeam University of Science & Technology  
School of Business & General Studies, Accra, Ghana

**Obiri-Yeboah Hanson**

Lecturer MSc. / BSc. / MILT Accra Polytechnic, School of Business Department of Purchasing & Supply Department, Accra, Ghana

**Makafui R. Agboyi**

Lecturer MSc Supply Chain Management /MCIPS Accra Polytechnic, School of Business Department of Purchasing & Supply Department, Accra, Ghana

**Correspondence:**

**David Ackah**

Senior Lecturer & Internal Auditor Ph.D. /MSc / BSc. /Dip. (Economics)  
Golden Sunbeam University of Science & Technology  
School of Business & General Studies, Accra, Ghana

## Effectiveness of revenue mobilization in the district assemblies

David Ackah, Obiri-Yeboah Hanson, Makafui R. Agboyi

### Abstract

Revenue mobilization would have brought a number of benefits to the District if it is effectively undertaken. The District Assembly development potentialities of the district have not been felt in most rural communities due to inadequate locally generated revenue to provide infrastructural services. However, these organizations have problem with strategies to improve revenue generation. This study therefore intended to reveal the causes of shortcoming in revenue mobilization in the District Assemblies

In order to achieve the decentralization programmer by the government, a legislative instrument (L11378) of the PNDC 1988 came into being to create District Assemblies then District Council to bring Political and Administrative Power to the District level on behalf of the central government. By this legislative instrument some of the power of the central government has been given to the people in the District level to govern themselves by appointing their own Chief Executives through their elected Assemblies but elected by the members of the Assembly.

This mission statement of the District Assemblies is to harness all available resources to raise the level of employment, income and overall wellbeing of the people. Subject to the provision of 1992 Constitution, section 252 – sub section (1) a District Assemblies common fund is to be set by parliament. This was strengthened in 1993 by the enactment of Act 455. Under this Act, parliament shall annually make provision for the allocation of not less than five percent of the gross revenue of Ghana, payable in quarterly installments to the District Assemblies for development projects, which assembly may identify and approve in their annual budget. Since the District Assembly is the highest political authority in the District, it is the task of the District to provide essential service; the District must be able to finance them by ensuring that there is sufficient flow of money into its coffers. It is against the public for administration of the Assembly

**Keywords:** Effectiveness Money Control, Revenue Mobilization, Control Finance

### Introduction

This chapter takes into account the background to the study, statement of the problem, objectives of the study, significance of the study, limitation of the study, delimitation or scope of the study and organization of the study.

### Background to the Study

In order to achieve the decentralization programmer by the government, a legislative instrument (L11378) of the PNDC 1988 came into being to create District Assemblies then District Council to bring Political and Administrative Power to the District level on behalf of the central government. By this legislative instrument some of the power of the central government has been given to the people in the District level to govern themselves by appointing their own Chief Executives through their elected Assemblies but elected by the members of the Assembly.

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them by ensuring that there is sufficient flow of money into its coffers. It is against the public for administration of the Assembly.

### **Statement of the Problem**

Revenue mobilization would have brought a number of benefits to the District if it is effectively undertaken. The District Assembly development potentialities of the district have not been felt in most rural communities due to inadequate locally generated revenue to provide infrastructural services. However, these organizations have problem with strategies to improve revenue generation. This study therefore intended to reveal the causes of shortcoming in revenue mobilization in the District Assemblies.

### **Objective of the Study**

The main objectives of the research are to assess the following:

- To identify effectiveness of revenue mobilization in the District Assembly
- The assessment of main function of the District Assembly
- To identify the main source of revenue to the District Assembly
- To identify the major revenue collection problems and lapses that exist in the District Assembly
- To find out the co-operation of the people within the District Development activities with revenue collectors.

### **Significance of the Study**

This research is basically an academic exercise conducted to assist the student to abreast with the activities in the field of study.

The researcher is also hopeful that findings and recommendations contained in this study can be immense benefit to policy makers, the general public, and management of the District Assemblies, the government and a reference material to students and other group.

### **Limitation of the Study**

The research encountered a lot of problems in administering the questionnaires, conducting the interviews and completing the entire project. The following are the problems that beset the research during the study.

Some officials deliberately refused to provide the correct information, the research work conflicts with the academic work as the research has to combine the two at the same time and therefore making it impossible to gather more relevant information for the research work, while others left some questions unanswered which made the work tedious and time consuming.

Last but not least, a lot of time and money was spent on the study. The researcher found it difficult, even to acquire funds to travel to get the necessary data.

### **Delimitation or Scope of the Study**

The study was confined to Ahanta West District Assembly in the Western Region of Ghana. However, the research is intended to provide information about how effectiveness of revenue mobilization system in Ahanta West District Assembly – Agona Nkwanta.

### **Organization of the Study**

This study has been divided into five chapters and these are as follow:

Chapter one deals with introduction, background of the study, the study statements of the problem, objectives of the study, significance of the study, limitations of the study, delimitation or scope of the study and organization of the study. Chapter two covers the reviews relevant literature on the study, chapter three concerns itself with how the research was conducted, chapter four contains analysis of the data collected, state the number of questionnaires sent out and how many were completed and returned. Finally, chapter five is devoted to the summary, conclusions, and recommendations.

### **Chapter Two**

#### **Literature Review**

##### **Introduction**

District Assemblies as a form of decentralized local government into existence quite recently in Ghana and has just entered its 4<sup>th</sup> tenure of governance. This chapter reviews the existing literature on revenue mobilization and management in the various District Assemblies. However, much has been said about the concept of decentralization at lectures and workshops, seminars, through the new papers and television, in local magazine and journals in a form articles and features.

District Assemblies finance officers can also be in position to provide the necessary support for the assembly members to enable them formulate policies and initiate, plans, programs and strategies for effective revenue mobilization and management for development of their district.

##### **Finance Capacities of the District Assemblies**

According to Dr. S. K. Asibuo, lecture at the University of Ghana Legon in local government information digest volume 13 p36 (2000) "Finance is the life blood of every organization; no organization can successfully perform its function without money".

The District Assemblies need the most effective and efficient revenue mobilization and management of finance resource in other to under taken numerous development functions in the enable the District. The local government Act has also made numerous financial provisions enable the District Assemblies generate locally sufficient revenue to carry out their duties. Even though, the financial provisions had been made in the Act for the District Assemblies to generate their own local revenue, these Assemblies have encountered several problems associate with revenue collection and management of financial resources.

##### **Sources of Revenue for District Assemblies**

Having established District Assemblies, they were giving the mandate to provide infrastructure facilities and other development programs with in their areas of jurisdiction. It is necessary to examine the fundamental issues as to where District Assemblies obtain their fund to carry our development potentialities preprogram other activities. In the local Government Act (1993) part VII and VIII provide a legal basis for local revenue and financial matter. The following has been identifies by the Act, as a source of locally generated revenue are namely rates, licenses, trading, service, land and miscellaneous sources.

The Act continues to states that, rates came in various

forms; namely basic rates, special rates, property rates which are payable by public corporations, organization and owing property in their areas of jurisdiction. The Assemblies levy fees in the following areas such as slaughterhouses, market stall, cattle ponds, trading kiosks etc. They also issue licenses to a host of items and activities. Some of these are dog licenses, restaurants, extension of houses, petroleum installation stations, Lorry park, drinking bars hawkers, artisans etc. According to legislative instrument 1530 (1992) all crops, with exception of coffees, cocoa and cotton are not leviable.

A conference on a decade of decentralized and local government reform in Ghana – Retrospect and prospect on September 29<sup>th</sup> October, (1999) also revealed that, District Assemblies may also undertake trading activities from which revenue will be earned. District Assemblies in addition to revenue source are allowed to undertake just commercial venture by obtaining credit, raise loans and also earn interest from investment. Central government transfers to District Assemblies include cede revenue, District Assemblies common fund (DACF), Grant – aid, specialized transfers and recurrent expenditure transfer.

### District Assemblies Common Fund (DACF)

In addition to District Assemblies locally generated revenue, the 1992 constitution article 252 states that a common fund is to be set up by parliament and of which not less than five percent of Ghana's gross revenue and the formula for sharing is approved by parliament and payable annually in quarterly installments to District Assemblies for development projects. Since its establishment in 1994, it has been used mostly in the areas of health, education, market, rural electrification and sanitation. The Brong – Ahafo Regional co-coordinating council (RCC) recently expressed its concern about the growing laxity among District Assemblies in revenue mobilization from local source and warned that: "The fund was not meant supplement traditional source of revenue generation on which the Assemblies depends in the past for development and the council would hence for the determine the effectiveness of District Chief Executive on how much revenue they are able to collect locally".

The common fund, development projects are programs that help improve the quality of life for the majority of people in the District.

**Table 2.1:** District Assemblies Common Fund Allocation to the some District.

District Assemblies	2009 GHC	2010 GHC	2012 GHC
District Assemblies	842,700,000	1,021, 000,000	1,385,1000,00
Danbge East	460,800,000	685,970,000	932,800,000
Jasikan	540,000,000	723,815,000	989,120,000
Krachi	402,200,000	607,900,000	851,316,000
Total	2,245,700,000	3,038,685,000	4,158,336,000

### Ceded Revenue

In the case of ceded revenue, the Central Government transfers revenue generated from cede to District Assemblies, this revenue are derived from takes on entertainment, casinos, betting, gambling, income from registration of business, trade, profession or vocation and advertisement,.

This revenue are collected by internal Revenue Services (IRS) and revenue collected for the year are transferred to ministry of local government, which shares among the District Assemblies and the method of sharing is approved annually by the cabinet. According to the local government digest Vol. 13 P8 (2000), ceded revenue yield GHC 204 million in 1990, GHC 591 million in 1991, GHC 1 Billion in 1992 and GHC 2,321, 199,468 in 1993.

In 1997 the district assembly received GHC 241, 039,215.

### Other Sources of Revenue

The new local government system publication shows that, apart from the common fund, there are other specialized revenue transfers to the district assemblies and this includes timber Royalties, stool land, minerals development fund and other Royalties etc. they also derived revenue from lotto operators and Donor Agencies. Central Government has also taken over half payment of Ahanta West District Assemble Staff Salaries to reduce the District Assemble financial burden. However, this enable District Assemblies to charge their responsibilities, since there is regular flow of financial resource. The District Assemblies are financial empowerment in terms of authority to rate and expand their revenue target areas.

### Financial Resources Mobilization

#### Local Revenue Generation

Resource mobilization and utilization form basis of decentralization administrative system. Without effective revenue mobilization, the extensive responsibilities of administration and development functions or programs of the District Assemblies cannot be achieved in their areas of jurisdiction.

Nevertheless, the more District Assemblies are enabling to mobilize sufficient revenue, independently without reliance too much on central government grant, the greater will be their autonomy. Recent studies have exposed glaring weaknesses in the District Assemblies revenue and expenditure. The issue of revenue mobilization to meet the cost of activities has therefore become topic. According to Mr. F. H. Arkoh at a seminar organized by local government "Hading a day passes with District Assemblies being treated to gratuitous admonitions by well-placed state functionaries, politicians and development practitioner to take steps to generate adequate revenue from their own sources to enhance their ability to perform those functions that have been entrusted to them" Arkoh also analyses revenue and expenditure performance of six District Assemblies in Central Region indicates a wide gap between approve revenue and actual revenue collected and concluded that, there is gloomy future for some of the Assemblies since District Assemblies cannot mobilize sufficient revenue., it limited their ability to finance development project and programs in their District.

Similarly, Asibuo on "local government capacity building" analysis capacity of the twelve District Assemblies in the Volta Region show that all is not well with the finances of twelve District Assemblies Surveyed. There are sharp

differences between revenue collected.

This means that the District Assemblies in the study are not able to generate enough revenue to support any meaningful development project and programs at the District.

### **Traditional Revenue Mobilization Techniques**

- Setting targets for revenue collectors
- The use of police and Para-military personnel to induce revenue payment.
- Trading and commercial activities
- Aggressive revenue collection by means of “pay-your tax campaigns”.

The truth is that whilst some of traditional techniques have been successful to enhance revenue mobilization, other too has been found wanting and not sustainable. This calls for critical review of the techniques of the current revenue collection and also suggestion for new exploring source of revenue as well as utilization management of the revenue.

### **Constraints on Revenue Mobilization**

The fundamental issue is that, has the District Assemblies exhausted full potentials of their existing revenue sources. It is unfortunate that District Assemblies are not able to meet their revenue targets and this has placed a limitation on their ability to undertake developmental project and programmes in their District level.

In connection with a conference, which was organized by local government, (2002) various reasons assigned for the problem of inadequate revenue generation. Which include.

1. Evasion of taxes with the connivance of tax collectors; the problem of over-invoicing and under-invoicing in the collection of rates.
2. The general poverty in some of the district where economic activities are limited.
3. Weak financial control of revenue collectors.
4. The absence of a revenue database, which identifies all taxpayers.
5. Divisive traditional and ethnic problems, which do not create the proper environment.
6. Lack of technical expertise in areas such as investment, budgeting, planning, management information system and valuation.
7. Level of efficiency of revenue collection and account ability, which ensures that all funds collected are actually deposited in the local authority’s treasury and adoption of proper fund accounting methods.
8. In some Districts like Ahanta West District, revenue collectors lack incentives to perform adequately and morale is often low (low remuneration and low motivation). This is largely due to a shortage of personnel and difficult working conditions.
9. The reluctance to pay taxes is blamed on the inability of the District Assemblies to provide visible development project.
10. The ability of District Assemblies to prosecute defaulters and the courts dealing leniently with cases of embezzlement if they come before them.

### **Prompt Lodgment of Revenue Collected at Bank and Gross**

Due to geographical location of District Assemblies, it is accepted that fact they are located in strategic area which imposes on them a pressure that they resort to collecting money from revenue collectors to meet “immediate and

urgent payment”. According to financial administration decree, financial administration regulation and financial memoranda all have provisions in the various act, which state that all revenue collected must be lodged at bank promptly and in gross. Due to this legislative instrument it is very district assembly financial responsibility to ensure that these provisions are adhered to, but unfortunately some district assemblies operate contrarily to this requirement just to suit their financial implication.

### **Implication for Non- Compliance**

Mr. M.K. Obeng, District Finance office Techiman District Assembly gave his view point on this issue in local Government information Digest Vol.03 (1999). The time aggregate revenue collected by an Assembly is concealed for a particular month. In the consequence, the revenue Budget of the Assembly suffers a serious setback. Revenue offices hold large sums of monies in their custody with a simple excuse that their superior officers may call on them any time to collect monies and this has encouraged the acts of indiscipline by revenue officers and their superior officers to manipulate the system. This also creates a room for unapproved purpose. In view of that it delays the monthly submission of financial reports.

With respect to section 88 of the local government of act 1993, act462 provides “A District Assembly may raise loans or obtain over drafts within Ghana of such amount for purpose and upon such condition as the Minister of local Government in consultation with the Minister responsible for finance may approve expect that no approval is required where loan or over draft to be raised does not exceed”.

Hence if the Loan, the District Assembly required does not exceed the ₵20,000.00 as stipulated in the act, and assembly may find it difficult to secure such loan because if the right revenue generated is not disclosed and also non-banking of all revenues collected, it will affect the Assembly’s ability to pay off the loan.

### **Finance**

The controller and Accountant General’s District Assemblies for the 1997 financial year, which are being finalized for issuance make the following observation on the various Districts Assemblies, such as Ahanta West District Assembly and gave this report in the local government information digest Vol12 (1999).

Total Revenue generated by the Assembly was ₵892,600.00 while it spent ₵956, 00.00 giving rise to a deficit of ₵63, 400, 00. But from the cumulative figures in the Trial Balance, the Assembly collected ₵892,600.00 and spent ₵ 925, 000, 00 resulting in ₵32, 400, 00 deficit. The difference of ₵32,400.00 though minimal, showed that there have not been enough checks on a figures presented”. The finance officer should do well to address such petty mistakes. “The report goes on to say the following on revenue performance.” The actual total revenue collected amounted to ₵892,600.00 as against a low estimated budget of ₵768,200.00 resulting in an excess collection of ₵124,400.00”.

Some district Assemblies have been too clever by resorting to the strategy of estimating a low revenue budget so that they report on excess collection. But it is a false strategy because the base years which are used to calculate the “per capita revenue” and improvement in revenue collection; the two sub-factors which constitutes the: responsiveness” faction do not change.

### Chapter Three

#### Methodology

##### Introduction

This chapter comprises the methods used in conducting the research and how problem was investigated. It also deals with how the researcher gathered and analyzed the data.

##### Research Design

The study was conducted using case study approach. A case study is a type of research which gives an occasion for one aspect of a problem to be studied in depth with in limited time scale. The design involved the identification of a problem, investigating the problem by collection data through questionnaire. Researcher analyzed the data and arrived at conclusion, and then made recommendations. The researcher was primary aimed as investigating the effectiveness of revenue mobilization and management in the District Assemblies.

##### Population Description

The population for the study was all district assemblies in Ghana, but due to time and financial constraints the study was conducted only in Ahanta West District assemblies (Agona Nkwanta).

This included Personnel directly and indirectly involved in the operations of revenue mobilization. The Ahanta West District Assembly was selected because the researcher was familiar with the area of research.

##### Sampling Technique

The researcher used random sampling technique in obtaining data from the assembly official. A random Sampling technique is used because individuals are chosen in such a way that each has an equal chance of being selected and choice is independent of any other choice.

##### Data Collection Instruments

The following data collection methods were used.

##### Questionnaire

The researcher formulated a series of questions on special area of interest that could help the study. The researcher designed Nineteen (19) questionnaires. The reason why the questionnaire method was used was that, respondent could fill the form at his or her own convenient time. This may enable respondent to give better answers because they fill the form at his or her own convenience and also he or she can consult other r sources for more facts.

The researcher used both open and closed question (see appendix). The targeted population used by the researcher was Collection Department (Revenue Mobilization), Account Department, Budgeting Department, Treasury Department, General Office and Work Department. Thirty-five copies of the questionnaire were administered out of which thirty-three were completed and returned by the respondents.

##### Interviews

Interviews were conducted with a few specialized personnel in the Collection Department (Revenue Mobilization), Account Department, Treasury Department, Budgeting Department and some Assembly members who were chosen at random.

Both Structured and unstructured questions were prepared

as a questionnaire for the interview. The interview was conducted to support the questionnaire that was administered and to provide clarification to few problems encountered when administering the questionnaires. In all, the researcher spent one and half month on the field to collect the data to be analyzed.

##### Data Analysis

The researcher used descriptive statistics in analyzing the data collected. The response were arranged in categories, analyzed and presented mainly in tables and percentage.

### Chapter Four

#### Findings/Presentation and Discussion of Results/Analysis of Data

##### Introductions

This chapter contains the analysis of data collection and presentation of results.

##### Presentation and Analysis of Field Survey

The study was conducted in department involved directly and indirectly in operation of revenue mobilization. In all, thirty-five questionnaires were issued out and thirty-three were received. This was the outcome of the questionnaires that concern revenue mobilizations and financial management in the District Assembly.

The research in addition, interviewed ten personnel in department involved in revenue mobilization. This was done to provide clarification to few problem encountered when administering the questionnaires.

The table below shows the number of questionnaires distributed and the response rate. It also shows the number of personnel interviewed and the rate of response.

**Table 4.1:** Responses from Questionnaires and Interview.

	Male	Females	Total
<b>Questionnaires</b>	25	10	35
<b>Response</b>	24	9	33
<b>Percentage of response</b>	96%	90%	94.29%
<b>Interview</b>	6	4	10
<b>Response</b>	5	2	7
<b>Percentage of response</b>	83.33%	50%	70%

Sources: researcher field survey.

##### (i) Response of Male Employees

From the table, it could be seen that out of twenty-five questionnaires issued out to male employees twenty-four responses were received. This can be expressed in percentage as:

$$\frac{24}{25} \times 100 = 96\%$$

##### (ii) Responses of Female Employees:

The table also shows that, out of ten questionnaires sent out to female workers, nine responses were received. This gives a percentage as:

$$\frac{9}{10} \times 100 = 90\%$$

In all, thirty-five questionnaires were issued out and thirty-four responses were received. In addition seven out of the ten personnel were interview.

The total response of both questionnaires and interview were expressed in percentage 94.29% and 70% respectively. These Percentages total responses are clear evidence that, the overall responses (both questionnaires and interview) were very encouraging.

### Management of the Assembly's Financial Statement

An interview conducted at the District finance office revealed that apart from the sources of revenue, another important aspect of financial arrangement in the local government lane is the management of the assembly's financial resources.

Revenue mobilization and its management constitute one of the main problem areas in government administration in Ghana. In the face of mimeos developmental functions, resources available to District Assemblies are Limited in supply and require careful use of recourses and the establishment of control mechanisms to avoid waste of find.

District Assemblies Prudent management of financial resources implies that:

1. There must be adequate number of qualified personnel to manage the District assembly's financial and effective manner, with high Professional Standard.
2. There will be honesty and accountability from Assembly officials and members.
3. All monies collected are fully accounted for.
4. Records on financial transactions are properly and accurately kept are all times and financial business has been conducted with due regard to economy, efficiency and effectiveness.
5. Monies would be judiciously used for the purposes for which they were appropriated and expenditures made as authorized.
6. Close supervision and inspections to ensure the proper processing of payment vouchers so as to check embezzlement of Assembly revenue.
7. There must be proper setting of Priorities and judicious and productive investment ventures that will help raise living condition of the rural communities.
8. Above all, the District Chief executive and Assembly members must receive basic training which will improve their knowledge and understanding in at least the basic and elementary languages of accounting, finance etc.

With respect to measures adopted by District Assemblies to ensure that they achieve a sound financial management. The following control measures have been provided by the Local Government Act of 1993, the Financial Administration Regulations (FAD), the Assembly common funds Act, etc. to ensure management of District financial resource:

1. Keeping the books of accounts
2. Preparation and submission of monthly financial statement (trial balance) copies of which are to be sent to the office of Regional Co – coordinating Council (RCC) and the Ministry of local Government and Rural Development (MLGRD).
3. Internal and External audit; there must be annual external auditing of the District Assemblies accounts by the Auditor General.
4. The Budgetary rules and guidelines (budgetary Contra); regulations on Procurement/ Contracts.
5. Keeping of Bank Account; in Consultant with the Controller and Accountant General's Department Separate bank accounts have been opened solely for the common fund for each of the districts. This is to facilitate the monitoring of common fund monies.
6. Audit report of a District Assembly must be presented

to the presiding member for deliberation by the entire assembly.

7. Finance and Administration sub –committee of Assembly members to take close look at financial matters of the Assembly including budget planning and spending stages.
8. Supervision and inspections to ensure the proper processing of payment vouchers.
9. Revenue Collection Control measure; proper records of all revenue received and payments made must be kept.
10. Regional Co – coordinating monitoring teams' visits districts to inspect ongoing projects funded with the common fund and give feed back to their council.

### The Revenue Pattern of Ahanta West District Assembly

On the question of the various sources of revenue to the district Assembly, it revealed that the Assembly source of revenue are derive from two –types:

#### Traditional sources and non-tradition sources

The traditional sources to the Ahanta West District Assembly include all monies or revenue through any of these sources:

1. Operations Revenue (NRCD 2000) of 1973.
2. Gambling Tax (NRCD 174) of 1973
3. Entertainment Duty (Act 150) of 1962
4. Income tax (PNDCL 156) of 1986.
5. Rate and Levies
  - (i) Basic Rates
  - (ii) Crop Levy
6. Licenses:
  - (i) Dog License
  - (ii) Petroleum installation
  - (iii) Birth and Death
  - (iv) Hawkers license
  - (v) Hotel and Restaurants
  - (vi) Extension of houses
7. Fees:
  - (i) Trading Kiosks
  - (ii) Market Dues
  - (iii) Chop bar keepers
  - (iv) Slaughter house
  - (v) Cattle pond
  - (vi) Grave yard receipts
8. Miscellaneous
  - (i) Court fees and fines (District Tribunals)
  - (ii) Towns Hall/ Community Center receipts.
  - (iii) Hires of earth-moving machine.
  - (iv) Toilet receipts.
  - (v) Stoll land.
  - (vi) Mineral extraction (sand/stone/Gravel)
9. Royalties.
10. Gifts.
11. Donations

#### Non- traditional sources to the Ahanta West District Assembly are as follows:

1. Loans.
2. District Assemblies Common fund (DCF).
3. Grant-in aid.
4. Grant (cash).
5. Ceded revenue.

The center government through local government Ministry supplies the sources. They are often unrealistic when estimates are being made. Political situations also affect the amount towards any District Assembly and it can also be influenced by the leadership in District, level of development, basic and social needs of the district and the strategically locations of District.

Table 4.3.1, shoes an extract of the annual account of the district assembly for year 2010 and 20012

**Table 4.2:** Annual Account Revenue.

Revenue Head	Year 2010 ¢	%	Year 2012 ¢	%
Rates	10567100	0.96	11123910	0.70
Licenses	11859655	1.08	14241392	0.89
Fees And Fines	25614200	2.23	28476800	1.79
Rent	5756600	0.52	6829710	0.43
Grants	1011856345	92.03	1498750875	93.99
Land	27324000	2.49	26961201.17	1.69
Miscellaneous	6510000	0.59	8232657	0.51
Total	1099487900	100	1594616545.17	100

It can be seen from the table that grants forms a greater part of the Assembly's revenue. It takes 92.03% of the total revenue in the year 2001 and 93.99% in year 2002. The remaining 7.97% and 6.01% for year 2010 and 2012 respectively are related to the locally generated fund from the Ass3embly. This means that, the locally generated fund insignificant as compared with Grants received by the Assembly. The Grant includes the common fund and other foreign Donors.

**Table 4.3:** Annual Account Expenditure

Expenditure Head	Year 2010 ¢	%	Year 2012 ¢	%
Personal Emolument	249,674,821	23.48	457,939,748	33.33
Traveling And Transport	40,462,479	3.80	52,462,800	3.82
Repairs And Renewal	4,8009,00	0.45	6,938,247	0.51
General Expenditure	33,736,900	3.17	30,493,751	2.22
Capital Expenditure	724,281,517.16	68.10	813,702,416.12	59.25
Miscellaneous	10,598,136	1.00	11,624,057	0.85
Total	1,063,562,853.16	100	1,373,161,09.12	100

It can be seen from the above that the major expenditure in the Assembly is the Capital expenditure. It takes 68.10% in year 2010 and 59.25% in year 2012 of total expenditure.

The capital expenditure includes all Projects in the District Assembly, examples:

Construction of roads, Building, Provision of water and Electricity etc.

### Obstacles to Revenue Generation

On whether the assembly encounters problems in collecting revenue, it came out that the assembly has these problems.

Weak supervision by management on revenue Collectors resulting in irregular in rendering of Account and irregular Auditing of the Assembly Account. For instance; Section 81 of the financial memorandum requires District Assemblies to Submit returns within fourteen days (14 days) after the Preceding month to the Ministry of Local Government and rural Development. Another major obstacles to effective revenue mobilization are that; inefficient planning, budgeting and finance officers is Contributing factor to low revenue generation in the District. There is also acute shortage of both trained

### Utilization

With respect how the revenue generated are spent, the District assembly disclose various items of expenditure as follows

1. Personnel emolument
  - (i) Personnel Emolument
  - (ii) Salaries and Wages (50%)
  - (iii) Overtime Allowance
  - (iv) Personal Allowance
2. Traveling and Transport
  - (i) Traveling and Transport Allowance
  - (ii) Running and maintenance cost of official vehicles
  - (iii) Vehicles maintenance.
3. General expenditure
  - (i) Entertainment
  - (ii) Stationary
  - (iii) Bank Charges
  - (iv) Printing and Publication
  - (v) Protocol
  - (vi) Training and workshops
4. Maintenance, Repairs and Renewals.
  - (i) Office furniture
  - (ii) Assembly building
  - (iii) Office machine
  - (iv) Other assembly properties.
5. Capital expenditure
  - (i) Plant, equipment, vehicles
  - (ii) Development Projects
  - (iii) Other capital Expenses.

Table 4.3 shows an extract of the Annual Account of the District Assembly for the 2010 and 2012

revenue collectors and qualified and competent professional to work at the District Assembly to assist with its developmental programs in the District.

The inability of the District Assembly to prosecute tax defaulters and evasion of taxes with connivance of tax collectors: the problems of over – invoicing and under – invoicing in the collection of rates.

### Control of Funds and Expenditure

It also came to light that control of fund and expenditure in the Assembly are exercised through the following bodies:

The district co-coordinating director, the district chief executives and finance office.

It was established that the head of administrative department and spending officer of the assembly. Therefore he/she has given the powers to spend in the name of their assemblies. He /she issues orders to the account department to prepare payment voucher (PV) to meet particular expenditure. All expenditure authorizes by the District Co - coordinating Director are approved by District Chief Executive. The account department is headed by the district finance officer.

The implementing and defending the internal control accounting system of the assembly are the responsibilities of Account Department. The District Finance Officer make sure that the assembly operate within the budget allocation and certify expenditure. He/she has the power to refuse to certify any expenditure that is out the budget.

## Chapter Five

### Summary, Conclusion and Recommendation

#### Introduction

This chapter summarizes the findings of the study. In addition, it draws conclusion from the findings and finally makes recommendation that may be useful for the District Assemblies and the government.

#### Summary of the Finding

The main objective of the project was to assess the effectiveness of revenue mobilization system in the district assemblies. In fulfillment of this objective, the main findings of the study are summarized below:

The following are the major source of fund to the District Assemblies. The Assembly has seven (7) major sources of find, they are as follows:

1. Rates
2. Licenses
3. Fees And Fines
4. Rent
5. Grants
6. Land
7. Miscellaneous.

The major areas of utilizing the Assembly's fund are personal Emolument, travelling and transport, general expenditure, capital expenditure, Repairs and Renewal and Miscellaneous.

The control on fund and expenditure is that, the District co-ordinating Director authorizes expenditure; District Chief executive approves of it and District finance officer certifies it.

On the question of the various constraints on revenue mobilization, the study revealed these problems.

1. The reluctance to pay taxes is blamed on the inability of the District Assemblies to provide visible development Project.
2. Level of efficiency of revenue collection and accountability, which endures that all funds collected are actually deposited in the local authority's treasury and the adoption of proper fund accounting methods.
3. Weak financial control methods.  
The general poverty in some of the district where economic activates are limited.
4. The absence of the revenue database, which identifies all taxpayers.
5. Divisive traditional and ethnic problems which do not create the Proper environment.
6. Lack of technical expertise in areas such as investment, budgeting, planning, management information and valuation.

In connection with the management of the District financial resources; all monies collected are fully accounted for. Monthly financial statement (trail balance) will be issued as required. Moneys would be judiciously used for the purpose for which they were appropriated and expenditures

made as authorized. There will be honesty and accountability from Assembly officials and members. Audit report of the District Assembly must be presented to the presiding members for deliberation on the entire assembly.

#### Conclusion

From the analysis of the responses to the study conducted, the researcher can conclude that.

1. The internally generated funds are very insignificant as compared with the total revenue for each year.
2. There are numerous constraints facing the District, which must be urgently dealt with to enhance effective revenue mobilization.
3. The financial resources available to District Assemblies in the face of numerous developmental functions require judicious use of established control mechanism to avoid uncontrolled waste of fund.
4. Grants as a source of revenue form 92% of the total revenue of the Assembly.
5. The assembly has adopted some tradition revenue mobilization strategy, which enhances revenue collection.
6. The District has been receiving huge sum from the District Assemblies common fund.  
The Assembly sho7ld be cautioned against seeing the District Assemblies common fund (DACF) as a substitute for internally mobilization resources and it must be pointed out that, the assembly over dependence on central government grants could underline their autonomy.

#### Recommendation

Based on the facts gathered during the researcher, the following recommendations have been made by the researcher.

1. The District Assemblies should intensify it strategy to improve it internally generating fund in order to minimize it over dependence on central government.
2. Revenue collection control measure, proper records of all revenue received and payment made must be kept.
3. The District Assemblies should ensure that their revenue collectors undergo regular training and seminars to upgrade their knowledge and also employ qualified and competent expertise to work very effective in the District Assemblies.
4. The Regional co-ordinating council (RCC) should have a monitoring team to evaluate the Projects under implementation and their related cost to avoid shoddy work.
5. They should be preparation and Submission monthly financial statement (trial balance), copies of which are to be sent to the office of the Regional Co-ordinatin Council (RCC) and the ministry of local government.
6. Finally, the researcher recommends that, the District assembly should revise its revenue mobilization system to make it more effective.

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